



प्रधान आयुक्त का कार्यालय, सीमा शुल्क, अहमदाबाद
सीमा शुल्क भवन, आल इंडिया रेडीओ के बाजू में, नवरंगपुरा, अहमदाबाद-380 009
दुरभाष (079) 2754 4630 फैक्स (079) 2754 2343

**OFFICE OF THE PRINCIPAL COMMISSIONER OF CUSTOMS, CUSTOMS
HOUSE, NEAR ALL INDIA RADIO, NAVRANGPURA, AHMEDABAD 380009
PHONE: (079) 2754 4630; FAX (079) 2754 23 43; E-mail: cus-ahmd-adj@gov.in**

SHOW CAUSE NOTICE

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) (ii) Monocomponent insulins | 5% 5% | - - | 9 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) (ii) Monocomponent insulins | Nil Nil | - - | 9 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 in not 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.

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:

2.1.1 Accordingly, enquiry was initiated against M/s Torrent Pharmaceuticals Ltd. and a visit was made at the registered business premises of the importer. During the visit, statement of Shri K Ramakrishna, AGM (Procurement) was recorded on 21.05.2025 (RUD-1), under Section 108 of the Customs Act, 1962, wherein, he, inter-alia, submitted that:

2.1.1.1 He is working as AGM (Procurement) and is responsible for handling import-related activities, including supervision over Customs clearance work with the assistance of his team, and that the importer has engaged M/s Parikh Clearing Agency Pvt. Ltd. as their Customs Broker for handling clearance of imported consignments.

2.1.1.2 M/s TPL is inter alia importing APIs, inactive materials and packing materials, and specifically imports "Insulin Crystals" from M/s Novo Nordisk, Denmark, with whom the importer has an exclusive agreement. He submitted that such imported goods are classified under CTI 29371200.

2.1.1.3 The said Insulin Crystals are used in the manufacture of finished formulations namely Human Actrapid 40, Human Insulatard 40 and Human Mixtard 40, and that the entire production is supplied to M/s Novo Nordisk India Pvt. Ltd., which is a subsidiary of the overseas supplier, under a contract manufacturing arrangement.

2.1.1.4 The importer has imported six consignments of Insulin Crystals during the period commencing from 01.04.2024 onwards and has been paying IGST @ 18% on such imports, while availing exemption from Basic Customs Duty at 'NIL' rate under Sr. No. 167(D)(ii) of Notification No. 50/2017-Customs dated 30.06.2017, on the ground that the said goods are bulk drugs used in the manufacture of Monocomponent Insulins.

2.1.1.5 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.

2.1.2.1 Shri K Ramakrishna, AGM (Procurement), during the recording of statement, was shown the relevant entries of Notification No. 02/2022-Customs dated 01.02.2022, whereby sub-clause (D) was inserted under Sr. No. 167 covering "bulk drugs used in the manufacture of Monocomponent Insulins" at NIL rate of duty, with a specific condition that the said entry shall remain in force till 31.03.2024, and further, a new entry at Sr. No. 166A was inserted providing for concessional rate of duty @ 5% on identical goods with effect from 01.04.2024. He acknowledged and accepted the contents thereof.

2.1.2.2 On being specifically questioned regarding the effect of the above provisions, he categorically stated that the exemption benefit at NIL rate under Sr. No. 167(D)(ii) ceased to be applicable after 31.03.2024 and that, thereafter, concessional rate of duty @ 5% under Sr. No. 166A became applicable to such goods. However, he further stated that M/s TPL continued to avail such exemption in view of Notification No. 02/2023-Customs dated 01.02.2023, wherein a proviso was inserted extending the benefit of S. No. 167 up to 31.03.2025.

2.1.2.3 He further submitted that even after 31.03.2025, the importer continued to avail exemption at NIL rate in light of Notification No. 05/2025-Customs dated 01.02.2025, whereby the proviso inserted vide Notification No. 02/2023-Customs was omitted. He stated 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

2.2.1 A summon was issued to Shri Kamlesh Naik, GM (Procurement) and his statement was recorded on 26.05.2025 (RUD-2), under Section 108 of the Customs Act, 1962, wherein he, inter-alia, submitted that:

2.2.1.1 He is working as General Manager (Procurement) since December-2024 and prior to this he was working as General Manager (Supply Chain Management). He stated that there are 22 employees working under his charge, including two AGMs namely Shri K. Ramakrishna and Shri Tejas Shah, and that Shri K. Ramakrishna along with his team looks after all works related to import. He further stated that all works related to import are carried out under his supervision and that he reports to Shri ParasSheth, VP (Procurement), who in turn reports to Deputy COO Shri Hasmukh Patel.

2.2.1.2 They are importing "Insulin Crystals" from M/s Novo Nordisk, Denmark, by availing exemption benefits of 'NIL' rate of Basic Customs Duty under Sr. No. 167(D)(ii) of Notification No. 50/2017-Customs dated 30.06.2017 and that IGST at the rate of 18% is being paid on such imports. They have a contract manufacturing agreement with M/s Novo Nordisk, Denmark, under which the importer procures Insulin Crystals from them and, after manufacturing finished products such as Human Actrapid 40, Human Insulatard 40 and Human Mixtard 40, supplies the same to M/s Novo Nordisk India Private Limited.

2.2.1.3 He agreed with the answers given by Shri K. Ramakrishna during the recording of his statement dated 21.05.2025, regarding exemption benefits being availed in respect of import of Insulin Crystals.

2.2.2.1 Next, Shri Kamlesh Naik, during the course of recording of his statement, was shown Entry No. 42 and 43 of Notification No. 02/2022-

Customs dated 01.02.2022 and, upon perusal of the same, 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 Sr. No. 167(D) 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.

2.2.2.2 He further stated that they continued to avail exemption benefits at 'NIL' rate after 01.04.2024 in light of Notification No. 02/2023-Customs dated 01.02.2023 and Notification No. 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.

2.2.2.3 He further stated that Sr. No. 167(D)(ii) continues to be reflected on the ICEGATE portal and is being allowed at the time of filing of Bills of Entry.

2.2.3.1 Next, Shri Kamlesh Naik, during the course of recording of his statement, 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 are in force and he had no comments as to how both could exist simultaneously.

2.2.3.2 On being further questioned as to why the same goods are allowed at 'NIL' rate of Basic Customs Duty, would any importer opt for payment of duty at 5%, he stated that as per his understanding importers would choose the beneficial entry providing 'NIL' rate of duty.

2.2.4 Shri Kamlesh Naik, during the course of recording of his statement, stated 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. He produced copies of such e-mail correspondences (RUD-3).

2.3 STATEMENT OF SHRI RUPIN KISHOR PARIKH, F-CARD HOLDER, M/S PARIKH CLEARING AGENCY PVT. LTD.

2.3.1 A summon was issued to CHA M/s Parikh Clearing Agency Pvt. Ltd. Shri Rupin Kishor Parikh, F-Card Holder, M/s Parikh Clearing Agency Pvt. Ltd., appeared and his statement was recorded on 26.05.2025 (RUD-4), under Section 108 of the Customs Act, 1962, wherein he, inter-alia, submitted that:

2.3.1.1 M/s Parikh Clearing Agency Pvt. Ltd. is engaged in providing Customs clearance services and is primarily dealing with clearance of pharmaceutical products, with its main operations at Air Cargo Complex, Ahmedabad.

2.3.1.2 His firm has been handling Customs clearance work in respect of imports made by M/s Torrent Pharmaceuticals Limited for more than 25

years, specifically in respect of consignments imported through Air Cargo Complex, Ahmedabad.

2.3.1.3 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. The pharmaceutical raw materials are mainly imported from European countries, whereas machinery, scientific and measuring instruments are imported from China.

2.3.1.4 The supplier of "*INSULIN CRYSTALS HM (GE) BULK DRUG TO BE USED FOR MONOCOMPONENT INSULIN*" is M/s Novo Nordisk A/S, Novo Alle 1, 2880 Bagsvaerd, Denmark. These goods are classifiable under CTI 29371200 and the applicable tariff rate of duty is 7.5% Basic Customs Duty and 18% IGST.

2.3.1.5 M/s TPL is availing exemption from Basic Customs Duty at 'NIL' rate under Sr. No. 167(D)(ii) of Notification No. 50/2017-Customs dated 30.06.2017 and thus only is paying IGST at the rate of 18%.

2.3.2 Shri Rupin Kishor Parikh, was shown Entry No. 43 of Notification No. 02/2022-Customs dated 01.02.2022, whereby clause (D) was inserted under Sr. No. 167 covering bulk drugs used in the manufacture of Monocomponent Insulins at NIL rate of duty with a condition that the said entry shall remain in force till 31.03.2024, and Entry No. 42 of Notification No. 02/2022-Customs dated 01.02.2022, whereby a new entry at Sr. No. 166A was inserted providing for concessional rate of duty @ 5% on such goods with effect from 01.04.2024. He upon perusal stated that, as per his understanding, imports of such goods after 01.04.2024 would attract Basic Customs Duty @ 5% along with applicable IGST.

2.3.3.1 Shri Rupin Kishor Parikh, on being asked regarding filing of Bills of Entry with NIL rate of Basic Customs Duty even after 01.04.2024, stated that they prepare the checklist as per directions of the importer (M/s TPL) and submit the same for importer/s approval. He further stated that the importer instructed him to avail benefit of '0%' Basic Customs Duty and accordingly Bills of Entry were filed claiming such benefit.

2.3.3.2 He remarked that he had informed the importer M/s TPL regarding the change in duty structure from '0%' to '5%' Basic Customs Duty initially over phone. He also stated 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. He submitted 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(RUD-5).

2.3.3.3 He further stated that despite such communication, Bills of Entry were filed as per instructions of the importer M/s TPL after approval

of checklist by them claiming exemption under Sr. No. 167(D)(ii) of Notification No. 50/2017-Customs.

2.3.4 In the end, Shri Rupin Kishor Parikh, stated that, as per his understanding, the said goods attract Basic Customs Duty @ 5% along with applicable IGST, however Bills of Entry were filed claiming 'NIL' rate of Basic Customs Duty based on instructions and approval of the importer M/s TPL.

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

2.4.1 A summon was issued to Shri Paras Sheth, VP (Procurement) and his statement was recorded on 16.07.2025 (RUD-6), under Section 108 of the Customs Act, 1962, wherein he, inter-alia, submitted that:

2.4.1.1 He is working as Vice President (Procurement) and has been associated with the importer for the last twenty years. All import-related work is carried out under his supervision through the GM (Procurement).

2.4.1.2 They are importing "*Insulin Crystals*" by availing exemption benefits of 'NIL' rate of duty under clause (D)(ii) of Sr. No. 167 of Notification No. 50/2017-Customs dated 30.06.2017 and are paying IGST at the rate of 18% on such imports. He further stated that the importer has a contract manufacturing arrangement with M/s Novo Nordisk, Denmark, under which the importer procures *Insulin Crystals* from them and, after manufacturing finished products such as Human Actrapid 40, Human Insulatard 40 and Human Mixtard 40, supplies the same to M/s Novo Nordisk India Private Limited.

2.4.1.3 He agreed with the answers given by Shri K. Ramakrishna during the recording of his statement dated 21.05.2025, regarding exemption benefits being availed in respect of import of Insulin Crystals.

2.4.2.1 Shri Paras Sheth, VP (Procurement) was shown Entry No. 42 and 43 of Notification No. 02/2022-Customs dated 01.02.2022, and upon perusal, 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.

2.4.2.2 He stated that they continued to avail exemption benefits at 'NIL' rate after 01.04.2024 in light of Notification No. 02/2023-Customs dated 01.02.2023 and Notification No. 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. He further stated that, as per his understanding, the benefit under Sr. No. 167 has been extended up to 31.03.2029 vide Notification No. 05/2025-Customs. He also stated that Sr. No. 167(D)(ii) continues to appear on the

ICEGATE portal and Bills of Entry are being filed under the said entry.

2.4.3.1 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 does 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. Further, vide Notification No. 05/2025-Customsthe sub-clause (D) of Sr. No. 167, continues to be available.

2.4.3.2 On being questioned regarding the necessity of specific omission of clause (D) of Sr. No. 167, he stated that he does not wish to offer any comment, on the same. 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.

2.4.3.3 On being asked whether the Government has granted an option to importers to either pay duty or avail exemption under the same notification for identical goods, he stated that he does not offer any comment.

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

2.5.1 During the investigation, M/s TPL submitted 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.

2.5.2 On perusal of the same, it has emerged that M/s TPL had imported "INSULIN CRYSTALS HM (GE) (BULK DRUGS TO BE USED FOR MONOCOMPONENT INSULINS)" by declaring the same under CTI 29371200, and availed exemption benefits under S. No. 167(D)(ii) of Notification No. 50/2017-Customs dated 30.06.2017, 'NIL' rate of BCD. M/s TPL only paid IGST at the rate of 18%.

2.5.3 The above mentioned goods imported by their supplier namely Novo Nordisk A/s, a Denmark based company. The goods were cleared at Ahmedabad Air Cargo, Ahmedabad.

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, duties of customs are leviable on goods imported into, or exported from, India. The said provision constitutes the foundational charging section, which mandates that customs duty shall be imposed at the rates specified under

the Customs Tariff Act, 1975 or any other applicable law. The relevant statutory provision is reproduced hereunder for ease of reference:-

Section 12. Dutiable goods. –

(1) Except as otherwise provided in this Act, or any other law for the time being in force, duties of customs shall be levied at such rates as may be specified under ¹ [the Customs Tariff Act, 1975 (51 of 1975)], or any other law for the time being in force, on goods imported into, or exported from, India.

[(2) The provisions of sub-section (1) shall apply in respect of all goods belonging to Government as they apply in respect of goods not belonging to Government.

3.2.1 A conjoint reading of Section 12 of the Customs Act, 1962 with the Customs Tariff Act, 1975 clearly shows that the levy of customs duty is effectuated through the tariff rates prescribed under the latter enactment. Accordingly, the classification of goods and the corresponding rate of duty are determinative of the tax liability at the time of importation.

3.2.2 In the present case, the goods under consideration, namely “Insulin Crystals” imported by M/s Torrent Pharmaceuticals Ltd. (hereinafter referred to as “M/s TPL”), fall under CTH 2937 of the First Schedule to the Customs Tariff Act, 1975, which covers hormones and related substances. The relevant tariff entries along with applicable rates are reproduced below:

TABLE - 1

| Tariff Item | Description of goods | Unit | Standard Rate of Duty |
|------------------|--|------|-----------------------|
| 2937 | HORMONES, PROSTAGLANDINS, THROMBOXANES AND LEUKOTRIENES, NATURAL OR REPRODUCED BY SYNTHESIS; DERIVATIVES AND STRUCTURAL ANALOGUES THEREOF, INCLUDING CHAIN MODIFIED POLYPEPTIDES, USED PRIMARILY AS HORMONES | | |
| | Polypeptide hormones, protein hormones and glycoprotein hormones, their derivatives and structural analogues : | | |
| 2937 11 00 | Somatotropin, its derivatives and structural kg. | Kg. | 7.5% |
| 2937 12 00 | Insulin and its salts | Kg. | 7.5% |
| 2937 19 00 | Other | Kg. | 7.5% |
| --- | --- | --- | --- |

3.2.3 Thus, in the absence of any applicable exemption, the import of

“Insulin Crystals” would ordinarily attract Basic Customs Duty (BCD) at the rate of 7.5% under Tariff Item 2937 12 00.

3.3.1 However, it is a settled principle that the levy under Section 12 is subject to exemptions granted by the Central Government in exercise of its powers under Section 25(1) of the Customs Act, 1962. In this regard, the Government issued Notification No. 50/2017-Customs dated 30.06.2017, which was a comprehensive exemption notification providing concessional or nil rates of duty for specified goods, subject to prescribed conditions.

3.3.2 The said notification, issued in public interest, granted either full or partial exemption from Basic Customs Duty and, in certain cases, Integrated Goods and Services Tax (IGST), thereby effectively altering the duty incidence. 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.

3.4.1 Among the various entries, Serial No. 167 of Notification No. 50/2017-Customs is being contested in the present case. The said entry provided exemption from Basic Customs Duty to specified life-saving drugs, medicines, diagnostic kits, and bulk drugs used in their manufacture, as enumerated in List-4 appended to the said notification.

| | | | | | |
|------|------------------|---|-------------------|-------------|--------------|
| 167. | 28, 29, 30 or 38 | The following goods, namely :- (A) Lifesaving drugs/medicines including their salts and esters and diagnostic test kits specified in List 4. (B) Bulk drugs used in the manufacture of life saving drugs or medicines at (A). (C) Other life saving drugs or medicines | Nil Nil Nil | - - - | - 9 16 |
|------|------------------|---|-------------------|-------------|--------------|

Image – 2 – S. No. 167

3.4.2 Under this entry, the rate of BCD was prescribed as “Nil”, subject to fulfilment of Condition No. 9. Notably, “Monocomponent Insulins” are specifically included at Sl. No. 63 of List-4, thereby extending the benefit of exemption to bulk drugs used in their manufacture.

- 58) Levodopa with benserazine
- 59) Lenograstim
- 60) Meningococcal A and C combined vaccine with diluant solvent
- 61) Methicillin
- 62) Metrizamide Inj with diluant
- 63) Monocomponent insulins
- 64) Mycophenolate Mofetil
- 65) Normal Human plasma
- 66) Normal Human immunoglobulin
- 67) Nuclear magnetic resonance contrast agent
- 68) Normal Human serum Albumin
- 69) Penicillamine
- 70) Pentamidine
- 71) Penicillinase
- 72) Poliomyelitis vaccine (inactivated and live)
- 73) Potassium Aminobenzoate
- 74) Porcine Insulin Zinc Suspension

Image – 3 – Monocomponent Insulins at 63 of List 4

3.5 The above mentioned S. No. 167 of the said notification was

later revised. Most notably through the amendments introduced in the Union Budget, 2022, vide Notification No. 02/2022-Customs dated 01.02.2022. Through the said notification, sub-clause (C) relating to “other life-saving drugs or medicines” 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) monocomponentinsulins*”. 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. Simultaneously, vide the same amending Notification No. 02/2022-Customs dated 01.02.2022, a new S. No. 167A was introduced to cover drugs for rare diseases, and certain items under List-4 were rationalized. The amendment further introduced a separate prospective entry at 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. The relevant extracts 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) (ii) Monocomponent insulins | 5% 5% | - - | 9 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) (ii) Monocomponent insulins | Nil Nil | - - | 9 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 – 4 – Amendments vide Notification No. 02/2022-Customs dated 01.02.2022

3 . 6 Accordingly, 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 fully from BCD (Nil rate) till 31.03.2024 as per sub-clause (D) of S. No. 167, whereas with effect from 01.04.2024 the import of bulk drugs used in manufacture of Monocomponent Insulins” attracted BCD at the concessional rate of 5%in terms of S. No. 166A.

3.7 Next, through the Union Budget, 2023, amendments were further introduced vide Notification No. 02/2023-Customs dated 01.02.2023 and a proviso was inserted against S. No. 167, which stipulated that nothing contained in the said entry shall have effect after 31stMarch, 2025. Relevant extract is reproduced below:-

(11) against S. No. 167, in column (3), the following proviso shall be inserted at the end, namely: -

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

Image - 5 – Amendments vide Notification. No. 02/2023-Customs dated 01.02.2023

3.8.1 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. Relevant extract is 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;

Image - 6 – Amendments vide Notification No. 05/2025-Customs dated 01.02.2025

3.8.2 Additionally, vide the same Notification No. 05/2025-Customs dated 01.02.2025, a proviso was added to the whole of the Notification No. 50/2017-Customs dated 30.06.2017, which stated, inter-alia, that nothing contained in the entries against serial numbers 167 shall have effect after the 31st day of March, 2029. Relevant extract is reproduced below:-

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 -7 – Proviso added vide Notification No. 05/2025-Customs dated 01.02.2025

3.9 In the present case, it emerges from the submissions made by the concerned representatives of the importer, M/s TPL, that the importer initially placed reliance upon the proviso inserted vide Notification No. 02/2023-Customs dated 01.02.2023 (as discussed in para 3.7 supra) and continued to avail the benefit of exemption thereunder 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 (as referred in paras 3.8.1 and 3.8.2 supra), and accordingly persisted with the claim of exemption even beyond the said period.

3.10.1 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.

3.10.2 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 Serial 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.

3.10.3 In view of the foregoing, 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) appears erroneous. It is evident that sub-clause 167(D) carried an independent, specific, and self-terminating expiry condition, and the same remains wholly unaffected by the subsequently inserted general proviso governing Serial No. 167. Consequently, any claim of continued exemption beyond the stipulated date is contrary to the express statutory framework and cannot be sustained.

3.11 In the above statutory and factual backdrop, the legal position that emerges in respect of concessional duty benefits on imports of “bulk drugs used in the manufacture of monocomponent insulins” is that the benefit of Nil rate of Basic Customs Duty was available only up to 31.03.2024 under clause (D) of Serial No. 167 of Notification No. 50/2017-Customs. Upon expiry of the said clause by virtue of its in-built sunset provision, the exemption stood extinguished with effect from 01.04.2024, and the subject goods became liable to duty at the concessional rate of 5% under Serial No. 166A of the said notification, which came into force from the same date. This position continued to prevail 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 Torrent Pharmaceuticals Ltd., during the period from 01.04.2024 to 31.10.2025, filed Bills of Entry and clear

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 Serial No. 167(D) of Notification No. 50/2017-Customs dated 30.06.2017, as amended, and accordingly availed exemption from Basic Customs Duty (BCD) at Nil rate, along with consequential levy of Social Welfare Surcharge (SWS) at 10% of BCD and IGST at 18% on the aggregate of the assessable value, BCD and SWS. However, upon scrutiny of the applicable legal provisions and amendments thereto, it is found that the exemption under Serial 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.

4.2 In view thereof, the imports in question are liable to be assessed in terms of Serial No. 166A of Notification No. 50/2017-Customs, which prescribes BCD at the rate of 5% with effect from 01.04.2024 to 31.10.2025. As a necessary corollary, the importer becomes liable to pay the differential customs duty, being the difference between duty payable at the applicable rate of 5% BCD, along with applicable Social Welfare Surcharge (SWS) and the resultant IGST recalculated on the enhanced assessable base (i.e., assessable value plus BCD plus SWS).

4.3.1 It is further observed that out of all the Bills of Entry, filed at Ahmedabad Air Cargo (INAMD4), wherein M/s TPL have 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 have been provisionally assessed under Section 18 of the Customs Act, 1962 and are yet to be finalized. The assessable value of the goods covered under these provisionally assessed Bills of Entry is Rs.25,23,18,913/- and the corresponding differential duty arising due to availment of such ineligible benefit of said notification is Rs.1,63,75,497/-. Accordingly, these provisionally assessed Bills of Entry are required to be finalized after considering the differential duty on account of misuse of Notification No. 50/2017-Customs dated 30.06.2017.

4.3.2 In respect of remaining Bills of Entry which were finally assessed and wherein M/s TPL have 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 is Rs.173,50,57,025/- and the corresponding differential duty arising due to availment of such ineligible benefit of said notification is Rs.11,26,05,201/-.

4.3.3 Collectively viz. including both provisional and final assessed, it appears that M/s TPL by way of wrongful availment short paid differential duty to the tune of Rs.12,89,80,698/-, detailed in Annexure-A(RUD-7). Summarized details of the same are given in below table:

TABLE-2

| | | | |
|--|--|--|--|
| | | | |
|--|--|--|--|

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

5. LEGAL PROVISIONS UNDER CUSTOMS ACT, 1962, APPLICABLE IN THE CASE

5.1 Section 17. Assessment of duty -

(1) An importer entering any imported goods under section 46, or an exporter entering any export goods under section 50, shall, save as otherwise provided in section 85, self-assess the duty, if any, leviable on such goods.

(2) The proper officer may verify the entries made under section 46 or section 50 and the self-assessment of goods referred to in sub-section (1) and for this purpose, examine or test any imported goods or export goods or such part thereof as may be necessary.

Provided that the selection of cases for verification shall primarily be on the basis of risk evaluation through appropriate selection criteria.

(3) For the purposes of verification under sub-section (2), the proper officer may require the importer, exporter or any other person to produce any document or information, whereby the duty leviable on the imported goods or export goods, as the case may be, can be ascertained and thereupon, the importer, exporter or such other person shall produce such document or furnish such information.

(4) Where it is found on verification, examination or testing of the goods or otherwise that the self-assessment is not done correctly, the proper officer may, without prejudice to any other action which may be taken under this Act, re-assess the duty leviable on such goods.

(5) Where any re-assessment done under sub-section (4) is contrary to the self-assessment done by the importer or exporter and in cases other than those where the importer or exporter, as the case may be, confirms his acceptance of the said re-assessment in writing, the proper officer shall pass a speaking order on the re-assessment, within fifteen days from the date of re-assessment of the bill of entry or the shipping bill, as the case may be.

Explanation. – For the removal of doubts, it is hereby declared that in cases where an importer has entered any imported goods under section 46 or an exporter has entered any export goods under section 50 before the date on which the Finance Bill, 2011 receives the assent of the President, such imported goods or export goods shall continue to be governed by the

provisions of section 17 as it stood immediately before the date on which such assent is received.

5.2 Section 18. Provisional Assessment of Duty -

(1) Notwithstanding anything contained in this Act, but without prejudice to the provisions of section 46 and section 50, the proper officer may permit the duty leviable on imported goods or export goods to be assessed provisionally in any of the following circumstances: (a) Where the importer or exporter is unable to make a self-assessment under sub-section (1) of section 17 and makes a written request to the proper officer for assessment; or (b) Where the proper officer considers it necessary to subject any imported goods or export goods to any chemical or other test for the purpose of assessing the correct duty liability; or (c) Where the importer or exporter has furnished all the necessary documents and full information required for assessment, but the proper officer is of the opinion that further enquiry is needed before the final assessment can be made; or (d) Where some documents have not been produced or information has not been furnished, and the proper officer deems it necessary to conduct additional verification or enquiry to ensure correct assessment of duty. In such cases, the proper officer may direct that the goods be provisionally assessed, subject to the importer or exporter providing such security as the officer considers appropriate to cover the difference, if any, between the duty provisionally assessed and the duty that may be finally assessed or re-assessed at a later stage.

(1A) Where a provisional assessment is made under sub-section (1), and any additional documents or information are required by the proper officer for finalising the assessment, the importer or exporter, as the case may be, shall be obligated to furnish such documents or information within the prescribed time limits. The proper officer shall, thereafter, proceed to finalise the assessment within the time frame and in the manner prescribed under the applicable regulations.

(2) Upon final assessment or re-assessment of the duty on such goods by the proper officer in accordance with the provisions of this Act: (a) In the case of goods cleared for home consumption or for exportation, the amount of duty already paid shall be appropriately adjusted against the finally assessed or re-assessed duty. If the amount paid falls short of the finally assessed duty, the importer or exporter shall pay the deficiency. Conversely, if the amount paid exceeds the final duty determined, the importer or exporter shall be entitled to a refund of the excess amount paid. (b) In the case of warehoused goods, where the finally assessed or re-assessed duty exceeds the duty provisionally assessed, the proper officer may require the importer to execute a bond binding himself to pay a sum equal to twice the amount of the excess duty as determined upon final assessment.

(3) The importer or exporter shall also be liable to pay interest on any amount payable to the Central Government pursuant to the final assessment or re-assessment order under sub-section (2). Such interest shall be calculated from the first day of the month in which the goods were provisionally assessed until the date of payment. The rate of interest shall be as notified

by the Central Government under the provisions of section 28AA of the Customs Act, 1962.

5.3 Section 28 - Recovery of duties not levied or not paid or short-levied or short-paid or erroneously refunded -

(1) Where any duty has not been levied or not paid or short-levied or short-paid] or erroneously refunded, or any interest payable has not been paid, part-paid or erroneously refunded, for any reason other than the reasons of collusion or any willful mis-statement or suppression of facts-

(a) the proper officer shall, within two years from the relevant date, serve notice on the person chargeable with the duty or interest which has not been so levied or paid or which has been short-levied or short-paid or to whom the refund has erroneously been made, requiring him to show cause why he should not pay the amount specified in the notice;

Provided that before issuing notice, the proper officer shall hold pre-notice consultation with the person chargeable with duty or interest in such manner as may be prescribed;

(b) the person chargeable with the duty or interest, may pay before service of notice under clause (a) on the basis of-

(i) his own ascertainment of such duty; or

(ii) the duty ascertained by the proper officer,

the amount of duty along with the interest payable thereon under section 28AA or the amount of interest which has not been so paid or part-paid.

(2) The person who has paid the duty along with interest or amount of interest under clause (b) of sub-section (1) shall inform the proper officer of such payment in writing, who, on receipt of such information, shall not serve any notice under clause (a) of that sub-section in respect of the duty or interest so paid or any penalty leviable under the provisions of this Act or the rules made thereunder in respect of such duty or interest:

Provided that where notice under clause (a) of sub-section (1) has been served and the proper officer is of the opinion that the amount of duty along with interest payable thereon under section 28AA or the amount of interest, as the case may be, as specified in the notice, has been paid in full within thirty days from the date of receipt of the notice, no penalty shall be levied and the proceedings against such person or other persons to whom the said notice is served under clause (a) of sub-section (1) shall be deemed to be concluded.

(3) Where the proper officer is of the opinion that the amount paid under clause (b) of sub-section (1) falls short of the amount actually payable, then, he shall proceed to issue the notice as provided for in clause (a) of that sub-section in respect of such amount which falls short of the amount actually payable in the manner specified under that sub-section and the period of two years shall be computed from the date of receipt of information under sub-section (2).

(4) Where any duty has not been levied or not paid or has been short-levied or short-paid] or erroneously refunded, or interest payable has not been paid, part-paid or erroneously refunded, by reason of,-

(a) collusion; or

(b) any wilful mis-statement; or

(c) suppression of facts,

by the importer or the exporter or the agent or employee of the importer or exporter, the proper officer shall, within five years from the relevant date, serve notice on the person chargeable with duty or interest which has not been levied or not paid or which has been so short-levied or short-paid or to whom the refund has erroneously been made, requiring him to show cause why he should not pay the amount specified in the notice.

(5) Where any duty has not been levied or not paid or has been short-levied or short paid or the interest has not been charged or has been part-paid or the duty or interest has been erroneously refunded by reason of collusion or any wilful mis-statement or suppression of facts by the importer or the exporter or the agent or the employee of the importer or the exporter, to whom a notice has been served under sub-section (4) by the proper officer, such person may pay the duty in full or in part, as may be accepted by him, and the interest payable thereon under section 28AA and the penalty equal to fifteen per cent. of the duty specified in the notice or the duty so accepted by that person, within thirty days of the receipt of the notice and inform the proper officer of such payment in writing.

(6) Where the importer or the exporter or the agent or the employee of the importer or the exporter, as the case may be, has paid duty with interest and penalty under sub-section (5), the proper officer shall determine the amount of duty or interest and on determination, if the proper officer is of the opinion-

(i) that the duty with interest and penalty has been paid in full, then, the proceedings in respect of such person or other persons to whom the notice is served under sub-section (1) or sub-section (4), shall, without prejudice to the provisions of sections 135, 135A and 140 be deemed to be conclusive as to the matters stated therein; or

(ii) that the duty with interest and penalty that has been paid falls short of the amount actually payable, then, the proper officer shall proceed to issue the notice as provided for in clause (a) of sub-section (1) in respect of such amount which falls short of the amount actually payable in the manner specified under that sub-section and the period of [two years] shall be computed from the date of receipt of information under sub-section (5).

(7) In computing the period of [two years] referred to in clause (a) of sub-section (1) or five years referred to in sub-section (4), the period during which there was any stay by an order of a court or tribunal in respect of payment of such duty or interest shall be excluded.

(7A) Save as otherwise provided in clause (a) of sub-section (1) or in sub-

section (4), the proper officer may issue a supplementary notice under such circumstances and in such manner as may be prescribed, and the provisions of this section shall apply to such supplementary notice as if it was issued under the said sub section (1) or sub-section (4).

(8) The proper officer shall, after allowing the concerned person an opportunity of being heard and after considering the representation, if any, made by such person, determine the amount of duty or interest due from such person not being in excess of the amount specified in the notice.

(9) The proper officer shall determine the amount of duty or interest under sub-section (8),-

(a) within six months from the date of notice, in respect of cases falling under clause (a) of sub- section (1);

(b) within one year from the date of notice, in respect of cases falling under sub-section (4).

[Provided that where the proper officer fails to so determine within the specified period, any officer senior in rank to the proper officer may, having regard to the circumstances under which the proper officer was prevented from determining the amount of duty or interest under sub-section (8), extend the period specified in clause (a) to a further period of six months and the period specified in clause (b) to a further period of one year:

Provided further that where the proper officer fails to determine within such extended period, such proceeding shall be deemed to have concluded as if no notice had been issued.

(9A) Notwithstanding anything contained in sub-section (9), where the proper officer is unable to determine the amount of duty or interest under sub-section (8) for the reason that-

(a) an appeal in a similar matter of the same person or any other person is pending before the Appellate Tribunal or the High Court or the Supreme Court; or

(b) an interim order of stay has been issued by the Appellate Tribunal or the High Court or the Supreme Court; or

(c) the Board has, in a similar matter, issued specific direction or order to keep such matter pending; or

(d) the Settlement Commission has admitted an application made by the person concerned, the proper officer shall inform the person concerned the reason for non-determination of the amount of duty or interest under sub-section (8) and in such case, the time specified in sub-section (9) shall apply not from the date of notice, but from the date when such reason ceases to exist.]

(10) Where an order determining the duty is passed by the proper officer under this section, the person liable to pay the said duty shall pay the amount so determined along with the interest due on such amount whether or not the amount of interest is specified separately.

(10A) Notwithstanding anything contained in this Act, where an order for refund under sub-section (2) of section 27 is modified in any appeal and the amount of refund so determined is less than the amount refunded under said sub-section, the excess amount so refunded shall be recovered along with interest thereon at the rate fixed by the Central Government under section 28AA, from the date of refund up to the date of recovery, as a sum due to the Government.

(10B) A notice issued under sub-section (4) shall be deemed to have been issued under sub-section (1), if such notice demanding duty is held not sustainable in any proceeding under this Act, including at any stage of appeal, for the reason that the charges of collusion or any wilful mis-statement or suppression of facts to evade duty has not been established against the person to whom such notice was issued and the amount of duty and the interest thereon shall be computed accordingly.]

(11) Notwithstanding anything to the contrary contained in any judgement, decree or order of any court of law, tribunal or other authority, all persons appointed as officers of Customs under sub-section (1) of section 4 before the 6th day of July, 2011 shall be deemed to have and always had the power of assessment under section 17 and shall be deemed to have been and always had been the proper officers for the purposes of this section.

5.4 Section 28AA – Interest on delayed payment of duty -

(1) Notwithstanding anything contained in any judgment, decree, order or direction of any court, Appellate Tribunal or any authority or in any other provision of this Act or the rules made thereunder, the person, who is liable to pay duty in accordance with the provisions of section 28, shall, in addition to such duty, be liable to pay interest, if any, at the rate fixed under sub-section 2, whether such payment is made voluntarily or after determination of the duty under that section.

(2) Interest at such rate not below ten percent and not exceeding thirty-six per cent. per annum, as the Central Government may, by notification in the Official Gazette, fix, shall be paid by the person liable to pay duty in terms of section 28 and such interest shall be calculated from the first day of the month succeeding the month in which the duty ought to have been paid or from the date of such erroneous refund, as the case may be, up to the date of payment of such duty.

(3) Notwithstanding anything contained in sub-section (1), no interest shall be payable where —

(a) the duty becomes payable consequent to the issue of an order, instruction or direction by the Board under section 151A; and

(b) such amount of duty is voluntarily paid in full, within forty-five days

from the date of issue of such order, instruction or direction, without reserving any right to appeal against the said payment at any subsequent stage of such payment.

5.5 Section 46 - Entry of goods on importation –

(1) The importer of any goods, other than goods intended for transit or transshipment, shall make entry thereof by presenting to the proper officer a bill of entry for home consumption or warehousing [in such form and manner as may be prescribed]:

Provided that if the importer makes and subscribes to a declaration before the proper officer, to the effect that he is unable for want of full information to furnish all the particulars of the goods required under this sub-section, the proper officer may, pending the production of such information, permit him, previous to the entry thereof (a) to examine the goods in the presence of an officer of customs, or (b) to deposit the goods in a public warehouse appointed under section 57 without warehousing the same.

Provided further that if the importer makes and subscribes to a declaration before the proper officer, to the effect that he is unable for want of full information to furnish all the particulars of the goods required under this sub-section, the proper officer may, pending the production of such information, permit him, previous to the entry thereof (a) to examine the goods in the presence of an officer of customs, or (b) to deposit the goods in a public warehouse appointed under section 57 without warehousing the same.

(2) Save as otherwise permitted by the proper officer, a bill of entry shall include all the goods mentioned in the bill of lading or other receipt given by the carrier to the consignor.

(3) The importer shall present the bill of entry under sub-section (1) 8 [before the end of the day (including holidays) preceding the day on which the aircraft or vessel or vehicle carrying the goods arrives at a customs station at which such goods are to be cleared for home consumption or warehousing:

Provided that the Board may, in such cases as it may deem fit, prescribe different time limits for presentation of the bill of entry, which shall not be later than the end of the day of such arrival:

Provided further that a bill of entry may be presented 10 at any time not exceeding thirty days prior to] the expected arrival of the aircraft or vessel or vehicle by which the goods have been shipped for importation into India:

Provided also that] where the bill of entry is not presented within the time so specified and the proper officer is satisfied that there was no sufficient cause for such delay, the importer shall pay such charges for late presentation of the bill of entry as may be prescribed.

(4) The importer while presenting a bill of entry shall make and subscribe to a declaration as to the truth of the contents of such bill of entry and shall, in support of such declaration, produce to the proper officer the invoice, if any,

and such other documents relating to the imported goods as may be prescribed.

(4A) The importer who presents a bill of entry shall ensure the following, namely:-

(a) the accuracy and completeness of the information given therein;
 (b) the authenticity and validity of any document supporting it; and
 (c) compliance with the restriction or prohibition, if any, relating to the goods under this Act or under any other law for the time being in force.]

(5) If the proper officer is satisfied that the interests of revenue are not prejudicially affected and that there was no fraudulent intention, he may permit substitution of a bill of entry for home consumption for a bill of entry for warehousing or vice versa.

5.6 Section 111 - Confiscation of improperly imported goods, etc. -
 The following goods brought from a place outside India shall be liable to confiscation: -

(a) ...

(m) any goods which do not correspond in respect of value or in any other particular with the entry made under this Act or in the case of baggage with the declaration made under section 77 [in respect thereof, or in the case of goods under transshipment, with the declaration for transshipment referred to in the proviso to sub-section (1) of section 54];

(p)...

(q)...

5.7 Section 112 - Penalty for improper importation of goods, etc.- -

Any person, -

(a) 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, or abets the doing or omission of such an act, or

(b) who acquires possession of or is in any way concerned in carrying, removing, depositing, harbouring, keeping, concealing, selling or purchasing, or in any other manner dealing with any goods which he knows or has reason to believe are liable to confiscation under section 111, shall be liable, -

(i) in the case of goods in respect of which any prohibition is in force under this Act or any other law for the time being in force, to a penalty not exceeding the value of the goods or five thousand rupees, whichever is the greater;

(ii) in the case of dutiable goods, other than prohibited goods, subject to the provisions of section 114A, to a penalty not exceeding ten per cent of the duty sought to be evaded or five thousand rupees, whichever is higher:

Provided that where such duty as determined under sub-section (8) of section 28 and the interest payable thereon under section 28AA is paid within thirty days from the date of communication of the order of the proper officer determining such duty, the amount of penalty liable to be paid by such person under this section shall be twenty-five per cent of the penalty so determined;

(iii) in the case of goods in respect of which the value stated in the entry made under this Act or in the case of baggage, in the declaration made under section 77 (in either case hereafter in this section referred to as the declared value) is higher than the value thereof, to a penalty not exceeding the difference between the declared value and the value thereof or five thousand rupees, whichever is the greater;

(iv) in the case of goods falling both under clauses (i) and (iii), to a penalty not exceeding the value of the goods or the difference between the declared value and the value thereof or five thousand rupees, whichever is the highest;

(v) in the case of goods falling both under clauses (ii) and (iii), to a penalty not exceeding the duty sought to be evaded on such goods or the difference between the declared value and the value thereof or five thousand rupees, whichever is the highest.

5 . 8 Circular No. 17/2011- Customs dated 8th April, issued by the Ministry of Finance, specified that Section 17 of the Customs Act, 1962 provided for self-assessment of duty on import and export goods by the importer or exporter himself by filing a Bill of Entry or Shipping Bill, as the case may be. The importer or exporter at the time of self-assessment was to ensure that he declares the correct classification, applicable rate of duty, value, benefit of exemption notifications claimed, if any, in respect of the imported / export goods while presenting Bill of Entry or Shipping Bill. The Bill of Entry or Shipping Bill self-assessed by importer or exporter, as the case may be, could be subject to verification with regard to correctness of classification, value, rate of duty, exemption notification or any other relevant particular having bearing on correct assessment of duty on imported or export goods. For the purpose of verification, the proper officer was also required to order for examination or testing of the imported or export goods, production of any relevant document or ask the importer or exporter to furnish any relevant information.

6. VIOLATION OF LEGAL PROVISIONS, LIABILITY OF THE IMPORTER

6.1 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.

6.2 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.

6.3 In the present case, it appears that the importer M/s TPL has failed to exercise the requisite due diligence while self-assessing the subject goods and has continued to claim exemption under Serial 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 Serial 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 has 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.

6.4 In the instant case, it appears that the importer, M/s TPL, by incorrectly declaring the eligibility to exemption and consequently applying an inapplicable rate of duty, has 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. The goods, having an 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 declared in the Bills of Entry filed by M/s TPL (as detailed in Annexure-A), are therefore liable to confiscation under the provisions of Section 111(m) of the Customs Act, 1962. Accordingly, the importer has 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.

6.5 However, it is also observed that the issue involved pertains to the interpretation of exemption notification entries and their temporal applicability, and there is 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 present proceedings are 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.12,89,80,698/- (Rupees Twelve Crore, Eighty-Nine Lakh, Eighty Thousand, Six Hundred and Ninety-Eight Only) is liable to be demanded from M/s TPL under Section 28(1) of the Customs Act, 1962. Further, interest at the applicable rate is also liable to be recovered under Section 28AA of the Customs Act, 1962.

6.6 Further, it appears that M/s TPL, by virtue of the aforesaid acts of omission and commission, namely the incorrect declaration of eligibility to

exemption and consequent application of an inapplicable rate of duty in the Bills of Entry filed under Section 46 of the Customs Act, 1962, has not complied with the statutory requirements governing assessment of imported goods. Such incorrect declaration, resulting in short-levy of duty, renders the particulars furnished in the Bills of Entry inaccurate and not in conformity with the provisions of law, thereby attracting the provisions of Section 111(m) of the Customs Act, 1962, which provides for confiscation of goods in cases of misdeclaration of value, classification, or any other material particulars. In the present case, although the issue arises out of interpretation of exemption notification and its temporal applicability, the fact remains that the importer has 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, by rendering the goods liable to confiscation under Section 111(m), M/s TPL has also rendered itself liable to penalty under Section 112(a) of the Customs Act, 1962, for having, by acts of omission and commission, facilitated the improper importation of goods.

7. Whereas 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 wherein they interalia stated as under:

7.1 that the goods referred to in the impugned letter are 'Insulin Crystals' i.e., bulk drugs used in the manufacture of monocomponent insulin; that the said goods were imported under the bona fide belief that they fall under Chapter 29, specifically classified under HSN 29371200 and accordingly, the Company availed exemption from Basic Customs Duty (BCD) under St. No. 167D(ii) of the relevant Customs Notification, which pertains to "Bulk drugs used in the manufacture of Monocomponent Insulins."; that vide the afore aforementioned letter, it has alleged that, imported goods—Insulin Crystals— ought to be liable to be duty levied @ 5% and in this regard, they substantiate, through the following paragraphs, the rationale behind availing exemption from BCD under Sl. No. 167(D) of Exemption Notification No. 50/2017-Customs dated 30.06.2017 that:

7.1.1 Nature of the Imported Goods: that the imported item, Insulin Crystals HM (GE), is a bulk drug intended for use in the manufacture of Monocomponent Insulin, a pharmaceutical formulation. Given its specific application in drug manufacturing, the product qualifies as a bulk drug under the relevant customs and GST notifications.

7.1.2 Classification under Customs Tariff: that the goods have been correctly classified under Customs Tariff Heading (CTH) 2937 12 00, which covers insulin and its salts under the chapter pertaining to organic chemicals; that the classification is fully consistent with the chemical nature and composition of the imported product and mentioned relevant Tariff Entry as under:

| | |
|-------------|-----------------------|
| Tariff item | Description of goods |
| 2937 12 00 | Insulin and its salts |

7.1.3 *Availment of Exemption under Notification No. 50/2017-Customs: that the subject goods were imported by availing the benefit of Entry No. 167(D)(ii) of Notification No. 50/2017-Customs, which provides exemption for bulk drugs used in the manufacture of Monocomponent Insulins. Extract of the relevant Entry mentioned as below:*

| S.No. | Chapter or Heading or sub-heading or tariff item | Description of goods | Standard Rate | Integrated Goods and Services Tax | Condition No. |
|-------|--|--|---------------|-----------------------------------|---------------|
| 167. | 28,29,30 or 38 | (D) Bulk drugs used in the manufacture of: (i) (ii) Monocomponent insulins | --- | --- | --- |
| | | | Nil | - | - |

7.1.4 *Validity and Continuity of the Exemption: that the Entry No. 167(D)(ii) was introduced vide Notification No. 02/2022-Customs dated 1 February 2022, with initial validity up to 31 March 2024; that subsequently, Notification No. 02/2023-Customs dated 1 February 2023 inserted a proviso below Sl. No. 167, stating that the exemption would continue to be effective until 31 March 2025, as reproduced below:*

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

That it is crucial to note that this proviso was inserted while Entry No, 167(D)(ii) was still in force and accordingly, the amendment automatically extended the validity of the exemption entry up to 31 March 2025; that thereafter, Notification No. 05/2025-Customs dated 1 February 2025 further extended the validity of several exemption entries, including SI. No. 167, up to 31 March 2029, as evident from the following proviso:

"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."

Hence, from a consolidated reading of the above sequence of exemption entries and the corresponding amendments thereto, it is abundantly clear that Entry No. 167(D)(ii) was duly in existence and valid on the date(s) of import of the subject goods under the impugned Bills of Entry, and the exemption thereunder was lawfully available to the Company.

7.1.5 *that confirmation of Nil duty position on Bulk Drugs used in the manufacture of Mono component Insulin by Notification No. 45/2025-*

Customs dated 24 October 2025 along with FAQs issued in this regard; they further draws attention to Notification No. 45/2025-Customs dated 24 October, 2025, effective from 1 November 2025, which represents a significant reform in the customs exemption framework; that this reform initiative, the Central Board of Indirect Taxes and Customs (CBIC) consolidated 31 erstwhile customs exemption notifications (ranging from 1957 to 2025) into a single comprehensive notification, with a view to enhancing clarity, transparency, and compliance.

In the consolidated notification, Entry No. 103 explicitly provides that:

- *Bulk drugs used in the manufacture of Monocomponent Insulins attract NIL Basic Customs Duty (BCD).*
- *The exemption is valid until 31 March 2029, thereby providing long-term certainty to pharmaceutical manufacturers.*

Prior to the issuance of Notification No. 45/2025-Customs, ambiguity existed due to the presence of two parallel entries in Notification No. 50/2017-Customs, namely:

- *Entry No. 166A, prescribing 5% BCD,*
- *and Entry No. 167(D), providing Nil BCD,*

both covering bulk drugs used in the manufacture of Monocomponent Insulins; that this overlap led to divergent interpretations across the industry. The FAQs issued alongside Notification No. 45/2025-Customs have conclusively resolved this ambiguity. The relevant clarification is reproduced below for ready reference:

7.1.6 *that '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 30.6.2017). 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.'

that vide the above, it has been confirmed by Government that:

(a) there were 2 duplicate conflicting entries under Notification 50 / 2017-Customs dealing with import duty on bulk drugs used in manufacture of monocomponent insulins (i.e., Entry 166A-BCD@5% and Entry 167(D)-BCD@0%)

(b) As a result of such duplicate entries, a review of the same was necessitated.

(c) As a result of the review, the conflicting Entry 166A- BCD @ 5% was decided to be removed (thus expressly stating that intent of the Government, from the very beginning, was not to tax / impose any duty on bulk drugs used in the manufacture of monocomponent insulin).

This is a clear admission that the Nil rate was available all along, and that the ambiguity arose as a result of the duplicative drafting, not from any error or mis-declaration by the importer.

(d) The said intent was further supplemented by the specific wordings of the response to Q8. cited above which specifically stated that 'these bulk drugs will continue to attract nil duty rate'.

The word 'continue' in ordinary usage means an unbroken state of affairs that persists from the past into the future. It presupposes that the things being continued already existed. The same can be clearly distinguished from references such as:

- 'shall henceforth attract'- prospective application*
- 'is hereby prescribed' — new creation of provision / statute*
- 'will now attract' — change from a prior position*

Therefore, by using 'will continue to attract nil duty rate', the CBIC FAQ (<https://www.cbic.gov.in/entities/cbic-content-mst/MTUwMDA%3D>) unambiguously acknowledges that Nil duty was the operative rate before Notification 45/2025 — Customs as well. The FAQ does not say nil duty is being 'introduced', 'restored' or 'newly prescribed' — all of which would have signified a change. 'Continue' signals legal continuity.

7.1.7 that the import shipments as referred in Annexure-A of letter have been cleared under Sr. No, 167(D), with prior execution of Bank Guarantees under Clause 167(D) & duly approved by respective Customs Authorities. Furthermore, ICEGATE continued permitting imports under Sr. No. 167(D) with Nil rate of duty, and all Bills of Entry have been finally assessed under this provision; that in the light of the above, the imported goods—Insulin Crystals H M (GE)— i.e., shipments specified in Annexure-A are eligible for duty exemption vide entry no. 1 67(D)(ii) of Notification No.50/2017 — Customs dated 30 June 2017; that the Company requested to take this submission on records and drop any proceedings that may be intended to be pursued in this regard.

7.2 Further, in the said Pre-consultation letter dated 08.05.2026 the said importer was extended Personal Hearing on 13.05.2026 in virtual mode. The said importer vide their e mail dated 11.05.2026 had requested to conduct hearing in person. Accordingly, in-person hearing was held on 13.05.2026 wherein importer reiterated the contents of their submission dated 12.05.2026.

8. 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 does not agree with grounds for issuance of Show Cause Notice communicated to them.

9. 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 30.6.2017). 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.'

10. 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 indicates 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.

11. The Investigation Report forwarded by DRI, Ahmedabad pertains 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 will 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.

1 2 . Now, therefore, M/s Torrent Pharmaceuticals Ltd. (IEC-0888038241), Torrent House, Off Ashram Road, Ahmedabad, Gujarat-380009 is hereby called 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

13. The above noticee is further advised to indicate in their written submission whether they desire to be heard in person before the case is adjudicated. If no mention is made about this in their written submission, it would be presumed that they do not desire to be heard in person. The noticee is also required to produce at the time of showing cause all evidences on which they intend to rely upon in support of their defense.

14. They should note that if no cause is shown by them against the action proposed to be taken within 30 days from the date of receipt of this show cause notice or if they do not appear before the adjudicating authority i.e. Pr. Commissioner/Commissioner of Customs, Ahmedabad Customs, when the case is posted for hearing, the case will be decided Ex-Parte on the basis of the material evidence available on record.

15. This notice is issued under Section 28(1) of the Customs Act, 1962, on the basis of available evidences without prejudice to any other action that may be taken against the persons under the Customs Act, 1962, or any other Allied Acts for the time being in force. The department reserved its right to bring on record further evidence against the noticee of the Show Cause Notice to bring out their role in wrongful availment of exemption benefits on the imports of "Insulins Crystals – used in manufacture of Monocomponent Insulins" and also to issue Show Cause Notice to any other person not covered in this Show Cause Notice, found to be involved in import of the said goods or past cases, by issue of an Addendum or Supplementary Show Cause Notice or a Separate Show Cause Notice.

16. The documents relied upon in the present Show Cause Notice are as listed at Annexure-R attached to this Notice.

Enclosures: Annexure "A" & "R".

Digitally signed by
Manish Kulhary
Date: 15-05-2026
18:16:43

(Manish Kulhary)
Commissioner

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

F. No. VIII/10-03/Commr/O&A/2026-27

Dated: .05.2026

DIN: 20260571MN000000C69D

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

Copy to:-

- The Additional Director, DRI, Zonal Unit, Ahmedabad.
- The Asstt. Commissioner of Customs, Air Cargo, Ahmedabad. Ahmedabad.
- Guard file.

ANNEXURE - A

CALCULATION OF DIFFERENTIAL DUTIES IN THE CASE OF M/S TORRENT PHARMACEUTICALS LTD. (IEC-0888038241), TORRENT HOUSE, OFF. ASHRAM ROAD, AHMEDABAD, GUJARAT – 380009, IN THE MATTER OF WRONGFUL AVAILMENT OF EXEMPTION BENEFITS UNDER S. NO. 167(D) OF NOTIFICATION NO. 50/2017-CUSTOMS DATED 30.06.2017

| Assessment Type | Bill of Entry No. & Date | Total Ass. Value of the imported Goods | Duty benefit wrongly claimed |
|------------------------|-------------------------------------|---|-------------------------------------|
| | | | (Amount in Rs.) |
| Provisionally Assessed | As mentioned in Attached Sheet | 25,23,18,913 | 1,63,75,497 |
| Finally Assessed | | 1,73,50,57,025 | 11,26,05,201 |
| TOTAL | - | 1,98,73,75,938 | 12,89,80,698 |

ANNEXURE - A - Finally Assessed

CALCULATION OF DIFFERENTIAL DUTIES IN THE CASE OF M/S TORRENT PHARMACEUTICALS LTD. (IEC-0888038241), TORRENT HOUSE, OFF. ASHRAM ROAD, AHMEDABAD, GUJARAT – 380009, IN THE MATTER OF WRONGFUL

| BE Particulars | | | | | | Declared | | | | | | | Revised | | | | | | | Differential Duties Payable |
|----------------|---------|------------|--|--------------|------------------------|-----------------|---------------------|---------------|------------------------|---------|---------------------|-----------------------|----------|---------------------|---------------|--------------------|--------------------|---------------------|---------------------|-----------------------------|
| S No | BE No | BE Date | Product Desc | CTH Declared | Assessable Value (INR) | Basic Duty Rate | BCD Exemption Notn. | Notn. Sr. No. | Total Basic Duty (INR) | SWS Amt | IGST Paid | Total Duty Paid (INR) | BCD Rate | BCD Exemption Notn. | Notn. Sr. No. | Revised BCD | Revised SWS (@10%) | Revised IGST (@18%) | Total Duty Payable | |
| 1 | 3590179 | 21-05-2024 | INSULIN CRYSTALS HM (GE) (BULK DRUG TO BE USED FOR MONOCOMPONENT INSULIN) | 29371200 | 14,69,44,675 | 0 | 050/2017 | 167(D) | 0 | 0 | 2,64,50,042 | 2,64,50,042 | 5% | 050/2017 | 167(D) | 73,47,234 | 7,34,723 | 2,79,04,794 | 3,59,86,751 | 95,36,709 |
| 2 | 3590179 | 21-05-2024 | INSULIN CRYSTALS HM (GE) (BULK DRUG TO BE USED FOR MONOCOMPONENT INSULIN)(FREE SAMPLE) | 29371200 | 9,863 | 0 | 050/2017 | 167(D) | 0 | 0 | 1,775 | 1,775 | 5% | 050/2017 | 167(D) | 493 | 49 | 1,873 | 2,415 | 640 |
| 3 | 4072410 | 19-06-2024 | INSULIN CRYSTALS HM (GE) (BULK DRUG TO BE USED FOR MONOCOMPONENT INSULIN) | 29371200 | 7,47,21,588 | 0 | 050/2017 | 167(D) | 0 | 0 | 1,34,49,886 | 1,34,49,886 | 5% | 050/2017 | 167(D) | 37,36,079 | 3,73,608 | 1,41,89,629 | 1,82,99,317 | 48,49,431 |
| 4 | 4072410 | 19-06-2024 | INSULIN CRYSTALS HM (GE) (BULK DRUG TO BE USED FOR MONOCOMPONENT INSULIN)(FREE SAMPLE) | 29371200 | 9,863 | 0 | 050/2017 | 167(D) | 0 | 0 | 1,775 | 1,775 | 5% | 050/2017 | 167(D) | 493 | 49 | 1,873 | 2,415 | 640 |
| 5 | 6935211 | 28-11-2024 | INSULIN CRYSTALS HM (GE) (BULK DRUG TO BE USED FOR MONOCOMPONENT INSULIN) | 29371200 | 22,39,24,775 | 0 | 050/2017 | 167(D) | 0 | 0 | 4,03,06,460 | 4,03,06,460 | 5% | 050/2017 | 167(D) | 1,11,96,239 | 11,19,624 | 4,25,23,315 | 5,48,39,177 | 1,45,32,718 |
| 6 | 6935211 | 28-11-2024 | INSULIN CRYSTALS HM (GE) (BULK DRUG TO BE USED FOR MONOCOMPONENT INSULIN)(FREE SAMPLE) | 29371200 | 9,863 | 0 | 050/2017 | 167(D) | 0 | 0 | 1,775 | 1,775 | 5% | 050/2017 | 167(D) | 493 | 49 | 1,873 | 2,415 | 640 |
| 7 | 7377585 | 21-12-2024 | INSULIN CRYSTALS HM (GE) (BULK DRUG TO BE USED FOR MONOCOMPONENT INSULIN) | 29371200 | 24,75,35,600 | 0 | 050/2017 | 167(D) | 0 | 0 | 4,45,56,408 | 4,45,56,408 | 5% | 050/2017 | 167(D) | 1,23,76,780 | 12,37,678 | 4,70,07,010 | 6,06,21,468 | 1,60,65,060 |
| 8 | 7377585 | 21-12-2024 | INSULIN CRYSTALS HM (GE) (BULK DRUG TO BE USED FOR MONOCOMPONENT INSULIN)(FREE SAMPLE) | 29371200 | 9,863 | 0 | 050/2017 | 167(D) | 0 | 0 | 1,775 | 1,775 | 5% | 050/2017 | 167(D) | 493 | 49 | 1,873 | 2,415 | 640 |
| 9 | 8737761 | 06-03-2025 | INSULIN CRYSTALS HM (GE) (BULK DRUG TO BE USED FOR MONOCOMPONENT INSULIN) | 29371200 | 24,80,84,613 | 0 | 050/2017 | 167(D) | 0 | 0 | 4,46,55,230 | 4,46,55,230 | 5% | 050/2017 | 167(D) | 1,24,04,231 | 12,40,423 | 4,71,11,268 | 6,07,55,922 | 1,61,00,691 |
| 10 | 8737761 | 06-03-2025 | INSULIN CRYSTALS HM (GE) (BULK DRUG TO BE USED FOR MONOCOMPONENT INSULIN)(FREE SAMPLE) | 29371200 | 9,863 | 0 | 050/2017 | 167(D) | 0 | 0 | 1,775 | 1,775 | 5% | 050/2017 | 167(D) | 493 | 49 | 1,873 | 2,415 | 640 |
| 11 | 9891871 | 06-05-2025 | INSULIN CRYSTALS HM (GE) (BULK DRUG TO BE USED FOR MONOCOMPONENT INSULIN) | 29371200 | 19,96,49,875 | 0 | 050/2017 | 167(D) | 0 | 0 | 3,59,36,978 | 3,59,36,978 | 5% | 050/2017 | 167(D) | 99,82,494 | 9,98,249 | 3,79,13,511 | 4,88,94,254 | 1,29,57,277 |
| 12 | 9891871 | 06-05-2025 | INSULIN CRYSTALS HM (GE) (BULK DRUG TO BE USED FOR MONOCOMPONENT INSULIN)(FREE SAMPLE) | 29371200 | 9,863 | 0 | 050/2017 | 167(D) | 0 | 0 | 1,775 | 1,775 | 5% | 050/2017 | 167(D) | 493 | 49 | 1,873 | 2,415 | 640 |
| 13 | 2188774 | 21-05-2025 | INSULIN CRYSTALS HM (GE) (BULK DRUG TO BE USED FOR MONOCOMPONENT INSULIN) | 29371200 | 26,07,54,638 | 0 | 050/2017 | 167(D) | 0 | 0 | 4,69,35,835 | 4,69,35,835 | 5% | 050/2017 | 167(D) | 1,30,37,732 | 13,03,773 | 4,95,17,306 | 6,38,58,811 | 1,69,22,976 |
| 14 | 2188774 | 21-05-2025 | INSULIN CRYSTALS HM (GE) (BULK DRUG TO BE USED FOR MONOCOMPONENT INSULIN)(FREE SAMPLE) | 29371200 | 9,863 | 0 | 050/2017 | 167(D) | 0 | 0 | 1,775 | 1,775 | 5% | 050/2017 | 167(D) | 493 | 49 | 1,873 | 2,415 | 640 |
| 15 | 2706315 | 17-06-2025 | INSULIN CRYSTALS HM (GE) (BULK DRUG TO BE USED FOR MONOCOMPONENT INSULIN) | 29371200 | 13,62,47,150 | 0 | 050/2017 | 167(D) | 0 | 0 | 2,45,24,487 | 2,45,24,487 | 5% | 050/2017 | 167(D) | 68,12,358 | 6,81,236 | 2,58,73,334 | 3,33,66,927 | 88,42,440 |
| 16 | 2706315 | 17-06-2025 | INSULIN CRYSTALS HM (GE) (BULK DRUG TO BE USED FOR MONOCOMPONENT INSULIN)(FREE SAMPLE) | 29371200 | 9,863 | 0 | 050/2017 | 167(D) | 0 | 0 | 1,775 | 1,775 | 5% | 050/2017 | 167(D) | 493 | 49 | 1,873 | 2,415 | 640 |
| 17 | 3284604 | 16-07-2025 | INSULIN CRYSTALS HM (GE) (BULK DRUG TO BE USED FOR MONOCOMPONENT INSULIN) | 29371200 | 19,71,05,350 | 0 | 050/2017 | 167(D) | 0 | 0 | 3,54,78,963 | 3,54,78,963 | 5% | 050/2017 | 167(D) | 98,55,268 | 9,85,527 | 3,74,30,306 | 4,82,71,100 | 1,27,92,137 |
| 18 | 3284604 | 16-07-2025 | INSULIN CRYSTALS HM (GE) (BULK DRUG TO BE USED FOR MONOCOMPONENT INSULIN)(FREE SAMPLE) | 29371200 | 9,863 | 0 | 050/2017 | 167(D) | 0 | 0 | 1,775 | 1,775 | 5% | 050/2017 | 167(D) | 493 | 49 | 1,873 | 2,415 | 640 |
| TOTAL | | | | | 1,73,50,57,025 | - | - | - | - | - | 31,23,10,265 | 31,23,10,265 | - | | | 8,67,52,851 | 86,75,285 | 32,94,87,329 | 42,49,15,465 | 11,26,05,201 |

ANNEXURE - A - Provisionally Assessed

CALCULATION OF DIFFERENTIAL DUTIES IN THE CASE OF M/S TORRENT PHARMACEUTICALS LTD. (IEC-0888038241), TORRENT HOUSE, OFF. ASHRAM ROAD, AHMEDABAD, GUJARAT – 380009, IN THE MATTER OF WRONGFUL

| BE Particulars | | | | | Declared | | | | | | | Revised | | | | | | | Differential Duties Payable | |
|----------------|---------|------------|--|--------------|------------------------|-----------------|---------------------|---------------|------------------------|---------|-------------|-----------------------|----------|---------------------|---------------|-------------|--------------------|---------------------|-----------------------------|--------------------|
| S No | BE No | BE Date | Product Desc | CTH Declared | Assessable Value (INR) | Basic Duty Rate | BCD Exemption Notn. | Notn. Sr. No. | Total Basic Duty (INR) | SWS Amt | IGST Paid | Total Duty Paid (INR) | BCD Rate | BCD Exemption Notn. | Notn. Sr. No. | Revised BCD | Revised SWS (@10%) | Revised IGST (@18%) | | Total Duty Payable |
| 1 | 3986655 | 20-08-2025 | INSULIN CRYSTALS HM (GE) (BULK DRUG TO BE USED FOR MONOCOMPONENT INSULIN) | 29371200 | 65,75,000 | 0 | 050/2017 | 167(D) | 0 | 0 | 11,83,500 | 11,83,500 | 5% | 050/2017 | 167(D) | 3,28,750 | 32,875 | 12,48,593 | 16,10,218 | 4,26,718 |
| 2 | 3986655 | 20-08-2025 | INSULIN CRYSTALS HM (GE) (BULK DRUG TO BE USED FOR MONOCOMPONENT INSULIN)(FREE SAMPLE) | 29371200 | 9,863 | 0 | 050/2017 | 167(D) | 0 | 0 | 1,775 | 1,775 | 5% | 050/2017 | 167(D) | 493 | 49 | 1,873 | 2,415 | 640 |
| 3 | 4130524 | 27-08-2025 | INSULIN CRYSTALS HM (GE) (BULK DRUG TO BE USED FOR MONOCOMPONENT INSULIN) | 29371200 | 24,57,24,188 | 0 | 050/2017 | 167(D) | 0 | 0 | 4,42,30,354 | 4,42,30,354 | 5% | 050/2017 | 167(D) | 1,22,86,209 | 12,28,621 | 4,66,63,023 | 6,01,77,854 | 1,59,47,500 |
| 4 | 4130524 | 27-08-2025 | INSULIN CRYSTALS HM (GE) (BULK DRUG TO BE USED FOR MONOCOMPONENT INSULIN)(FREE SAMPLE) | 29371200 | 9,863 | 0 | 050/2017 | 167(D) | 0 | 0 | 1,775 | 1,775 | 5% | 050/2017 | 167(D) | 493 | 49 | 1,873 | 2,415 | 640 |
| TOTAL | | | | | 25,23,18,913 | - | - | - | - | - | 4,54,17,404 | 4,54,17,404 | - | | | 1,26,15,946 | 12,61,595 | 4,79,15,361 | 6,17,92,902 | 1,63,75,497 |

ANNEXURE-R

LIST OF RELIED UPON DOCUMENTS ATTACHED TO THE INVESTIGATION REPORT IN THE CASE OF M/S TORRENT PHARMACEUTICALS LTD. (IEC-0888038241), TORRENT HOUSE, OFF ASHRAM ROAD, AHMEDABAD, GUJARAT-380009, IN THE MATTER OF WRONG AVAILMENT OF NOTIFICATION NO. 50/2017-CUS. DATED 30.06.2017

| RUD's Sr. No. | Description of Documents/Records | No. of Pages |
|----------------------|---|---------------------|
| 1 | Statement recorded on 21.05.2025 of Shri K Ramakrishna, AGM (Procurement) | 1 to 6 |
| 2 | Statement recorded on 26.05.2025 of Shri Kamlesh Naik, GM (Procurement) | 1 to 5 |
| 3 | E-mail correspondences with external consultant | 1 to 5 |
| 4 | Statement recorded on 26.05.2025 of Shri Rupin Kishor Parikh, F-Card Holder, M/s Parikh Clearing Agency Pvt. Ltd. | 1 to 4 |
| 5 | Submissions by the CHA made during the recording of his statement | 1 to 16 |
| 6 | Statement recorded on 16.07.2025 of Shri Paras Sheth, VP (Procurement) | 1 to 5 |
| 7 | Copies of BEs, BLs, Invoices | 1 to 141 |