

**CUSTOMS, EXCISE AND SERVICE TAX APPELLATE TRIBUNAL,
CHENNAI**

REGIONAL BENCH – COURT NO. I

Customs Appeal No. 40307 of 2016

(Arising out of Order-in-Appeal C.Cus.II No.877/2015, dated 03.09.2015 passed by the
Commissioner of Customs, (Appeals – II), Custom House, Chennai 600 001)

TGV SRAAC Limited

(Formerly, Sree Rayalaseema
Alkalies and Allied Chemicals Ltd.)
40-304, 2nd Floor, Krishna Jyothsna Complex
Bhagya Nagar, Kurnool 518 004

.....Appellant

Versus

Commissioner of Customs

Chennai – II Commissionerate
Custom House
No.60, Rajaji Salai, Chennai 600 001

...Respondent

AND

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APPEARANCE:

Mr.K. Kumareshan, Advocate for the Appellant

Ms. Anandalakshmi Ganeshram, Authorised Representative for the Respondent

CORAM :

HON'BLE MR. M. AJIT KUMAR, MEMBER (TECHNICAL)

HON'BLE MR. AJAYAN T.V, MEMBER (JUDICIAL)

FINAL ORDER Nos.40098-40099/2026

DATE OF HEARING: 12.09.2025 &
07.11.2025

DATE OF DECISION: 19.01.2026

Per Ajayan T.V.

These two appeals preferred by the appellant TGV SRAAC Ltd. (formerly, Sree Rayalaseema Alkalies and Allied Chemicals Ltd.), albeit arising out of two different orders in appeal, both dated 03.09.2015, and heard on different dates; nevertheless involve the same issue, and are therefore disposed of by this common order.

2. The relevant facts are that the appellants had filed bills of entry for the clearance of "Lauric Acid" classified them under CTH 29157090 and availing exemption in terms of Notification No.12/2012-Cus. Sl.No.230 A and cleared the same. After clearance of the goods, the Department issued Show Cause Notices under Section 28 (1) of the Customs Act, 1962, proposing to change the classification to CTH 29159090, denying the benefit of Notification No.12/2012 *ibid* and demanding differential duties. After due process of law, the Adjudicating Authority rejected the classification made by the appellant, ordered reclassification under the proposed CTH, denied the benefit of the Notification and confirming the demand of differential duty along with applicable interest. Aggrieved by the same the appellant preferred appeals before the Commissioner of Customs (Appeals – II), Chennai who however, rejected the appeal and upheld the Order in Original. Aggrieved the appellants, having preferred these appeals, are now before this forum.

3. Shri K. Kumareshan, Ld. Advocate appearing on behalf of the appellants submitted that the appellant manufactures toilet soaps for which Lauric Acid is the raw-material. The Show Cause Notices issued alleging mis classification, proposing reclassification and demanding differential customs duty along with interest, in reply to which the appellant had submitted a write-up on Lauric Acid which was ignored.

4. The Ld. Counsel submits that the "assessed Bill of Entry" is an appealable order and Revenue has not reviewed the assessments of these Bill of Entry under Section 129D(2) of the Customs Act, 1962 and has not filed an appeal before the Appellate Authority. Reliance is placed on the decisions in **Madhus Garage Equipments Vs. Commissioner of Customs (Appeals), Bangalore, 2006 (198) ELT 388 (Tri. – Bangalore)**. He would submit that the re-classification of Lauric Acid under CTH 29159090 is not based on any test conducted by Customs Laboratory or by any technical information / expert opinion.

5. It is submitted that the entry "others" appears in two places under Chapter Heading 2915. According to General Rules of Interpretation, 'Lauric Acid' cannot be classified under CTH 29159090 which appears last in numerical orders as per Note 3 of Chapter 29. CTH 29159090 refers to "Caprylic and Caproic Acids" which are used in the perfumery industries. Whereas, Lauric Acid used in the manufacture of soaps does not fall under the same Genre. It is further submitted that import data of Lauric Acid cleared at various Customs Ports during the period January 2015 – July 2015 shows that Lauric Acid has been cleared under CTH 29157090. Customs Act being a Central Law must be applied uniformly throughout the country. It was further submitted that when there are two competing entries it is the option of the importer to choose whichever option is beneficial to him. Reliance is placed on the decisions in **Collector of Customs, Madras Vs. Lotus Inks 1996 (87) ELT 580 (SC), Gonterman Peipers (India) Ltd. vs. Additional Secretary to the Govt. of India, 1986 (26) ELT 471 (Calcutta)**.

6. Ms. Anandalakshmi Ganeshram, Ld. Authorised Representative and Ms. Rajini Menon, Ld. Authorised Representative reiterated findings of the impugned order in appeal. Reliance was placed on the decisions in Hindustan Universal Ltd. Vs. Commissioner of Customs, Chennai 2025 - TIOL 435 – CESTAT – MAD.

7. Heard both sides, perused the appeal records and the decisions submitted.

8. The issue in common that arises for our consideration is whether the rejection of the declared classification of the impugned goods is tenable.
9. Admittedly the appellant had filed bills of entry for clearance of goods declared as "Lauric Acid" classifying them under tariff item 29157090 as 'other palmitic acid stearic acid, their salts and esters" and self-assessed the goods to duty under the said tariff item to BCD @0% vide Sl.No.230(A) of Notification No.12/2012-Cus, CVD @ 12% and Special Additional Duty @ 4%. It is also the case of the appellant that are registered under the Customs (Import of Goods at Concessional Rate of Duty for Manufacture of Excisable Goods) Rules, 1996 vide registration certificate dated 17.07.2014 issued consequent to their application indicating the availment of benefit of Sl.No.230A of Notification No.12/2014-Cus dated 11.07.2014 undertaking to use the said imported Lauric Acid for the manufacture of Soap Noodles executing the necessary bond undertaking, interalia, to pay on demand the duty leviable on such quantity of the imported goods in the event of their failure to use the imported Lauric Acid as stated. It is further their case that the proper officer has neither verified, examined or tested the goods or directed the appellant to produce any other documents or furnish any other information required for ascertaining the duty leviable on the imported goods. Reliance is placed on the Board's Circular No.17/2011-Cus to contend that the procedure prescribed is that upon verification, examination or testing of goods if it is found that the assessment has not been done correctly, the proper officer would reassess the duty leviable on such goods and in the present case there was no testing or reassessment of the imported goods and that therefore without challenging the assessment so made by filing an appeal before the Commissioner (Appeals) the Department could not have taken recourse to Section 28(1) of the Act.
10. We do not find any merit in the said contention of the appellant in light of the decision of the Hon'ble Supreme Court in **Commissioner of Customs v Canon India Pvt Ltd, 2024 (390) E.L.T. 545 (S.C.)**, wherein, after examining the changes introduced in Section

17 as amended vide the Finance Act 2011 vis -a-vis the unamended provisions of Section 17, the Apex Court held as under:

"90. These changes highlight that the competence of the proper officer to conduct "assessment" is completely taken away by the legislature vide the amendment to Section 17. The new Section 17 empowers the proper officer to perform the functions of verification of self-assessment and subsequent re-assessment, if found necessary. However, such re-assessment is not a mandatory function on the same footing as "assessment" under the old Section 17. Therefore, in our considered view the scope of the functions of the proper officer under the new Section 17 is limited."

11. The Apex Court has further held that the proceedings under Section 28 are subsequent to the completion of the process set out in Section 17 of the Act, 1962. The procedure envisaged under Section 28 is in the nature of a quasi-judicial proceeding with the issuance of the show cause notice by the proper officer followed by adjudication of such notices by the field customs officers. The Apex Court had also held that the ambit of Section 28 has also been restricted to the review of assessments and re-assessments done under Section 17 for ascertaining if there has been a short-levy, non-levy, part-payment, non-payment, or erroneous refund. Furthermore, the Circular No.17/2011-Cus dated 08-04-2011 relied on by the Appellant also states inter-alia that under the new scheme of self-assessment, the Bill of Entry or Shipping Bill that is self-assessed by importer or exporter, as the case may be, may 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, selectively on the basis of the output of the Risk Management System (RMS). Therefore, as held by the Apex court, when the ambit of Section 28 allows for review of assessments and reassessments under Section 17, Revenue is not precluded from resorting to Section 28(1) to review the assessment for ascertaining if there has been a short levy, and such review would also take in its fold the aspect of the correctness of the classification claimed by the appellant.

12. Concededly, the appellant classified the "Lauric Acid" imported under tariff item 29157090 as 'other palmitic acid stearic acid, their salts and esters" and self-assessed the goods to the concessional rate of duty claiming that the goods are covered under Sl.No.230(A) of Notification No.12/2012-Cus. The description of the goods against the said Sl.No.230A no doubt is " All goods for use in the manufacture of soaps and oleochemicals", but the appellant's entitlement to the same hinges on the Lauric Acid imported being covered under the said chapter sub heading 291570, the sub heading referred to in the said Sl.No.230 (A). Given that the Honourable Supreme Court in **CC(Import) v. Dilip Kumar & Company, 2018 (361) E.L.T. 577 (S.C.)** has held that exemption notification is to be interpreted strictly and that the burden of proving applicability would be on the assessee to show that his case comes within the parameters of the exemption clause or exemption notification, we are of the firm opinion that it is for the appellant to show that the goods imported are classifiable under tariff item 29157090 as claimed. Given the law declared by the Apex Court in Canon Case and Dilip Kumar case cited supra, the reliance placed by the appellant on the Tribunal decision in *Madhus Garage Equipments v CC (Appeals), Bangalore, 2006 (198) ELT 388 (Tri-Bang)* and *Tamil Nadu Newsprint & Papers Ltd v CC, 2010 (253) ELT 153 (Tri-Chennai)*, is misconceived and these decisions are not applicable to the facts of the case at hand.

13. We also find that the Adjudicating Authority had held that the Appellant had not filed the documentary evidences such as analysis certificate and also the composition certificate or test report along with the bill of entry to substantiate the claimed classification, which is stated to be the requirement against the prescribed check list at Sl.No.13 of the self-assessment procedure. The Appellant has contested the said finding stating that the requisite documents were produced before the assessing authority. However, we find it strange that the appellant has not chosen to annex to these appeals preferred, any such test report or document that would evidence the appellant's claim that Lauric Acid is classifiable under tariff item 29157090 as 'other palmitic acid stearic acid, their salts and esters".

The Appellant has annexed extract from McGraw-Hill Encyclopaedia of Science & Technology, 9th Edition, wherein Lauric Acid is listed as one of the 30 saturated monocarboxylic acids. Pertinently, the table itself indicates stearic acid and palmitic acid separately. The appellant contends, placing reliance on the said extracts that Lauric Acid belongs to the family of saturated acyclic monocarboxylic acids. However, we find that the appellant has not been able to demonstrate placing cogent evidence that the lauric acid imported would come under tariff item 29157090 as “other palmitic acid stearic acid, their salts and esters” as claimed by the appellant. We are also of the view that the appellant’s reliance on some information downloaded from a website to contend that similar classification has been adopted by others cannot be countenanced as the veracity is indeterminable in the absence of the relevant assessed bills of entry and connected documents evidencing the same. Likewise, the reliance placed on the decisions in ***Collector of Customs, Madras Vs. Lotus Inks 1996 (87) ELT 580 (SC)***, ***Gonterman Peipers (India) Ltd. vs. Additional Secretary to the Govt. of India, 1986 (26) ELT 471 (Calcutta)*** are also misconceived as the appellant has not been able to make out a case that there are two competing entries that may be applicable.

14. We also notice that the Honourable Supreme Court, in its decision in **the case of Commissioner of Customs (Import) v. M/s. Welkin Foods, reported as 2026 INSC 19**, has while comprehensively discussing the fundamental concepts that govern classification of goods imported into India, also analysed the General Rules of Interpretation, and has, inter-alia, held as under:

“28. **GRI 1 is the fundamental rule for effectively navigating the HSN. The influence of GRI 1 is pervasive and forms the basis for customs classification of goods under the Act, 1975. GRI 1 states that: (i) headings of sections, chapters and subchapters are for reference only and (ii) for legal purposes, the classification shall be determined by the terms of headings and the relevant section or chapter notes. Thus, GRI 1 essentially establishes the primacy of the notes and terms of headings for determining the classification of a product.**”

15. We have scrupulously examined the impugned order and find that the appellate authority has after reproducing the relevant chapter heading rightly denied the classification as well as the benefit of the exemption claimed by the appellant and upheld the order of the Adjudicating Authority, which too had elaborately analysed the applicable chapter sub heading note 1 of Chapter 29. We find that the chapter sub-heading from 2915.11 to 2915.70 specifically cover certain saturated acyclic monocarboxylic acid and their derivatives, and lauric acid is not covered thereunder. We find that the Ld. A.R has rightly placed reliance on the decision of a coordinate bench of this Tribunal as reported in ***M/s. Hindustan Unilever Ltd v. The Commissioner of Customs, Chennai II, 2025-TIOL-425-CESTAT-MAD***. It is seen that in this case, where revenue classified Lauric Acid under Tariff Item 29159090 as against the appellant's claimed classification of 29157090, similar to the instant case; this Tribunal had come to the conclusion that the claim of classification of Lauric Acid imported under Tariff Item 29157090 as claimed by the appellant therein, cannot be countenanced and had rejected the appeals.
16. In view of the discussions above, we are of the considered view that the impugned orders do not warrant any interference and uphold the same.

Resultantly, the Appeals are dismissed.

(Order pronounced in open court on 19.01.2026)

(AJAYAN T.V.)
MEMBER (JUDICIAL)

(M. AJIT KUMAR)
MEMBER (TECHNICAL)