IN THE CUSTOMS, EXCISE AND SERVICE TAX APPELLATE TRIBUNAL
CHENNAI

REGIONAL BENCH – COURT NO. III

Excise Appeal No. 41441 of 2014

(Arising out of Order-in-Appeal No. MAD-CEX-000-APP-05/2014 dated 30.01.2014 passed by Commissioner of Central Excise (Appeals), Lal Bahadur Shashtri Marg, Madurai – 625 002)

Mr. N. Sundar **...Appellant**
M/s. NS Oil Mills,
3B, 3C, 3D, Nedungulam Main Road,
Village Pottapolayam, Manamadurai,
Sivagangai – 630 611.

Versus

Commissioner of GST and Central Excise **...Respondent**
Madurai Commissionerate,
No. 4, Lal Bahadur Shastri Road,
Bibikulam,
Madurai – 625 002.

APPEARANCE:

For the Appellant : Ms. Ieswarya N., Advocate
For the Respondent : Mr. Vineet Goyal, Authorised Representative

CORAM:
HON'BLE MR. P. DINESHA, MEMBER (JUDICIAL)
HON'BLE MR. VASA SESHAGIRI RAO, MEMBER (TECHNICAL)

FINAL ORDER No. 40186 / 2026

DATE OF HEARING : 10.12.2025
DATE OF DECISION : 04.02.2026

Per Mr. VASA SESHAGIRI RAO

The present appeal is filed by Mr. N. Sundar, M/s. N.S. Oil Mills, Manamadurai (hereinafter referred to as the Appellant), against Order-in-Appeal No. MAD-CEX-000-APP-005-14 dated 30.01.2014 (hereinafter referred to as 'Impugned Order'), passed by the Commissioner of Central

Excise (Appeals), Madurai, whereby the Order-in-Original confirming the demand of duty along with interest and penalty, was upheld.

1.2 The Appellant is engaged in the manufacture of Cashew Shell Liquid (CNSL) classifiable under Chapter Heading 1302 19 20 of the Central Excise Tariff Act, 1985.

1.3 During scrutiny of ER-1 returns for the period April 2012 to February 2013, it was noticed that the Appellant had cleared CNSL without payment of duty, claiming SSI exemption under Notification No. 8/2003-CE dated 01.03.2003, as amended.

1.4 The Department took the view that CNSL falling under Chapter 13 was not eligible for SSI exemption after amendment of Notification No. 8/2003-CE by Notification No. 8/2006-CE dated 01.03.2006, and accordingly a Show Cause Notice No. 05/2013 dated 26.04.2013 was issued proposing recovery of Central Excise duty amounting to ₹3,22,457/- on the ground that CNSL falling under Chapter 1302 was allegedly not eligible for SSI exemption after amendment by Notification No. 8/2006-CE. The Deputy Commissioner, Madurai-I Division, *vide* Order-in-Original dated 02.09.2013, confirmed the demand along with interest under Section

11AA of the Central Excise Act, 1944 and imposed equal penalty under Rule 25 of the Central Excise Rules, 2002. The Commissioner (Appeals), Madurai, *vide* Order-in-Appeal dated 30.01.2014, upheld the Order-in-Original.

2. Aggrieved, the Appellant filed the present appeal before this Tribunal. The appeal was dismissed for non-prosecution in the year 2024 by an order of this Tribunal due to non-appearance of the Appellant. Subsequently, on an application explaining the reasons for absence, this Tribunal restored the appeal in 2025 by a Miscellaneous Order, subject to payment of ₹5,000/- as costs by way of deterrence, which was duly complied with. The appeal was thereafter taken up for final disposal on merits.

3. The Ld. Advocate Ms. Ieswarya N., appeared for the Appellant and the Ld. Authorized Representative Mr. Vineet Goyal, appeared for the Revenue.

4. The Ld. Counsel appearing for the appellant submitted as follows: -

i. That CNSL falling under Chapter 13 was originally eligible for SSI exemption under Notification No. 8/2003-CE.

ii. It was contended that Notification No. 8/2006-CE, which substituted the Annexure, contained a drafting/printing error, which was later corrected by Corrigendum dated 28.02.2006, clarifying that goods falling under "Chapter 9 to 20" were eligible.

iii. Since Chapter 13 falls within Chapter 9 to 20, CNSL continued to remain eligible for SSI exemption.

iv. Reliance was placed on *Shah Foods Ltd. v. CCE, Ahmedabad – 2012 (9) TMI 676 (CESTAT)* to submit that corrigenda are legally binding and must be given effect to.

v. It was argued that the Department incorrectly relied upon Notifications Nos. 1/2011-CE, 2/2011-CE, 16/2012-CE and 19/2012-CE, which merely prescribe rates of duty and do not determine SSI eligibility.

vi. Consequently, demand of duty, interest and penalty was contended to be unsustainable.

5. The Ld. Authorized Representative supported the impugned order and submitted that Notification No. 8/2006-CE restricted SSI exemption only to specified Chapters, and Chapter 13 was not included and prayed for dismissal of the appeal.

6. We have carefully heard the submissions advanced by both sides, examined the appeal records in detail, considered the statutory provisions, and the case Laws cited.

7. Upon such comprehensive consideration, the following issues arise for our determination in this appeal as to: -

i. Whether Cashew Shell Liquid (CNSL) falling under Chapter Heading 1302 19 20 was eligible for SSI exemption under Notification No. 8/2003-CE as amended by Notification No. 8/2006-CE during 2012-13?
ii. Whether the demand of duty, interest and penalty is sustainable?

8.1 We have carefully examined the statutory framework governing the issue in dispute. Section 5A(1) of the Central Excise Act, 1944 empowers the Central Government to grant exemption from excise duty by notification, subject to such conditions as may be specified. In exercise of this power, Notification No. 8/2003-CE dated 01.03.2003 was issued granting Small Scale Industry (SSI) exemption to specified goods enumerated in the Annexure appended thereto. Subsequently, Notification No. 8/2006-CE dated 01.03.2006 amended Notification No. 8/2003-CE by substituting the Annexure. Crucially, a Corrigendum dated 28.02.2006—issued prior to the effective date of Notification No. 8/2006-CE—corrected the substituted Annexure to expressly read: "All goods falling under Chapter 9 to 20 (except heading 0902)". The legal effect of this corrigendum cannot be ignored, as it forms an integral and inseparable part of the amending notification itself.

8.2 It is an admitted and undisputed position that Cashew Shell Liquid (CNSL) manufactured by the Appellant is classifiable under Chapter 13 of the Central Excise Tariff Act, 1985. Chapter 13 squarely falls within the range of Chapters 9 to 20 as expressly mentioned in the corrected Annexure. Therefore, on a plain and harmonious reading of Notification No. 8/2003-CE as amended by Notification No. 8/2006-CE read with the Corrigendum dated 28.02.2006, CNSL clearly remains eligible for SSI exemption. The Department's contention proceeds on a truncated and incomplete reading of the Annexure by ignoring the corrigendum, which is legally impermissible.

8.3 We also find that in Appellant's own case *N. Sundar Versus Commissioner of Central Excise, Madurai 2015 (10) TMI 1148 - CESTAT CHENNAI* (present case), this

Tribunal while deciding on the waiver of Pre-Deposit held in Para 4 of the Order that: -

> *"4.After hearing both sides, we find that the appellant is eligible for SSI exemption for CNSL falling under Chapter Heading No.13021920. On a perusal of the TRU letter no.334/3/2006, dated 01.03.2006 (unsigned website copy), the Board has issued clarification on budgetary changes. In the above letter at S.No.5 of the Table reads as under: -*

S.No.	*Notification No. or Explanatory notes*	*Correction*
(1)	*(2)*	*(3)*
5.	*8/2006-CE, Dt-1-3-2006*	*In the annexure against S.No. (iii), for number "Chapter 9" read as "Chapter 9 to 20"*

> *The amended S.No.(iii) of the annexure to the Notification No.8/2003 clearly covers Chapter 9 to 20. Since appellant is covered under Chapter 13 and goods falling under Chapter 9 to 20 are eligible for SSI exemption……………...”*

8.4 We also find that the TRU clarification, being an exposition of legislative intent, constitutes a valid and recognised aid to interpretation and conclusively negates any presumption of an implied exclusion of Chapter 13 goods. Read conjointly, the principal notification, the corrigendum, and the TRU clarification unmistakably establish that there was no conscious policy decision to deny SSI exemption to Cashew Shell Liquid, and the Department’s reliance on an uncorrected or truncated version of the Annexure is therefore legally unsustainable.

8.5 We find considerable force in the Appellant's reliance on the decision of the Tribunal in *Shah Foods Ltd. v. CCE, Ahmedabad [2012 (9) TMI 676 (CESTAT, Ahmedabad)].* In that case, the Tribunal was dealing with an identical controversy concerning the scope of SSI exemption under Notification No. 8/2006-CE and the effect of the corrigendum issued to the budget notification. The Tribunal categorically held that corrigenda issued to budget notifications are legally binding and determinative of legislative intent, and that such corrigenda must be read as part of the notification itself. The Tribunal specifically observed that the corrigendum clarified that goods falling under Chapters 9 to 20 were included for SSI exemption, thereby rejecting the Revenue's restrictive interpretation. The ratio laid down in Shah Foods Ltd. squarely applies to the present case, as the corrigendum relied upon herein is identical in nature and scope. We also note that the Appellant has cited its own case and other precedents during the course of hearing, wherein consistent views have been taken that once a corrigendum clarifies the scope of an exemption notification, the Department cannot selectively rely upon an uncorrected or truncated version of the Annexure to deny statutory benefits.

8.6 The Department's attempt to rely upon Notification Nos. 1/2011-CE, 2/2011-CE, 16/2012-CE and 19/2012-CE is wholly misplaced. These notifications merely prescribe concessional rates of duty for CNSL depending upon whether CENVAT credit is availed or not. They do not, either expressly or by necessary implication, withdraw or override the SSI exemption granted under Notification No. 8/2003-CE. It is well settled that a rate notification cannot nullify or negate an exemption notification unless such intention is explicitly stated. In the absence of any express provision withdrawing SSI exemption for CNSL, the benefit available under Notification No. 8/2003-CE continues to operate independently.

8.7 Once it is held that the Appellant was legally entitled to SSI exemption during the relevant period, the very foundation of the demand collapses. Consequently, the demand of duty confirmed in the impugned order is unsustainable in law. It follows as a natural corollary that interest under Section 11AA of the Central Excise Act, 1944, being purely consequential and compensatory in nature, cannot survive when the principal demand itself fails. Similarly, the penalty imposed under Rule 25 of the Central Excise Rules, 2002 is also liable to be set aside, as penalty cannot be sustained in the absence of a legally valid duty demand.

9. In view of the foregoing discussion and findings, we hold that:

i. Cashew Shell Liquid (CNSL) falling under Chapter Heading 1302 19 20 is eligible for SSI exemption under Notification No. 8/2003-CE as amended by Notification No. 8/2006-CE, read with Corrigendum dated 28.02.2006;

ii. The demand of duty amounting to ₹3,22,457/-, along with interest under Section 11AA of the Central Excise Act, 1944 and penalty under Rule 25 of the Central Excise Rules, 2002, is unsustainable and is set aside;

iii. The impugned Order-in-Appeal dated 30.01.2014 is hereby set aside.

10. Accordingly, the appeal is allowed with consequential relief, if any, in accordance with law.

(Order pronounced in open court on 04.02.2026)

Sd/-
(VASA SESHAGIRI RAO)
MEMBER (TECHNICAL)

Sd/-
(P. DINESHA)
MEMBER (JUDICIAL)

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