CUSTOMS, EXCISE AND SERVICE TAX APPELLATE TRIBUNAL
HYDERABAD
REGIONAL BENCH - COURT NO. – I

Customs Appeal No. 30185 of 2023
(Arising out of **Order-in-Original No**. VJD-CUSTM-PRV-COM-002-22-23 dated 24.01.2023 passed by Commissioner of Customs (Preventive), Vijayawada)

M/s Gemini Edible & Fats India Ltd., .. **APPELLANT**
Freedom House,
D.No.8-2-334/70&71,
Opposite SBI,
Executive Enclave,
Road No.5, Banjara Hills,
Hyderabad,
Telangana – 500 034.

VERSUS

Commissioner of Customs (Preventive) Vijayawada .. **RESPONDENT**
55-17-3, C-14,
Industrial Estate,
Autonagar,
Vijayawada, Kakinada,
Andhra Pradesh – 520 007.

APPEARANCE:
Shri S. Thirumalai, Advocate for the Appellant.
Shri Kakarala Prasanth Kumar, Authorized Representative for the Respondent.

CORAM: HON'BLE Mr. P. ANJANI KUMAR, MEMBER (TECHNICAL)
HON'BLE Mr. ANGAD PRASAD, MEMBER (JUDICIAL)

FINAL ORDER No. A/30521/2026

Date of Hearing: 08.07.2026
Date of Decision: 07.10.2026

[ORDER PER: ANGAD PRASAD]

The present appeal has been filed by M/s Gemini Edibles and Fats India Ltd., (hereinafter referred to as appellant) against the Order-in-Original No. VZD-CUSTM-PRV-COM-002-22-23 dated 24.01.2023 (impugned order) passed by the Commissioner Customs (Preventive), Vijayawada.

2. By the impugned order, the Adjudicating Authority confirmed differential customs duty amounting to Rs. 3,36,89,272/- under Section 28(4) of the Customs Act, 1962 and appropriated an amount of Rs.

3,40,01,731/- deposited by the appellant during investigation. Interest was ordered to be recovered under Section 28AA of the Act.

3. The Adjudicating Authority further held the disputed goods liable to confiscation under Section 111(m) and 111(o) of the Customs Act, 1962, imposed redemption fine of Rs. 2,00,00,000/- under Section 125, imposed penalty of Rs. 3,36,89,272/- under Section 114A and a further penalty of Rs. 35,00,000/- under Section 114AA of the Act.

4. The dispute relates to the description, classification and eligibility to concessional Basic Customs Duty in respect of 2304.029 MTs of Palm Oil forming part of a larger Cargo of 4764.253 MTs imported by the appellant.

5. The facts in brief are that the appellant filed warehoused Bill of Entry Nos. 5092829 and 5093075, both dated 18.08.2021, declaring the imported goods as "Crude Palm Oil – Edible Grade in Bulk" under Custom Tariff Item 1511 1000. The goods were subsequently cleared under ex-bond Bill of Entry Nos. 5455505, 5456058, 5455638 and 5455878, all dated 15.09.2021. The appellant claimed the concessional rate of Basic Customs Duty (BCD) under Serial No. 57 of Notification No. 50/2017-Customs dated 30.06.2017.

6. During investigation, the Department obtained the Vessel's Loading time log, ship's ullage report, tank calculations, e-mail correspondence, commercial records and statements of various persons. The Department also coused samples drawn from the Cargo to be tested by different Government Laboratories. According to the Department, the Loading Time Log and Ship's Ullage Report showed that 2304.029 MTs of "RBD Palmolein in Bulk" had been loaded in Vessel tanks 1S, 1P, 2S, 2P, 3S and 3P for discharge at Kakinada. The balance quantity of approximately 2460.224 MTs was stated to be Crude Palm Oil loaded in separate Tanks.

7. The Department further relied upon an e-mail dated 13.08.2021 exchanged between the concerned inspection and marine service entities, which indicated that the vessel was carrying approximately 2500 MTs of Crude Palm Oil and 2300 MTs of RBD Palmolein for dispatch at Kakinada. Samples were tested by the Central Revenue Control Laboratory, Mangalore, the CSIR – Indian Institute of Chemical Technology, Hyderabad, and the Customs House Laboratory, Visakhapatnam.

8. The Department case was that several samples did not meet the acid value and beta-carotene parameters associated with Crude Palm Oil and that the laboratory reports corroborated the loading and shipping documents showing that the Vessel carried two distinct commodities.

9. Show Cause Notice C.No. VIII/10/15/2022-Adjn dated 06.07.2022 was consequently issued proposing reclassification of the goods, denial of the concessional rate of duty, recovery of differential duty, confiscation and imposition of penalties. The Show Cause Notice initially proposed differential Customs duty of Rs. 6,96,62,944/- in relation to the entire Cargo. However, the Adjudicating Authority accepted the appellant’s declaration in respect of 2460.224 MTs of Crude Palm Oil and restricted the demand to the remaining quantity of 2304.029 MTs.

10. The Adjudicating Authority held that the documentary evidence established that 2304.029 MTs of RBD Palmolein had been loaded in the specified tanks of the vessel and that the appellant had failed to produce any contrary evidence disproving those records. It was observed that the Laboratory reports indicated that some quantity of the Cargo met the standard or crude palm oil, while the remaining quantity did not. The Adjudicating Authority accepted the self-assessment in respect of 2460.224

MTs of Crude Palm Oil loaded in separate tanks. As regards the remaining quantity of 2304.029 MTs, the Authority observed that it was described as RBD Palmolein in the Ship's documents. However, since it was allegedly mixed or diluted with Crude Palm Oil during discharge, it was classified under Customs Tariff Item 1511 9090 as "Others". On this basis, the Adjudicating Authority denied the concessional rate claimed under Serial No. 57 of Notification No. 50/2017-Customs and confirmed the differential duty, interest, confiscation, redemption fine and penalties.

11. Learned Counsel for the appellant submits that the entire imported Cargo was Crude Palm Oil falling under Customs Tariff item 1511 1000 and was eligible for the concessional rate of Basic Customs Duty. It is submitted that, after the amendment made by Notification No. 01/2020-Customs dated 02.02.2020, the explanation prescribing acid value and total carotenoid parameters was omitted from the exemption notification. The Department could therefore not re-introduced those omitted conditions while determining eligibility for the concession.

12. Learned Counsel argues that the test reports could not conclusively establish that the goods were not Crude Palm Oil. Beta-carotene content deteriorates with passage of time, temperature, transportation and storage. Some samples were tested after a substantial delay and, therefore, the results could not reflect the nature of the goods at the time of importation.

13. It is further submitted that the Customs House Laboratory, Visakhapatnam had reported the tested samples as Crude Palm Oil. The subsequent reports relied upon by the Department were inconsistent with the said reports and were not properly reconciled by the Adjudicating Authority.

14. The appellant also disputes the evidencary value of the e-mail correspondence and third-party commercial documents. It is argued that the statutory requirements governing admissibility of electronic records were not complied with.

15. Learned Counsel submits that classification must be determined with reference to the nature and condition of the goods at the time of import and alleged mixing or dilution during discharge could not alter the classification retrospectively.

16. It is also contended that the Adjudicating Authority's finding is self-contradictory. Having held that the Ship's documents described the disputed quantity as RBD Palmolien, the Authority could not classified it under a residual category merely on the ground that it was subsequently mixed with Crude Palm Oil.

17. The appellant further submitted that the applicable Basic Customs Duty rate for goods falling under Customs Tariff Item 1511 9090 was 32.5% and not 37.5%, as applied in the impugned order.

18. It is argued that the matter, at highest, involves a technical dispute regarding classification and interpretation of an exemption notification. There was no deliberate mis-declaration or suppression warranting invocation of extended period, confiscation or penalties.

19. Learned AR supports the impugned order and submits that the appellant's declaration of the entire Cargo as Crude Palm Oil was contrary to contemporaneous shipping, survey and commercial records.

20. It is submitted that the Loading Time Log dated 10.08.2021 and the Ship's Ullage Report dated 11.08.2021 specifically described the Cargo

loaded in tanks 1S, 1P, 2S, 2P, 3S and 3P as "RBD – Palmolien in Bulk" and quantified it at 2304.029 MTs.

21. The Department contends that the appellant has neither denied that these documents relate to the Voyage in question nor produced any contemporaneous document disproving their contents. Reliance is also placed upon the e-mail dated 07.08.2021, which recorded that the Vessel was carrying approximately 2500 MTs of Crude Palm Oil and 2300 MTs of RBD Palmolien for discharge at Kakinada.

22. Learned AR submits that the documentary evidence was corroborated by tank-wise sampling and the reports of three Government Laboratories. Some samples met the standards of Crude Palm Oil while several other samples did not. According to the Department, the Visakhapatnam Laboratory reports related only to samples drawn from two tanks and were therefore not representative of the entire Cargo. The reports from the other Laboratories covered samples from a larger number of tanks and supported the documentary evidence. It is submitted that the test reports were not sole basis of the demand. They were relied upon only as corroborative evidence supporting the Loading Time Log, Ullege Report, e-mail correspondence and commercial documents.

23. The Department further submits that classification is governed by the Customs Tariff Act, the General Rules for Interpretation (GRI), the relevant Chapter Notes and the Harmonized System of Nomenclature (HSN). Standards prescribed under the Food Safety Legislation do not govern customs classification.

24. Learned AR argues that deletion of the explanation from the exemption notification did not amend the Customs Tariff Act or alter the legal and

commercial meaning of Crude Palm Oil. The deletion merely removed one method of describing eligible goods and did not extend the exemption to refined or processed Palm Oil. Reliance is placed upon the Novapan India Ltd., Vs Collector of Customs, Hyderabad [1994 (73) ELT 769 (SC) and Commissioner of Customs (Import), Mumbai Vs Dilip Kumar & Company [2018 (361) ELT 577 (SC)], to submit that the person claiming the exemption must clearly establish that the goods fall within its terms and that ambiguity concerning eligibility operates in favour of the Revenue.

25. The Department submits that deterioration of beta-carotene due to delay does not explain the deficiency in acid value found in certain samples. It is also submitted that the samples tested by CRCL, Mangalore were examined within a short period of their drawl.

26. As regards, electronic and third-party documents, the Department submits that their authenticity was never specifically disputed. The e-mail was acknowledged by the concerned recipient, statements were recorded during investigation and the documents were corroborated by independent shipping records and laboratory reports. Reliance is placed upon the decision of the Hon’ble Supreme Court in the case of Additional Director General (Adjudication), Director of Revenue Intelligence Vs Suresh Kumar and Company, Impex Pvt Ltd., and Others, cited as [2025 (9) TMI 76 – SC] for the proposition that a defect in the prescribed form of certification does not, by itself, render an electronic document inadmissible where its authenticity is otherwise not disputed.

27. The Department contends that customs adjudication is governed by the standard of preponderance of probabilities and that the Revenue is not

required to establish its case with the mathematical precision applicable to a criminal prosecution.

28. It is finally submitted that deliberate mis-declaration of the goods as Crude Palm Oil resulted in wrongful availment of the concessional rate and therefore justified confiscation under Section 111(m) and 111(o) of the Customs Act, 1962, redemption fine and penalty.

29. We have carefully considered the rival submissions and examined the evidences referred to in the impugned order.

30. The following issues arise for determination:

(a) Whether the disputed quantity of 2304.029 MTs was Crude Palm Oil classifiable under Customs Tariff item 1511 1000;

(b) Whether the said quantity was eligible for the concessional rate under Serial No. 57 of Notification No. 50/2017-Customs;

(c) Whether the Loading Time Log, Ullage report, e-mail correspondence, statements and laboratory reports could be relied upon;

(d) Whether the classification adopted under Customs Tariff item 1511 9090 is sustainable;

(e) Whether the differential duty has been correctly quantified by applying the appropriate Basic Customs duty rate;

(f) Whether the extended period, confiscation, redemption fine and penalties are sustainable.

31. The appellant declared the entire quantity of 4764.253 MTs as Crude Palm Oil. The contemporaneous Leading Time Log and Ship’s Ullage report, however, indicate that the vessel carried two separately identified products.

The documents record that 2304.029 MTs of "RBD Palmolein in Bulk" was loaded in tanks 1S, 1P, 2S, 2P, 3S and 3P. The balance quantity was recorded as Crude Palm Oil and was loaded in separate tanks. These are not isolated or stray documents. The Loading Time Log and the Ullage reports were prepared in the ordinary course of the Vessel's loading operations and contained tank-wise detail of the Cargo. The appellant has not produced any contemporaneous loading documents from foreign supplier, Vessel owner, surveyor or Port Authority showing that the product loaded in the disputed tanks was Crude Palm Oil rather than RBD Palmolein. The e-mail dated 13.08.2021 also records that approximately 2500 MTs of Crude Palm oil and 2300 MTs of RBD Palmolein were intended for dispatch at Kakinada. Its contents broadly correspond to the quantities recorded in the Loading Time Log and Ullage report. The consistency between the loading documents, tank-wise quantities and contemporaneous correspondence is a material circumstance which cannot be disregarded. The evidence is further corroborated by the Laboratory reports. The reports do not establish that the entire cargo was other than Crude Palm Oil. On the contrary, they indicate that some samples met the parameters of Crude Palm Oil while other samples did not. The broadly corresponds to the Departmental case that the Vessel was carrying two distinct categories of Palm Oil. The Visakhapatnam laboratory reports cannot be treated as determinative of the entire Cargo because, as recorded in the impugned order and reiterated by the Department, those samples represented only a limited number of tanks. The other laboratory reports covered samples from additional tanks and showed that several samples did not confirm to the characteristics associated with Crude Palm Oil. The Adjudicating Authority therefore correctly rejected the allegation in the Show Cause Notice to the extent is treated the entire quantity as other than Crude Palm Oil. The Authority accepted 2460.224 MTs

as Crude Palm Oil and restricted the dispute to 2304.029 MTs identified in the shipping documents as RBD-Palmolein. On an evaluation of the evidence as well, we find that the Department has established, on the standard of preponderance of probabilities, that the disputed quantity of 2304.029 MTs was not Crude Palm Oil.

32. The appellant's submission that Beta-Carotene may deteriorate with passage of time cannot be rejected as an abstract scientific proposition. However, this contention does not satisfactorily displace the cumulative evidence available in the present case. The Show Cause Notice and the impugned order are not founded exclusively upon Beta-Carotene content. The Department also relied upon the acid value, tank-wise loading records, the Ullage report, commercial correspondence and the description of the Cargo in contemporaneous documents. The Adjudicating Authority has recorded that the samples tested by CRCL, Mangalore were examined within a comparatively short period after drawl. In the reports obtained subsequently, both Beta-Carotene and acid value were found below the relevant range in some samples. The appellant has not produced any independent technical opinion establishing that the particular variations found in the samples necessarily occurred solely because of delay, transportation or storage. Moreover, the laboratory reports are corroborative and not the sole evidence relied upon by the Department. The objection regarding delay in testing therefore does not demolish the Departmental case founded upon the contemporaneous tank-wise loading records.

33. We agree with the Department that standards prescribed under the Food Safety Legislation do not, by themselves, determine classification under the Customs Tariff Act. The Food Safety and Standards Act and the regulations made thereunder are principally concerned with food safety,

quality and consumer protection. Customs classification is governed by the entries in the First Schedule to the Customs Tariff Act, the General Rules for Interpretation, the relevant Section and Chapter Note and, were appropriate, the HSN explanatory notes. Compliance with FSSAI standards may be relevant for determining whether the product is fit for import or human consumption, but it does not conclusively establish that the goods ensure a particular tariff description. At the same time, the Department cannot classify the goods solely on the basis of parameters contained in Food Safety Regulations. Such parameters may be considered as corroborative technical material along with the tariff description and other evidence. In the present case, the finding that the disputed goods were not Crude Palm Oil is supported primarily by the contemporaneous Vessel and loading records and is corroborated by the test reports. It is not based solely upon FSSAI specifications.

34. The appellant has strongly relied upon omission, with effect from 02.02.2020, of the explanation prescribing acid value and total carotenoid parameters in the exemption notification. The omission of the explanation means that eligibility to the notification cannot be denied solely because the goods fail to satisfy conditions which no longer form part of the notification. However, the omission cannot be construed to mean that every form of Palm Oil, including refined, bleached, deodorised or fractionated palmolein, must thereafter be treated as Crude Palm Oil. An exemption notification prescribing a concessional rate for Crude Palm Oil necessarily applies only when the imported goods are first shown to be Crude Palm Oil. Notification No. 01/2020-Customs did not amend Heading 1511 of the Customs Tariff, the relevant tariff entries or the General Rules for interpretation. The legal identity of Crude Palm Oil under the Tariff did not disappear upon deletion of

the explanation. The appellant was therefore required to establish that the disputed quantity was Crude Palm Oil. Since the contemporaneous documents identify it as RBD Palmolein and the laboratory reports lend corroborative support to that description, the appellant has failed to establish eligibility to the concessional rate in respect of the disputed quality. The principle in Novapan India Ltd., and Dilip Kumar and Company, supra, applied at the stage of determining eligibility to the exemption. A person claiming exemption must first establish that the goods fall within the description covered by the notification. We therefore, uphold the denial of the benefit of Serial No. 57 of Notification No. 50/2017-Customs in respect of 2304.029 MTs.

35. The appellant submits that the e-mail correspondence and third-party records were inadmissible due to non-compliance with the statutory requirements relating to electronic evidence. It is not necessary to distinguish between the authenticity of a document and the procedural mode by which it is formally proved. In the present case, the disputed e-mail was not relied upon in isolation. It was corroborated by the Loading Time Log, Ullage report, tank calculations, statements and laboratory reports. The Department has also pointed out that the recipient of the e-mail acknowledged its receipt and contents during investigation. The appellant has not produced any material showing that the e-mail was fabricated, altered or related to another Voyage. The Hon’ble Supreme Court’s decision in Additional Director General (Adjudication) DRI Vs Suresh Kumar and Company, Impex Pvt Ltd., and Others, supra, as cited by the Department, recognises that a procedural defect in certification does not invariably destroy the evidencory value of an electronic record where the authenticity of the document is not genuinely in dispute and it is supported by

surrounding evidence. The Customs Act is a fiscal statute providing for Departmental adjudication. The strict rules applicable to proof in a criminal trial cannot be mechanically imported into such proceedings. Nevertheless, the evidence must be reliable, relevant and disclosed to the noticee. On the facts of the present case, the loading records and e-mail correspondence form part of a consistent body of corroborative evidence. We therefore find no legal basis to exclude them altogether.

36. Although we agree with the Adjudicating Authority that the disputed quantity was not Crude Palm Oil and was ineligible for the concessional rate, the reasoning adopted for placing the goods under Customs Tariff Item 1511 9090 requires clarification. The Adjudicating Authority recorded that the disputed quantity was described in the Ship's documents as RBD Palmolein. It further recorded that the two products were loaded and carried in separate Vessel tanks. Once it is found that the goods were RBD Palmolein at the time of importation, their classification must be determined according to that identity and their condition at the relevant time. The classification cannot be founded upon an alleged mixing or dilution occurring during or after discharge. A post-import event cannot ordinarily alter the tariff identity of the goods as imported. The observation in the impugned impugned order that the goods became neither RBD Palmolein nor Crude Palm Oil after discharge and should therefore fall under "Others" is not a satisfactory basis for classification. However, the defect in reasoning does not necessarily invalidate the classification under Tariff Item 1511 9090 if RBD Palmolein itself falls within that tariff entry under the applicable tariff structure. Ruling 1511 covers Palm Oil and its fractions, whether or not refined, but not chemically modified. The tariff separately identifies Crude Palm Oil and placed other forms of Palm Oil and its fractions under the remaining entries.

The Customs Tariff Act provides the statutory framework for such classification. Since the contemporaneous evidence establishes that the disputed goods were RBD Palmolein and not Crude Palm Oil, their classification under the entry applicable to Palm Oil and its fractions other than Crude Palm Oil is sustainable. We accordingly, uphold the classification of the disputed quantity under Customs Tariff item 1511 9090, but for the reason that the goods were RBD Palmolein at the time of importation and not because they allegedly lost their identity upon mixing during discharge.

37. The appellant has specifically contended that even if the goods fall under Customs Tariff Item 1511 9090, the applicable Basic Customs duty rate was 32.5% and not 37.5%. The applicable rate must be determined with reference to the notification and tariff rate in force on the relevant date of importation. The Adjudicating Authority cannot apply a higher rate unless it is supported by the statutory notification operative on that date. The material reproduced before us does not contain a complete examination of the competing notifications and rate changes on the relevant date. The issue concerning the correct rate is a question of arithmetical and notification-based verification and does not require reopening the finding that the disputed goods were not eligible for the concessional rate applicable to Crude Palm Oil. We therefore consider it appropriate to direct the Jurisdictional Commissioner to verify the precise Basic Customs Duty rate applicable to goods falling under Customs Tariff Item 1511 9090 on the relevant date and to re-compute the differential duty accordingly. If the applicable rate was 32.5%, the demand shall be correspondingly reduced. If the rate of 37.5% applied under the relevant notification in force on the date of import, the computation in the impugned order shall stand.

38. The Bills of Entry declared the entire Cargo as Crude Palm Oil, although contemporaneous loading and Vessel records showed that 2304.029 MTs was RBD Palmolein. The appellant, as importer was responsible for making a complete and correct declaration of the description and classification of goods under the self-assessment system. The difference was not confined to a debatable choice between two closely competing tariff entries based upon the some disclosed description. A substantial part of the Cargo was described in the loading documents as RBD Palmolien, whereas it was declared to customs as Crude Palm Oil for claiming a materially lower rate of duty. The description of the goods was a fact within the commercial chain of the appellant's import transaction. No satisfactory explanation has been furnished as to why the description appearing in tank-wise shipping documents was not reflected in the Bills of Entry. The cumulative evidence establishes a material mis-declaration which resulted in wrongful availment of a concessional rate. We therefore find no reason to interfere with invocation of Section 28(4) of the Customs Act, 1962. The differential duty, as recomputed after verifying the applicable rate, shall consequentially carry interest under Section 28AA in accordance with law.

39. Section 111(m) of the Customs Act, 1964 applies where imported goods do not correspond in respect of value or another material particular with the entry made under the Customs Act. The description of the disputed goods as Crude Palm Oil was material to their tariff classification, eligibility to exemption and assessment of duty. Since the disputed quantity was found to be RBD Palmolein and not Crude Palm Oil, the goods did not correspond with the material description declared in the Bills of Entry. Confiscation under Section 111(m) is therefore sustainable. The goods were also imported by claiming a conditional concessional rate applicable to Crude Palm Oil. Since

the disputed quantity did not ensure that description, the conditions governing the concession were not fulfilled. Confiscation under Section 111(o) is also sustainable.

40. The Adjudicating Authority imposed redemption fine of Rs. 2,00,00,000/-. Redemption fine is intended to neutralise the economic advantage derived from an improper import while permitting redemption of the goods. Nevertheless, the amount of fine must bear a reasonable relationship to the value of the goods. The margin of profit and the gravity of the contravention. The Adjudicating Authority has already restricted the demand to less than 1 ½ of the total Cargo. The disputed goods were edible Palm Oil and were not prohibited goods. The dispute relates primarily to their correct description, classification and rate of duty. Having regard, nature of the goods, the quantity involved and the circumstances of the case, we find that redemption fine of Rs. 2,00,00,000/- is excessive. In the interest of justice, the redemption fine is reduced to Rs. 1,00,00,000/-.

41. Penalty under Section 114A is attracted where duty has not been levied or has been short-levied by reason of collusion, wilful mis-statement or suppression of facts. We have upheld the finding that the appellant declares the disputed quantity as Crude Palm Oil despite contemporaneous documents describing it as RBD Palmolein. The incorrect description directly resulted in short-payment of duty. The ingredients for imposition of penalty under Section 114A are therefore present. However, the quantum of penalty under Section 114A must correspond to the duty finally determined. Since the duty is to be re-computed after verification of the applicable Basic Customs Duty rate, the penalty under Section 114A shall also stand restricted to the differential duty finally determined. The appellant shall be entitled to any statutory option of reduced penalty available under Section

114A, subject to compliance with the conditions and time limits prescribed therein. Section 114AA complies where a person knowingly or intentionally makes, signs or uses a declaration, statement or document which is false or incorrect in a material particular. The Adjudicating Authority imposed a separate penalty of Rs. 35,00,000/- under Section 114AA on the basis of declaration made in Bills of Entry. Every incorrect declaration resulting in a demand under Section 28(4) and penalty under Section 114A does not automatically justify an additional penalty under Section 114AA. The Authority must identify the particular false document or declaration and record a clear finding of knowing or intentional use thereof. In the present case, the gravamen of the allegation is the misdiscription of the goods in the Bills of Entry, for which penalty equal to duty has already been imposed under Section 114A. The impugned order does not identify any separate fabricated or forge document prepared or intentionally used by the appellant beyond the import declaration forming the basis of the demand itself. In these circumstances, imposition of an additional penalty under Section 114AA would be dis-proportionate and duplicative. The penalty of Rs. 35,00,000/- imposed under Section 114AA is therefore set aside.

42. To sum up, the contemporaneous loading time log, ship's ullage report, tank calculations and e-mail correspondence establish that 2304.029 MTs of RBD Palmolein was loaded in specified tanks for dispatch at Kakinada. The laboratory reports, though not uniform in respect of every sample, corroborate the existence of two distinguished categories of Palm Oil in the Cargo. The appellant has not produced persuasive contemporaneous evidence establishing that the disputed quantity was Crude Palim Oil. The omission of the explanation from the exemption notification did not convert refined or processed Palmolein into Crude Palm Oil and did not dispense with

the requirement that the goods must answer the tariff and commercial description of Crude Palm Oil. We therefore, uphold the denial of the benefit of Serial No. 57 of Notification No. 50/2017-Customs and the classification of the disputed quantity under Customs Tariff Item 1511 9090. However, the classification is upheld on the basis that the disputed goods were RBD Palmolein at the time of importation and not on the basis of any alleged post-import mixing or dilution.

43. The applicable Basic Customs Duty rate shall be verified and the differential duty re-computed. Confiscation is upheld, redemption fine is reduced, penalty under Section 114A is sustained to the extent of the re-computed duty and penalty under Section 114AA is set aside.

44. Therefore, the impugned order is modified to the following extent:

(a) The finding that 2304.029 MTs was not Crude Palm Oil and was ineligible for the benefit of Serial No. 57 of Notification No. 50/2017-Customs is upheld.

(b) The classification of the disputed quantity under Customs Tariff Item 1511 9090 is upheld, treating the goods as RBD Palmolein or Palm Oil other than Crude Palm Oil at the time of importation.

(c) The matter is remmitted to the Adjudicating Authority for the limited purpose of verifying the Basic Customs Duty rate applicable to Customs Tariff Item 1511 9090 on the relevant date and re-computing the differential duty accordingly.

(d) The interest under Section 28AA shall be payable on the differential duty so recomputed.

(e) The amount of Rs. 3,40,01,731/- deposited during investigation shall be appropriated only to the extent differential duty, interest, fine and penalty finally payable. Any excess amount shall be refunded to the appellant with applicable interest in accordance with law.

(f) Confiscation of the disputed goods under Section 111(m) and 111(o) is upheld.

(g) Redemption fine imposed under Section 125 is reduced from Rs. 2,00,00,000/- to Rs. 1,00,00,000/-.

(h) Penalty under Section 114A is upheld but shall be restricted to the differential duty finally re-computed.

(i) Penalty of Rs. 35,00,000/- imposed under Section 114AA is set aside.

45. The Adjudicating Authority shall complete the limited re-computation after granting the appellant an opportunity of hearing and shall not reopen the findings concerning the nature, classification and ineligibility of the disputed goods to the concessional rate.

46. Accordingly, the appeal is partly allowed, partly dismissed, and partly remanded to the Adjudicating Authority for fresh consideration in the above terms.

(Pronounced in the open court on 17.10.2026)

(P. ANJANI KUMAR)
MEMBER (TECHNICAL)

(ANGAD PRASAD)
MEMBER (JUDICIAL)

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