



सीमाशुल्क अग्रिम विनिर्णय प्राधिकरण
Customs Authority for Advance Rulings
नवीन सीमाशुल्क भवन, बेलाई इस्टेट, मुंबई - ४०० ००१
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F.No. CAAR/CUS/APPL/115/2025 - O/o Commr-CAAR-Mumbai दिनांक/Date: 04.02.2026

Ruling No. & date	CAAR/Mum/ARC/144/2025-26 dated: 04.02.2026
Issued by	Prabhat K. Rameshwaram, Customs Authority for Advance Rulings, Mumbai
Name and address of the applicant	M/s. Unibourne Food Specialities LLP 308, 3rd Floor, Neelkanth Corporate Park, Kirool Road, Vidhyavihar West, Mumbai 400086 Email – account3@unibourne.in
Concerned Commissionerate	The Pr. Commissioner of Customs, Port User Building, Mundra Port, Mundra, Kutch Gujarat -370421. Email- commr-cusmundra@nic.in

ध्यान दीजिए/ N.B.:

- सीमा शुल्क अधिनियम, 1962 की धारा 28I की उप-धारा (2) के तहत किए गए इस आदेश की एक प्रति संबंधित को निःशुल्क प्रदान की जाती है।
A copy of this order made under sub-section (2) of Section 28I of the Customs Act, 1962 is granted to the concerned free of charge.
- बोर्ड द्वारा प्राधिकृत कोई भी अधिकारी, अधिसूचना द्वारा या आवेदक प्राधिकरण द्वारा पारित किसी भी निर्णय या आदेश के खिलाफ ऐसे निर्णय वा आदेश के संचार की तारीख से 60 दिनों के भीतर क्षेत्राधिकार उच्च न्यायालय में अपील दायर कर सकता है।
Any officer authorised by the Board, by notification or the applicant may file an appeal before the jurisdictional High Court of **concerned jurisdiction** against any ruling or order passed by the Authority, within 60 days from the date of the communication of such ruling or order.
- प्रधान आयुक्त या आयुक्त धारा 28KA की उप-धारा (1) के संदर्भ में अग्रिम निर्णय के खिलाफ अपील दायर करने के लिए अधिकृत होंगे।
The Principal Commissioner or Commissioner shall be authorised to file appeal against the advance ruling in terms of sub-section (1) of section 28KA.
- धारा 28-I के तहत प्राधिकरण द्वारा सुनाया गया अग्रिम विनिर्णय तीन साल तक या कानून या तथ्यों में बदलाव होने तक, जिसके आधार पर अग्रिम विनिर्णय सुनाया गया है, वैध रहेगा, जो भी पहले हो।
The advance ruling pronounced by the Authority under Section 28 - I shall remain valid for three years or till there is a change in law or facts on the basis of which the advance ruling has been pronounced, whichever is earlier.
- जहां प्राधिकरण को पता चलता है कि आवेदक द्वारा अग्रिम विनिर्णय धोखाधड़ी या तथ्यों की गलत बयानी द्वारा प्राप्त किया गया था, उसे शुरू से ही अमान्य घोषित कर दिया जाएगा।



Where the Authority finds that the advance ruling was obtained by the applicant by fraud or misrepresentation of facts, the same shall be declared void *ab initio*.

अग्रिम विनिर्णय / Advance Ruling

1. M/s. Unibourne Food Specialities LLP (IEC No. AAHFU0738L) (hereinafter referred as "The Applicant") filed an application for advance ruling in the Office of Secretary, Customs Authority for Advance Ruling, Mumbai. The said application was received in the secretariat of the CAAR, Mumbai on 04.06.2025, along with its enclosures in terms of Section 28H (I) of the Customs Act, 1962 (hereinafter referred to as the 'Act') and was later amended on 10.07.2025 by the applicant. The applicant is seeking advance ruling regarding applicability of Customs Notification No. 25/2023-Cus dated 01.04.2023 which exempts materials imported into India against a valid DFIA issued by Regional Authority in terms of Para 4.24 and 4.26 of FTP from the whole duty of customs, which is specified in the First schedule to the Customs Tariff 1975 (51 of 1975) subject to conditions specified therein.

2. Submission by the Applicant:

2.1 The applicant (M/s. Unibourne Food Specialities LLP) is a Limited Liability Firm holding a valid import-export code number AAHFU0738L issued by the Office of the Director General of Foreign Trade in terms of the provision of Section 7 of the Foreign Trade Development & Regulation Act, 1992. The applicant seeking an Advance Ruling under Section 28H of the Customs Act, 1962 is covered by the definition of 'applicant' as per Section 28E (c) of Customs Act, 1962. The Applicant seeks to claim exemption from payment of Basic Customs Duty (BCD) under Notification No. 25/2023-Cus dated 01.04.2023 against their proposed import of various goods as listed in the table A below, against a valid Transferable Duty-Free Import Authorisations (DFIAs) issued by the Regional Authority in terms of Paragraph 4.24 and Paragraph 4.26 of Foreign Trade Policy subject to conditions specified therein.

Table 'A'

LIST OF INPUTS SOUGHT TO BE IMPORTED UNDER TRANSFERABLE DUTY-FREE IMPORT AUTHORISATIONS ISSUED AS PER SION E-1 (Export of Assorted Confectionery Products).

Serial No.	Name of the import goods	Product Description in DFIA
01	Whey Protein	Milk & Milk Products
02	Lactose	Milk & Milk Products
03	Fruit (Wet & Dry)/ Fruit Filling	Fruit Juice/Pulp/Puree
04	Coffee/Coffee Extracts	Other confectionary ingredients
05	Cocoa Liquor [cocoa liquor, cocoa mass & chocolate]	Cocoa
06	Casein	Milk & Milk Products
07	Chocolate	Cocoa -Chocolate

2.2 The applicant submitted that the relevant Custom Notification No.25 of 2023-Cus dated 01.04.2023 was issued in exercise of the powers conferred by sub-section (1) of section 25 of the



Customs Act, 1962 (52 of 1962) granting exemption to materials imported in India against a valid Duty-Free Import Authorisation issued by Regional Authority from whole of Customs duty. The said Exemption of BCD is granted under Section 25 (1) of Customs Act, 1962 subject to conditions specified which is reproduced as under: -

The Notification No. 25/2023-Cus dated 01.04.2023, as amended from time to time, exempts materials imported into India against a valid Duty Free Import Authorisation issued by the Regional Authority in terms of paragraphs 4.24 and 4.26 of the Foreign Trade Policy (hereinafter referred to as the said authorisation) from the whole of the duty of customs leviable thereon which is specified in the First Schedule to the Customs Tariff Act, 1975 (51 of 1975), subject to the following conditions, namely :-

- (i) *that the said authorisation is produced before the proper officer of customs at the time of clearance for debit;*
- (ii) *that Standard Input Output Norms (SION) number, description, quantity and Free on-Board value of the resultant product exported and the shipping bill number(s) and date(s) are endorsed on the said authorization:*

Provided that the said SION does not prescribe the actual user condition;

- (iii) *that the description and other specifications wherever applicable, value and quantity of materials imported are mentioned in the said authorisation and the value and quantity thereof are within the limits specified in the said authorization:*

Provided that in respect of inputs referred in paragraphs 4.12(i) and 4.12(ii) of the Foreign Trade Policy, the material permitted to be imported in the said authorisation shall be of the specific name/description or quantity, respectively, as the material used in the export of the resultant product. The exporter shall declare these particulars of materials used in the shipping bill/bill of export:

Provided further that in respect of resultant products requiring inputs specified in paragraph 4.30 of the Foreign Trade Policy, the materials permitted in the said authorisation shall be of the same quality, technical characteristics and specifications as the materials used in the said resultant product. The exporter shall declare these particulars of materials used in the shipping bill or bill of export;

- (iv) *that the said authorisation shall be transferable subject to such conditions as may be specified;*

2.3 The applicant proposed to purchase DFIA bearing 0311043437 dated 30.04.2025 issued against Export of Assorted Confectionery Products as per SION E-1. The DFIA's, inter alia, permits import of inputs viz., 'Milk and Milk Products', Food Flavours, Coffee/Coffee extracts, Fruit (Juice/pulp/puree), Cocoa-Chocolate, etc.

2.4 The applicant submitted that they are seeking an Advance Ruling on the applicability of notification no. 25/2023-Cus dated 01.04.2023 since the importability of said inputs under a Transferable DFIA has a bearing on rate of duty.



3. Applicants Interpretation of Law/Facts:

3.1 The applicant submitted that the Advance Ruling being sought under this application has a bearing on rate of duty. The applicant is exempted from payment of whole of duty of customs for imports made under a Transferable Duty-Free Import Authorisation subject to fulfilment of conditions stipulated under Notification No. 25/2023-Cus dated 01.04.2023. Otherwise, applicant would be required to pay applicable customs duty on import of 'the desired goods'.

3.2 The applicant placed its reliance upon the Order and judgement dated 09.10.2018 of Hon'ble Madras High Court in the case of **Maruti Udyog Ltd Vs. Commissioner of Customs, Chennai** holding entitlement of benefit of exemption notification being related to rate of duty can be decided only by Supreme Court under Section 130(1) of Customs Act, 1962. Therefore, being an issue related to entitlement to the benefit of exemption notification no.25 of 2023 under Transferable DFIA which has a bearing on rate of duty, the applicant sought an Advance Ruling under this application before this Authority.

3.3 The applicant referred to the relevant paragraphs 4.24 and Paragraph 4.26 of FTP (2023) as mentioned in Customs Notification No. 25/2023-Cus dated 01.04.2023, which are reproduced below:

4.24 DFIA Scheme

(a) Duty Free Import Authorisation is issued to allow duty free import of inputs. In addition, import of oil and catalyst which is consumed/ utilised in the process of production of export product, may also be allowed.

(b) Provisions of paragraphs 4.12, 4.18, 4.20, 4.21 and 4.23 of FTP shall be applicable to DFIA also.

(c) Import of Tyre under DFIA scheme is not allowed.

4.26 Eligibility

i. Duty Free Import Authorisation shall be issued on post export basis for products for which Standard Input Output Norms have been notified.

ii. Merchant Exporter shall be required to mention name and address of supporting manufacturer of the export product on the export document viz. Shipping Bill/ Bill of Export / Tax Invoice for export prescribed under the GST rules.

iii. Application is to be filed with concerned Regional Authority before effecting export under Duty Free Import Authorisation.

iv. No Duty-Free Import Authorisation shall be issued for an input which is subjected to pre-import condition or where SION prescribes 'Actual User' condition or Appendix-4J prescribes pre import condition for such an input.

3.4 The applicant submitted that as per Para 4.12 (i) (ii) of FTP (2015-2020) , "Wherever SION permits use of either (a) a generic input or (b) alternative input, unless the name of the specific input together with quantity [which has been used in manufacturing the export product] gets indicated / endorsed in the relevant shipping bill and these inputs, so endorsed, within quantity specified and match the description in the relevant bill of entry, the concerned Authorisation will not be redeemed. In other words, the name/description of the input used (or to be used) in the Authorisation must match exactly with the name/description endorsed in the shipping bill. In addition, if in any SION, a single



quantity has been indicated against a number of inputs (more than one input), then quantities of such inputs to be permitted for import shall be in proportion to the quantity of these inputs actually used/consumed in production, within overall quantity against such group of inputs. Proportion of these inputs actually used/consumed in production of export product shall be clearly indicated in shipping bills.”

3.5 The applicant submitted that the primary condition of customs notification no.25 of 2023, according to the understanding of the applicant, is that DFIA should be produced before the proper office of customs at the time of clearance and that Standard input output Norms (SION number, description, quantity and free on-board value of the resultant product exported and the shipping bill number(s) and date(s) are endorsed on the said authorisation. Condition (iii) of Notification No.25 of 2023 inter alia stipulates that the description and other specifications, wherever applicable, value and quantity of materials imported are mentioned in the said authorisation and the value and quantity thereof are within the limits specified in the authorisation. Therefore, the applicant submitted that in their understanding of the above provisions of notification makes it clear that the imported goods must be covered by the description, value and quantity as per DFIA issued as per relevant SION is produced.

3.6 The applicant submitted that according to their understanding, the goods sought for import as mentioned in the Table A above are specific inputs and covered by generic entries as mentioned under Column 3 of Table A. Therefore, as per their understanding, the provisions of Para 4.12 (i) and (ii) of FTP shall not apply.

3.7 The Applicant relied upon the judgement and order dated 7th November, 2022 of **Hon’ble Tripura High Court in the case of Sri Sibhankar Bhowmik Vs. UOI**. The Hon’ble High Court under Para 12 of the Order inter alia held that

“12. There is also no merit in the contention of the petitioner that although substantive condition (iii) of Notification No. 19 of 2015 concerns mentioning in Transferable DFIA the details ‘of material imported’, in the first proviso the words ‘as the materials used’ for the purpose of ascertaining the ‘materials permitted to be imported’ would include not only the ‘material imported’ but also even such material used which is domestically procured”.

The applicant submitted that the Hon’ble High Court in the above-mentioned case, rejected the petitioner’s contention that materials permitted to be imported would include not only the material imported but also even such material used which is domestically procured. This would mean that material actually imported need not match the goods inputs used in export product if it is domestically procured for discharging export obligation under DFIA.

3.8 The applicant submitted that the Hon’ble Bombay High Court (Nagpur Bench) in the case of **Shah Nanji Nagji Exports Pvt., Ltd., Vs. UOI – 2019(367) ELT 335 (Bom)** under para 28, inter alia held that

“There is no actual user condition so as to restrict the right of petitioner to import maize. So long as the export goods and the import item correspondence to the description given in SION, it cannot be held to be invalid by adding something else which is not in the policy”.

3.9 The applicant submitted that according to their understanding and interpretation, the exemption under notification no. 25/2023-Cus dated 01.04.2023 is available to goods proposed to be imported as per Table A as the description, value and quantity of materials imported are covered by



the said authorisation and further they are not specified in paragraph 4.30 (a) of the Foreign Trade Policy. Thus the 1st proviso to condition no. (i) of the notification is not applicable in the present case and the Applicant is entitled to import the above goods. The applicant further submitted that the Paragraph 4.30 of FTP is not applicable in the present case with having regard to the fact that none of the inputs sought for import are specified under list of 22 sensitive items of paragraph 4.30 of FTP.

3.10 The applicant submitted that the DGFT vide Policy Circular No. 50/2008 dated 06.01.2009 has clarified that except 22 sensitive items, no correlation is required to be established for the technical specification, quality and characteristics of the imported goods and inputs used in export product. The department of revenue vide Board Circular No. 46/2007-Cus dated 20.12.2007 has also clarified on the same lines. Further, as per Policy Circular No. 72 of 2009, DGFT has clarified that flexibility is given to import alternative inputs either used in the export product or capable of using in export goods.

3.11 The applicant, in his interpretation of law, submitted that there is no condition under Notification No.25 of 2023, that the applicant is required to match the ITC (HS) Number of the goods imported with the ITC (HS) Nos mentioned in the DFIA to claim exemption from payment of customs duty. The applicant relied upon the **Final order No. A/30410/2019 dated 25.03.2019 reported 2019 (369) ELT(Tri-Hyd.) in the case of Unibourne Food Ingredients Vs. Commissioner of C.Ex, Hyderabad-II**

“As regards, the mismatching of ITC (HS) Numbers, we find that the Hon’ble Tribunal (Mumbai) in the case of USMS Saffron Co. has held that the ITC (HS) number is not a criteria for extending DFIA benefit under Customs Notification No. 98/2009. We further find that neither SION nor the relevant notification specifies that relevance of ITC (HS) numbers for claiming DFIA benefits. We therefore accept the contentions of Ld. Counsel for the appellant in this regard.”

3.12 In view of the above, the Applicant submitted that on the strength of the said DFIA’s issued against export of Assorted Confectionary, the applicant is entitled to import inputs as listed in the Table A above, and eligible to claim exemption from Basic Customs Duty under the Custom Notification No. 25/2023-Cus dated 01.04.2023. The applicant further submitted that the applicant is not required to correlate the actually used inputs in the export product with those imported goods once the DFIA is endorsed with transferability by the licensing authorities and the exported goods are specific inputs and not appearing as sensitive items under paragraph 4.30 of the FTP (2023).

4. Port of Import and reply from Jurisdictional Commissionerate

4.1 The applicant in their CAAR-1 indicated that they intend to import the subject goods i.e. Cheese at the jurisdiction of office of the Pr. Commissioner of Customs, Port User Building, Mundra Port, Mundra, Kutch Gujarat -370421. In terms of Provisions of the Section 28-I(1) of the Customs Act, 1962 read with the Sub-regulation No. (7) of the Regulation No. 8 of the Customs Authority for Advance Rulings Regulations, 2021, the application was forwarded to the office of the the Pr. Commissioner of Customs, Port User Building, Mundra Port, Mundra, Kutch Gujarat -370421 on 12.06.2024 as indicated by the applicant at Sr. No. 13 of their CAAR-1 Forms calling upon them to furnish the relevant records with comments, if any, in respect of the said application. Further, reminder letters were also issued on 18.08.2025, 16.09.2025 and 31.10.2025. However, no comments were received from the concerned jurisdictional commissionerate.



5. Records of Personal Hearing:

5.1 A personal hearing was held on 09.09.2025 at 12:00 PM in the office of the CAAR, Mumbai. Shri Ashok Nair, Advocate appeared for the online hearing on behalf of the applicant and reiterated the contention of the applicant filed with the application. He submitted that the applicant proposed to purchase DFIA bearing 0311043437 dated 30.04.2025 issued against Export of Assorted Confectionery Products as per SION E-1. The DFIA's, inter alia, permits import of inputs viz., 'Milk and Milk Products', Food Flavours, Coffee/Coffee extracts, Fruit (Juice/pulp/puree), Cocoa-Chocolate, etc. against the said export and accordingly, they seek exemption from payment of the basic Customs Duty under the notification No. 25/2023-cus dated 01/04/2023.

Nobody appeared from the department for the PH.

6. Additional Submissions by the Applicant

6.1 The applicant, vide its letter dated 19.09.2025 produced a Transferable DFIA bearing No. 0311043437 dated 30.04.2025, on the strength of which the applicant proposes to import goods covered by the description of goods mentioned in the DFIA's. The applicant submitted that in their understanding, the inputs proposed to be imported are fully covered by the description, value and quantity of the goods mentioned in the DFIA. Further, the DFIA's produced by them, were issued on post export basis against Export of Assorted Confectionery goods as per Standard Input Output Norms (SION E-1) and are transferable scrips. The applicant submitted that the inputs proposed for duty free imports and the relevant serial no. of the inputs mentioned in the DFIA's to match the descriptions of the goods are given in brief as below:-

Sr.No.	Proposed import goods	Product description in DFIA	Serial No. of product description as per DFIA
01	Whey Protein	Milk & Milk Products	03
02	Lactose	Milk & Milk Products	03
03	Fruit (Wet & Dry)/ Fruit Filling	Fruit Juice/Pulp/Puree	03
04	Coffee/Coffee Extracts	Other confectionary ingredients	07
05	Cocoa Liquor [cocoa liquor, cocoa mass & chocolate]	Cocoa	03
06	Casein	Milk & Milk Products	03
07	Chocolate	Cocoa -Chocolate	03

6.2 The applicant further submitted that the goods proposed to be imported under DFIA are well covered under the description, quantity and within the overall CIF value of authorization. The only condition as per custom notification no 25 of 2023 is that DFIA is produced before the proper officer at the time of clearance for debit and must cover the description, quantity and CIF value specified in the authorization provided SION does not specify Actual user condition. The applicant further submitted that it is settled law that ITC (HS) Numbers are not a criterion for claiming DFIA benefits. The applicant relied upon the order passed by the Hon'ble Appellate Tribunal (Mumbai) in the case of USMS Saffron Co, Inc Vs. Commissioner of Customs, ACC, Mumbai (2016 (331) ELT 155 (Tri-Mum). The Hon'ble Tribunal was pleased to inter alia hold that

"6.1 The appellants' contention is that duty exemption criterion is only the description (and quantity) mentioned in the SION norms which is described in the DFIA as ITC heading



090000. But even ITC(HS) Code is not a criterion to get the benefit under the FTP and Customs provisions as long as the item imported falls under the description of goods mentioned in the DFIA. We accept this contention as the goods mentioned in the DFIA are "food flavour". It is therefore undisputed that the appellant is entitled to import saffron as a "food flavour" irrespective ITC (HS) mentioned in the DFIA."

6.3 The applicant further submitted that the DFIA produced by the applicant has two annexures - Annexure 'A' and Annexure 'B'. The condition No. 18 of the DFIA stipulates that *exempt goods specified under Annexure A of DFIA (for exports made before 02.11.2016) shall be allowed without value cap and actual user conditions and exempt goods specified under Annexure B (for exports made after 02.11.2016), the said conditions shall be in accordance with PN 41 dated 02.11.2016*. Therefore, as per their understanding, import goods along with quantities specified under Annexure 'A' (for exports before 02.11.2016) does not carry actual user condition and value cap restrictions. Similarly, exempt goods under Annexure 'B' shall be in accordance with Public Notice PN 41 of 2016 as per endorsement made in the DFIA.

6.4 The applicant submitted that the goods proposed to be imported are specific goods as evident from Public Notice No. 94 of 2012 which amended SION E-1, specifies that the inputs are more specific and quantities are rationalized.

6.5 The applicant submitted that there is no actual user condition inbuilt under DFIA Scheme. The applicant relies upon the judgement and order passed by the Hon'ble Bombay High Court in the case Shah Nanji Nagsi Export Pvt. Ltd., Vs. UOI - 2019(36T) ELT 335 (Bom).

6.6 The applicant further submitted that the Hon'ble Tripura High Court in the case of Sri Sibhankar Bhowmik vs. UOI, under Para 12, inter alia, held that *"there is also no merit in the contention of the petitioner that although substantive condition (iii) of notification No. 19 of 2015 concerns mentioning Transferable DFIA the details "of material imported" in the first proviso the words "as the material used" for the purpose of ascertaining "the materials permitted to be imported" would include not only the materials imported but also even such material used which is domestically procured."*

6.7 The applicant submitted that the Hon'ble High Court made it clear that for the purpose of ascertaining "the materials permitted to be imported" would not include such material used which is domestically procured.

6.8 The applicant submitted that the goods proposed to be imported are not sensitive items specified under Para 4.29 of FTP. Further, the CBIC vide Board Circular No. 20/2025-Cus dated 24th July, 2025 has clarified that only in respect of inputs specified in paragraph 4.29 of the Foreign Trade Policy, 2023, a correlation of technical characteristics, quality and specification of the inputs with the export product is required to be established under the DFIA scheme. Such correlation is not required to be established in case of other inputs.

6.9 The applicant further relied upon the IS standards specification IS:1008:2004 for Assorted Confectionery Products and FSSAI Regulation 2.7 pertaining to Sugar boiled confectionary justifying the permitted ingredients required for use in Assorted Confectionary products.

6.10 The applicant further relied upon the following technical book references and product wrappers to justify the imported goods are covered by the description of goods mentioned in DFIA and used in the manufacture of Assorted Confectionary Products.



Technical references & Product wrappers

- (i) Sugar Confectionary Manufacture – E. B. Jackson
(Para 5.6 to Para 5.9 – Milk and related products – (Page nos. 93 to 105))
- (ii) Industrial Chocolate Manufacture and use – 4th Edition Stephen Beckett
((Chapter 4 – Page Nos. 76 to 100) & (Chapter 6 – Page Nos. 130 to 139))
- (iii) De Zaan Cocoa & Chocolate Manual. (Chocolate – Page Nos. 139 to 144)
- (iv) Whey Products and Lactose in Confectionery Applications. (internet reference)

7. The applicant vide their e-mail dated 02/02/2026 have requested to withdraw their claim for exemption with respect to the inputs mentioned under 'Annexure-B' of the DFIA No. 0311043437 dated 30/04/2025.

8. Discussions and Findings

8.1 I have considered all the materials placed before me in respect of the applicability of the notification issued under Section 25 (1) of the Customs Act, 1962 for import of subject goods. I have gone through the submissions made by the applicant during the personal hearing and additional submissions made by the applicant. Therefore, I proceed to pronounce a ruling on the basis of information available on record as well as existing legal framework.

8.2 The applicant has sought advance ruling in respect of the following questions:

Q.1 Whether the Applicant is entitled to claim Exemption from payment of Basic Customs Duty against Custom Notification No. 25/2023-Cus dated 01.04.2023 under Transferable DFIA's issued against Export of Assorted Confectionary Products for their import of various inputs as listed under Table A above without showing the actual use in the export goods?

Q.2 Whether the Applicant is required to match the ITC (HS) numbers mentioned in the DFIA vis-à-vis the ITC (HS) Number of import goods for clearance against Notification No. 25 of 2023 under DFIA Scheme?

8.3 At the outset, I find that the issue raised at the Sr. No. 08 in the CAAR-1 form is squarely covered under Section 28H (2) of the Customs Act, 1962 being a matter related to the Applicability of a notification issued under sub-section (1) of section 25, having a bearing on the rate of duty. I further find that the applicant is a holder of an Importer Exporter Code (IEC) and thereby, is a valid applicant under Section 28E (c) of the Customs Act, 1962 for filing application under Section 28H of the Customs Act, 1962.

8.4 The applicant submitted that they intend to import various goods as listed in the table A above (reproduced below for ease of reference) against the valid Transferable DFIA's issued against Export of Assorted Confectionery Products by Regional Authority in terms of Paragraph 4.24 and 4.26 of the Foreign Trade Policy, 2023.



Table 'A'

LIST OF INPUTS SOUGHT TO BE IMPORTED UNDER TRANSFERABLE DUTY-FREE IMPORT AUTHORISATIONS ISSUED AS PER SION E-1 (Export of Assorted Confectionary Products).

Sr.No.	Proposed import goods	Product description in DFIA	Serial No. of product description as per DFIA
01	Whey Protein	Milk & Milk Products	03
02	Lactose	Milk & Milk Products	03
03	Fruit (Wet & Dry)/ Fruit Filling	Fruit Juice/Pulp/Puree	03
04	Coffee/Coffee Extracts	Other confectionary ingredients	07
05	Cocoa Liquor [cocoa liquor, cocoa mass & chocolate]	Cocoa	03
06	Casein	Milk & Milk Products	03
07	Chocolate	Cocoa -Chocolate	03

8.5 The applicant is seeking exemption from the payment of whole of Customs duty under Notification No. 25/2023-Cus dated 01.04.2023 issued under Sub-Section (1) of Section 25 of the Customs Act, 1962 on the import of various goods as mentioned in the Column (2) of the Table A above against the descriptions mentioned in the respective Column (3) of the Table A above under a valid transferable DFIA License issued against Export of Assorted Confectionary. Therefore, before proceeding further, I find it essential to examine the notification No. 25/2023-Cus dated 01.04.2023. The above referred notification exempts materials imported into India against a valid Duty-Free Import Authorisation issued by the Regional Authority in terms of paragraphs 4.24 and 4.26 of the Foreign Trade Policy (hereinafter referred to as the said authorisation) from the whole of the duty of customs leviable thereon which is specified in the First Schedule to the Customs Tariff Act, 1975 (51 of 1975), subject to the conditions specified therein. For ease of reference, the conditions prescribed under Notification No. 25/2023-Cus dated 01.04.2023 are mentioned below:

“(i) that the said authorisation is produced before the proper officer of customs at the time of clearance for debit;

(ii) that Standard Input Output Norms (SION) number, description, quantity and Free On-Board value of the resultant product exported and the shipping bill number(s) and date(s) are endorsed on the said authorisation:

Provided that the said SION does not prescribe the actual user condition;

(iii) that the description and other specifications wherever applicable, value and quantity of materials imported are mentioned in the said authorisation and the value and quantity thereof are within the limits specified in the said authorisation:

Provided that in respect of inputs referred in paragraphs 4.12(i) and 4.12(ii) of the Foreign Trade Policy, the material permitted to be imported in the said authorisation shall be of the specific name or description or quantity, respectively, as the material used in the export of the resultant product. The exporter shall declare these particulars of materials used in the shipping bill/ bill of export:



Provided further that in respect of resultant products requiring inputs specified in paragraph 4.29 of the Foreign Trade Policy, the materials permitted in the said authorisation shall be of the same quality, technical characteristics and specifications as the materials used in the said resultant product. The exporter shall declare these particulars of materials used in the shipping bill or bill of export;

- (iv) *that the said authorisation shall be transferable subject to such conditions as may be specified;*
- (v) *that the imports and exports are undertaken through the seaports, airports or through the inland container depots or through the land customs stations as mentioned in the Table 2 annexed to the Notification No.26/2023-Customs dated 1st April, 2023 or a Special Economic Zone notified under section 4 of the Special Economic Zones Act, 2005 (28 of 2005):*

Provided that the Commissioner of Customs may, by special order or a public notice and subject to such conditions as may be specified by him, permit import and export through any other seaport, airport, inland container depot or through a land customs station within his jurisdiction;

- (vi) *that the exports as specified in the said authorisation (both in value and quantity terms) were fulfilled within the period specified in paragraph 4.28 of the Foreign Trade Policy by exporting resultant products, manufactured in India, which are specified in the said authorisation:*

Provided that in case of an authorisation for intermediate supply, the export obligation shall have been discharged by supplying the resultant products to the exporter in terms of paragraph 4.05(c)(ii) of the Foreign Trade Policy;

- (vii) *that the importer produces evidence of fulfilment of the export obligation to the satisfaction of the Deputy Commissioner of Customs or Assistant Commissioner of Customs, as the case may be;*
- (viii) *that in relation to the said authorisation issued to a merchant exporter, the name and complete postal address of the supporting manufacturer who manufactured the export product is declared in the shipping bills and specified in the said authorization. ”*

8.6 From the plain reading of the above, it emerges that the first condition for availing the exemption benefit under the subject notification, the applicant must have a valid DFIA license issued by the Regional Authority in terms of paragraphs 4.24 and 4.26 of the Foreign Trade Policy, 2023 and should produce it before the proper officer of Customs at the time of clearance for debit. The second condition for availing the exemption benefit under the subject notification is that the DFIA license should be endorsed with SION (Standard Input Output Norms) Number, Description, Quantity and Free On-Board value of the Resultant product exported and the Shipping Bill Number(s) and date(s); and the description and other specifications (wherever applicable), value and quantity of materials imported are within the limits specified in the said authorisation. However, the proviso to second condition makes the exemption provisional to SION norms not prescribing Actual User Condition on input items.

8.7 Further, I observe that the DFIA licenses are issued by the Directorate General of Foreign Trade (DGFT) in terms of Para 4.24 and 4.26 of the Foreign Trade Policy for import of input used in



exported products for which SION Norms have been notified. Para 4.24 and 4.26 of the Foreign Trade Policy, 2023 are as under:

4.24 DFIA Scheme

(a) *Duty Free Import Authorisation is issued to allow duty free import of inputs. In addition, import of oil and catalyst which is consumed/ utilised in the process of production of export product, may also be allowed.*

(b) *Provisions of paragraphs 4.12, 4.18, 4.20, 4.21 and 4.23 of FTP shall be applicable to DFIA also.*

(c) *Import of Tyre under DFIA scheme is not allowed.*

4.26 Eligibility

i. *Duty Free Import Authorisation shall be issued on post export basis for products for which Standard Input Output Norms have been notified.*

ii. *Merchant Exporter shall be required to mention name and address of supporting manufacturer of the export product on the export document viz. Shipping Bill/ Bill of Export / Tax Invoice for export prescribed under the GST rules.*

iii. *Application is to be filed with concerned Regional Authority before effecting export under Duty Free Import Authorisation.*

iv. *No Duty-Free Import Authorisation shall be issued for an input which is subjected to pre-import condition or where SION prescribes 'Actual User' condition or Appendix-4J prescribes pre import condition for such an input.*

8.8 From the above, I observe that the DFIA license are issued for duty free import of inputs including intermediates on post export basis for products for which SION Norms have been notified by the Regional Authority. I further observe that no DFIA license can be issued by the authority for the inputs where a pre-import condition or an actual user condition has been notified.

8.9 Further, Para 4.29 of the Foreign Trade Policy lists sensitive items and puts a mandate on exporter as well as the regional authority to mention technical characteristics, quality and specification in the Authorization in respect of such sensitive outputs as listed there. Para 4.29 of the FTP, 2023 is reproduced as under:

4.29 Sensitive Items under Duty Free Import Authorisation

(a) *In respect of following inputs, exporter shall be required to provide declaration with regard to technical characteristics, quality and specification in Shipping Bill: "Alloy steel including Stainless Steel, Copper Alloy, Synthetic Rubber, Bearings, Solvent, Perfumes / Essential Oil/ Aromatic Chemicals, Surfactants, Relevant Fabrics, Marble, Articles made of Polypropylene, Articles made of Paper and Paper Board, Insecticides, Lead Ingots, Zinc Ingots, Citric Acid, Relevant Glass fibre reinforcement (Glass fibre, Chopped / Stranded Mat, Roving Woven Surfacing Mat), Relevant Synthetic Resin (unsaturated Polyester Resin, Epoxy Resin, Vinyl Ester Resin, Hydroxy Ethyl Cellulose), Lining Material".*

(b) *While issuing Duty Free Import Authorisation, Regional Authority shall mention technical characteristics, quality and specification in respect of above inputs in the Authorisation.*



8.10 Further, provisions of Para 4.12 are also applicable to DFIA license. Para 4.12 (i) and Para 4.12 (ii) states as under:

4.12 Accounting of Input

(i) *Wherever SION permits use of either (a) a generic input or (b) alternative input, unless the name of the specific input together with quantity [which has been used in manufacturing the export product] gets indicated / endorsed in the relevant shipping bill and these inputs, so endorsed, within quantity specified and match the description in the relevant bill of entry, the concerned Authorisation will not be redeemed. In other words, the name/description of the input used (or to be used) in the Authorisation must match exactly with the name/description endorsed in the shipping bill.*

(ii) *In addition, if in any SION, a single quantity has been indicated against a number of inputs (more than one input), then quantities of such inputs to be permitted for import shall be in proportion to the quantity of these inputs actually used/consumed in production, within overall quantity against such group of inputs. Proportion of these inputs actually used/consumed in production of export product shall be clearly indicated in shipping bills.*

8.11 Further, since the applicant intends to import subject goods on strength of transferable DFIA's, I find it prudent to examine the Para 4.28 of the FTP, 2023 as well and the same is reproduced as under:

4.28 Validity & Transferability of DFIA

(i) *Applicant shall file online application to Regional Authority concerned before starting export under DFIA.*

(ii) *Export shall be completed within 12 months from the date of online filing of application and generation of file number.*

(iii) *While doing export/supply, applicant shall indicate file number on the export /supply documents viz. Shipping Bill / Bill of Export / Tax invoice for supply prescribed under GST rules.*

(iv) *In terms of Para 4.12 of FTP, Wherever SION permits use of either (a) a generic input or (b) alternative input, the specific input together with quantity [which has been used in manufacturing the export product] should be indicated / endorsed in the relevant Shipping Bill/ Bill of Export / Tax invoice for supply prescribed under GST rules. Only such inputs may be permitted for import in the authorisation in proportion to the quantity of these inputs actually used/consumed in production, within overall quantity against such generic input/alternative input.*

(v) *In addition, if in any SION, a single quantity has been indicated against a number of inputs (more than one input), then quantities of such inputs to be permitted for import shall be in proportion to the quantity of these inputs actually used/consumed in production and declared in Shipping Bill / Bill of Export / Tax invoice for supply prescribed under GST rules within overall quantity against such group of inputs. Proportion of these inputs actually used/consumed in production of export product shall be clearly indicated in Shipping Bill / Bill of Export / Tax invoice for supply prescribed under GST rules.*

(vi) *Separate DFIA shall be issued for each SION.*



(vii) Exports under DFIA shall be made from any port listed in Para 4.35 of Handbook of Procedures. However, separate application shall be made for EDI and non-EDI ports. In case export is made from a non-EDI port, separate application shall be made for each non-EDI port.

(viii) Regional Authority shall issue transferable DFIA with a validity of 12 months from the date of issue. No further revalidation shall be granted by Regional Authority.

8.12 From the above, I gather that these licenses are issued post-exportation of the product. I further gather that in terms of Para 4.12 and 4.28 of FTP, 2023; wherever SION norms notified by the DGFT permits use of generic or alternative input, only the specific input actually used / consumed in the production and mentioned in the authorization are permitted for import.

8.13 I find that the SION norms for Assorted Confectionery (with Sugar) are notified under E-1 under Food Products Category. I further find that DGFT revised the SION Norms under E-1 for Assorted Confectionery by the Public Notice No. 94 (RE-2010)/2009-14 dated 01.02.2012. Further, DGFT vide Public Notice No. 41/2015-2020 dated 02.11.2016 amended the SION Norms for E-1. Vide the above referred Public Notice DGFT appended Notes 1 to 5 to SION Norms E-1.

E-1: Assorted Confectionery (with Sugar): Export Item Quantity – 100 Kilograms

Sr no	Import Item Name	Import Item Quantity And UOM	Value (%)	Criteria
1	Cane Sugar	60Kg		
2	Liquid Glucose	20Kg		
3 (i)	Relevant Fruit (Juice/ Pulp/Puree) or	15Kg		
3 (ii)	Cocoa, Milk & Milk Products	10Kg		
4	Citric Acid/Tartaric Acid/Malic Acid (Food Grade relevant)	03Kg		
5(i)	Relevant Essential Oils	500gm	0.05	CIF value of input item Sl.No.5 shall not exceed 5% of total CIF value of the Authorisation.
5(ii)	Relevant Food Colours	10gm	0.05	
5(iii)	Relevant food Flavours	100gm	0.05	
6	Emulsifier/ Stabilizer / Glazing Agent/ Binders /Thickeners (item as per PFA Act 1955)	100gm	0.03	CIF value of input item Sl.No.6 shall not exceed 3% of total CIF value of the Authorisation.
7	Other Confectionery ingredients edible molasses, malt extracts, edible oils and fats, fruits and fruit products, nut and nut products, tea extracts, coffee extracts, edible desiccated coconut	05Kg	0.02	CIF value of input item Sl.No.7 shall not exceed 2% of total CIF value of the Authorisation.
8	Packing Material in finished form	As per packing Policy		



Note 1: Lactose/ Fructose / Maltose/ Mannitol / Sodium Saccharin/ Artificial sweetening Agents are not allowed under input Sl. No-1.

Note 2: CIF value of input item Sl.No.5 shall not exceed 5% of total CIF value of the Authorisation.

Note 3: CIF value of input item Sl.No.6 shall not exceed 3% of total CIF value of the Authorisation.

Note 4: CIF value of input item Sl.No.7 shall not exceed 2% of total CIF value of the Authorisation.

Note 5: Input item Sl. Nos 2, 3 and 4 are subjected to actual user condition.

(Notes 1 to 5 added vide Public Notice No. 41/2015-2020 dated 02.11.2016)

8.14 Further, DGFT has also published “**General Notes for all Export Products Groups**” and I have also gone through the same. I find that in the Note 4 of the “General notes for all Export Products Groups”, it is stated that wherever both quantity and value of inputs is a limiting factor, both needs to be taken into account while importing inputs under that SION Norm. Para 4 of the General Notes for all Export Products Groups is reproduced as under:

“4. All the inputs allowed for import under advance licence/ duty free replenishment certificate are required to be indicated in terms of quantity. Where an input has been permitted in the norms or specifically allowed for import by the ALC in terms of value as a limiting factor only, such items shall be indicated in the licence in terms of value only. However, if quantity and value of inputs is a limiting factor, the same shall be applicable.”

8.15 From the SION Norms notified by the DGFT for export of Assorted Confectionary Products under E1, I observe that in case of certain inputs, values as a percentage of total CIF value of the authorization along with quantities of the input allowed against one unit of exported item are mentioned as a limiting factor. Further, from the general notes published by DGFT for export products in general, I gather that inputs allowed for import should satisfy the description mentioned in the SION Norms. Further, wherever value and quantity, both are mentioned as limiting factor, both needs to be taken into account while allowing the Duty-free import of inputs in authorizations issued under such Norms.

8.16 Further, vide Circular NO. 20/2025-CUS. [F. NO. 140605/10/2025-DBK], dated 24.07.2025, it has further been clarified that only in respect of inputs specified in paragraph 4.29 of the Foreign Trade Policy, 2023, a correlation of technical characteristics, quality and specification of the inputs with the export product is required to be established under the DFIA Scheme. Such correlation is not required to be established in case of other inputs. The relevant excerpts of the Circular No. 20/2025-CUS dated 24.07.2025 are as under:

“5. The position is thus clear that only in respect of inputs specified in paragraph 4.29 of the Foreign Trade Policy, 2023, a correlation of technical characteristics, quality and specification of the inputs with the export product is required to be established under the DFIA Scheme. Such correlation is not required to be established in case of other inputs.

6. It is, therefore, clarified that: —

(a) Only in case of import of inputs mentioned in paragraphs 4.29 of the FTP, 2023, correlation of technical characteristics, quality and specification of the inputs with the export product is required to be established when imported under the DFIA Scheme.

(b) In case of inputs mentioned in paragraphs 4.12 and 4.28(iii) of the FTP, 2023, only name of the specific input along with the quantity is required to be declared in the shipping bill/bill



of export. Declaration of technical characteristics, quality and specification of the inputs used in the manufacture of the export product is not required.”

8.17 The import of the above circular is that only in case of sensitive inputs listed under paragraph 4.29 of the FTP, 2023, a correlation of technical characteristics, quality and specification of the inputs is required to be established under DFIA scheme. Further, in case of specific input, only the name of the specific input along with the quantity is required to be declared in the shipping bill/bill of export.

8.18 Further, I have gone through the copy of DFIA licenses bearing No. 0311043437 dated 30.04.2025 submitted by the applicant that they proposed to purchase. I notice that for every item permitted, there is first a generic entry, and then there is a specific entry, which is tabulated as below:

Generic Entry	Specific Entry	Corresponding SION Entry
Cane Sugar	Refined Cane Sugar	Cane Sugar
Liquid Glucose	Liquid Glucose	Liquid Glucose
Relevant Fruit (Juice / Pulp / Puree)	Fruit (Juice/Pulp/Puree) or Cocoa – Chocolate / Milk & Milk Products Milk Solids	Relevant Fruit (Juice/Pulp/Puree) Or Cocoa, Milk & Milk Products
Citric Acid / Tartaric Acid / Malic Acid	Relevant Food Grade:- Tartaric Acid	Citric Acid / Tartaric Acid / Malic Acid (Food Grade Relevant)
Relevant Essential Oils	Essential Oils:- Orange	(i) Relevant Essential Oils
Relevant Food Colours	Food Colours:- Caramel	(ii) Relevant Food Colours
Relevant Food Flavours	Food Grade Flavours	(iii) Relevant Food Flavours
Emulsifier / Stabilizer / Glazing Agent / Binders / Thickeners (Item as per PFA Act, 1955)	Emulsifier:- Starches	Emulsifier / Stabilizer / Glazing Agent / Binders / Thickeners (Item as per PFA Act, 1955)
Other Confectionery ingredients – edible molasses, malt extracts, edible oils and fats, fruits and fruit products, nut and nut products, tea extracts, coffee extracts, edible dessicated coconuts	Other Confectionery ingredients – edible molasses, malt extracts, edible oils and fats, nut and nut products, fruits and fruit products	Other Confectionery ingredients – edible molasses, malt extracts, edible oils and fats, fruits and fruit products, nut and nut products, tea extracts, coffee extracts, edible dessicated coconuts
Packing Material in finished form	Packing Material – Polypropylene Film Grade, Paper and Paper Board, Aluminium Foil	Packing Material

8.19 From the table of inputs and DFIA endorsements produced by the Applicant, it is clear that each DFIA licence specifies one or more concrete inputs corresponding to each generic category listed under SION E-1. The DFIA licences submitted satisfy this requirement of having one or more specific input. Further, as clarified by CBIC, for non-sensitive items correlation tests beyond name and quantity are not warranted. None of the inputs in the present matter fall under the sensitive list of Para 4.29.

8.20 Further, the DFIA Licence bearing License No. 0311043437 dated 30.04.2025 in its condition sheet prescribes conditions for utilisation of the license. The Relevant Conditions are as under:



“14. No Duty Free Import Authorisation shall be issued for an input which is subjected to pre-import condition or where SION prescribes ‘Actual User’ condition or Appendix – 4J prescribes pre import condition for such an input.

15. The exempt goods imported under the scrip shall only be utilized in accordance with the provisions of prevailing FTP & HBP (2009-14) and under relevant Custom Notification No. 98/2009-Cus dated 11.09.2009 against exports made prior to 01.04.2015 and for remaining exports, it shall in accordance with the provisions of FTP & HBP (2015-2020) and under relevant Notification No. 19/2015-cus dated 01.04.2015.

16.

Annexure A (Before 02.11.2016)

Sr. No.	Import Item (As per SION)	Description	As per SION for Export of Confectionery 1.00 Kg	Qty. Required in Manufacturing of export Products of 625967.40 Kgs.
1.	Cane Sugar	: Refined Cane Sugar	0.60	375580.44
2.	Liquid Glucose	: Liquid Glucose	0.20	125193.48
3.	(a) Relevant Fruit : (Juice / Pulp / Puree) or Cocoa, Milk & Milk Products	: Fruit (HS Code 2008/2009) (Juice / Pulp / Puree) or Cocoa – Chocolate (1806)/Milk & Milk Products Milk Solids (Qty 62596.74) (HS Code 3502	0.15	93895.11
4.	Citric Acid / Tartaric Acid / Malic Acid (Food Grade Relevant)	: Food Grade: - Tartaric Acid	0.030	18779.02
5.	(i) Relevant Essential Oils	: Essential Oil – Orange Oil	0.005	3129.84
	(ii) Relevant Food Colours	: Food Colours – Caramel	0.0001	62.60
	(iii) Relevant Food Flavours	: Food Flavours – Vanillin	0.001	625.97
6.	Emulsifier / Stabilizer / Glazing Agent / Binders / Thickeners (item as per PFA Act, 1955)	: Emulsifier – Starches	0.001	625.97
7.	Other Confectionery ingredients - edible molasses, malt extracts, edible oils and fats, fruits and fruit products, nut and nut products, tea extracts, coffee extracts,	: Other Confectionery ingredients - edible molasses, malt extracts, edible oils and fats, fruits and fruit products, nut	0.050	31298.37



	<i>edible desiccated coconuts (HS Code 0802 / 1500)</i>		<i>and nut products, tea extracts, coffee and coffee extracts (HS Code 0901), edible desiccated coconuts (HS Code 0802 / 1500)</i>		
8.	<i>Packing Material</i>	:	<i>Packing Material: Polypropylene Film Grade, Paper & Paper Board, Aluminium Foil (HS Code 7607)</i>	<i>As per Packing Policy</i>	<i>35006.42</i>

17.

Annexure B (After 02.11.2016)

<i>Sr. No.</i>	<i>Import Item (As per SION)</i>		<i>Description</i>	<i>As per SION for Export of Confectionery 1.00 Kg</i>	<i>Qty. Required in Manufacturing of export Products of 3370722.71 Kgs.</i>
1.	<i>Cane Sugar</i>	:	<i>Refined Cane Sugar</i>	<i>0.60</i>	<i>2022433.63</i>
2.	<i>Liquid Glucose</i>	:	<i>Liquid Glucose</i>	<i>0.20</i>	<i>674144.54</i>
3.	<i>(a) Relevant Fruit : (Juice / Pulp / Puree) or Cocoa, Milk & Milk Products</i>	:	<i>Fruit (HS Code 2008/2009) (Juice / Pulp / Puree) or Cocoa – Chocolate (1806)/Milk & Milk Products Milk Solids (337072.3) (HS Code 3502)</i>	<i>0.15</i>	<i>505608.41</i>
4.	<i>Citric Acid / Tartaric Acid / Malic Acid (Food Grade Relevant)</i>	:	<i>Food Grade: - Tartaric Acid</i>	<i>0.030</i>	<i>101121.68</i>
5.	<i>(i) Relevant Essential Oils</i>	:	<i>Essential Oil – Orange Oil</i>	<i>0.005</i>	<i>16853.61</i>
	<i>(ii) Relevant Food Colours</i>	:	<i>Food Colours – Caramel</i>	<i>0.0001</i>	<i>337.07</i>
	<i>(iii) Relevant Food Flavours</i>	:	<i>Food Flavours – Vanillin</i>	<i>0.001</i>	<i>3370.72</i>
6.	<i>Emulsifier / Stabilizer / Glazing Agent / Binders / Thickeners (item as per PFA Act, 1955)</i>	:	<i>Emulsifier – Starches</i>	<i>0.001</i>	<i>3370.72</i>
7.	<i>Other Confectionery ingredients - edible</i>	:	<i>Other Confectionery</i>	<i>0.050</i>	<i>168536.14</i>



	<i>molasses, malt extracts, edible oils and fats, fruits and fruit products, nut and nut products, tea extracts, coffee extracts, edible desiccated coconuts (HS Code 0802 / 1500)</i>		<i>ingredients - edible molasses, malt extracts, edible oils and fats, fruits and fruit products, nut and nut products, tea extracts, coffee and coffee extracts (HS Code 0901), edible desiccated coconuts (HS Code 0802 / 1500)</i>		
8.	<i>Packing Material</i>	:	<i>Packing Material: Polypropylene Film Grade, Paper & Paper Board, Aluminium Foil (HS Code 7607)</i>	<i>As per Packing Policy</i>	<i>192900.79</i>

8.21 From the condition sheet appended with the DFIA license 0311043437 dated 30.04.2025, it is evident that the authorisation consciously segregates export quantities into Annexure-A (exports made prior to 02.11.2016) and Annexure-B (exports made on or after 02.11.2016), in line with the amendment introduced in SION E-1 vide Public Notice No. 41 dated 02.11.2016 prescribing an actual user condition for specified import items. The licence expressly permits duty-free import of inputs under Annexure-A without value cap or actual user restriction, while subjecting Annexure-B inputs to such conditions.

8.22 The applicant vide their e-mail dated 02/02/2026 have requested to withdraw their claim for exemption with respect to the inputs mentioned under 'Annexure-B' of the DFIA No. 0311043437 dated 30/04/2025. The request of the applicant is accepted and the said part (Annexure- B) shall be treated as withdrawn. Accordingly, I am not inclined to examine the applicability and related benefits against the said import items covered thereunder.

8.23 Further, from the condition sheet appended with the said license, it is observed that the condition no. 15 of the license talks about utilization of scrips in accordance with the provisions of FTP & HBP (2009-14) and Custom Notification No. 98/2009-Cus dated 11.09.2009 against exports made prior to 01.04.2015 and for remaining exports, with the provisions of FTP & HBP (2015-2020) and Customs Notification No. 19/2015-cus dated 01.04.2015. Both these notifications i.e. 98/2009-cus. dated 11.09.2009 and 19/2015-cus dated 01.04.2015 are predecessors of notification no. 25/2023 issued under the relevant FTPs at that time to grant exemption benefits to DFIA license holders. All the three notifications are DFIA linked exemption notification issued on post-export basis and are similar in nature. The relevant excerpts of Notification No. 98/2009-cus. dated 11.09.2009 and 19/2015-cus dated 01.04.2015 are as under:

Notification No. 98/2009-Cus. dated 11.09.2009

Exemption to materials imported into India against a Duty Free Import Authorisation.-

G.S.R. 664(E),- In exercise of the powers conferred by sub-section (1) of section 25 of the Customs Act, 1962 (52 of 1962), the Central Government, being satisfied that it is necessary



in the public interest so to do, hereby exempts materials imported into India against a Duty Free Import Authorisation issued in terms of paragraph 4.2.1 and 4.2.2 of the Foreign Trade Policy (hereinafter referred to as the said authorisation) from the whole of the duty of Customs leviable thereon which is specified in the First Schedule to the Customs Tariff Act, 1975 (51 of 1975) and ¹⁷[from the whole of the additional duty leviable thereon under sub-sections (1), (3) and (5) of section 3, safeguard duty leviable thereon under Section 8B, and anti-dumping duty leviable thereon under Section 9A] of the said¹¹[Customs Tariff Act, except to the extent specified in paragraph 2 or 2A of this notification, as the case may be, subject] to the following conditions namely :-

(i) that the description, value and quantity of materials imported are covered by the said authorisation and the said authorisation is produced before the proper officer of customs at the time of clearance for debit:

Provided that in respect of resultant product specified in paragraph 4.32.3 of the Hand Book of Procedures (Vol.I) of the Foreign Trade Policy, the materials permitted in the said authorisation or a duty free import authorisation for intermediate supply, as the case may be, shall be of the same quality, technical characteristics and specifications as the materials used in the said resultant product:

Provided further that in respect of the said resultant product the exporter shall give declaration with regard to the quality, technical characteristic and specifications of materials used in the shipping bill;

(ii) that where import takes place after fulfilment of export obligation, the shipping bill number(s) and date(s) and quantity and Free on Board value of the resultant product are endorsed on the said authorisation:

Provided that where import takes place before fulfilment of export obligation, the quantity and Free on Board value of the resultant product to be exported are endorsed on the said authorisation;

...

2. The exemption from safeguard duty and anti-dumping duty shall not be available in case materials are imported against an authorisation made transferable by the Regional Authority.

2A. With effect from 17th September 2013, the exemption from safeguard duty and anti-dumping duty shall not be available in case materials are imported against an authorisation that has been made transferable on or after the 18th April, 2013 by the Regional Authority.

Notification No. 19/2015-cus dated 01.04.2015:

Regarding implementation of Duty Free Import Authorisation Scheme under FTP 2015-2020-G.S.R. 255 (E) - In exercise of the powers conferred by sub-section (1) of section 25 of the Customs Act, 1962 (52 of 1962), the Central Government, being satisfied that it is necessary in the public interest so to do, hereby exempts materials imported into India against a valid Duty Free Import Authorisation issued by the Regional Authority in terms of paragraphs 4.25 and 4.27 of the Foreign Trade Policy (hereinafter referred to as the said authorisation) from



the whole of the duty of customs leviable thereon which is specified in the First Schedule to the Customs Tariff Act, 1975 (51 of 1975), subject to the following conditions, namely :-

(i) that the said authorisation is produced before the proper officer of customs at the time of clearance for debit;

(ii) that Standard Input Output Norms (SION) number, description, quantity and Free on Board value of the resultant product exported and the shipping bill number(s) and date(s) are endorsed on the said authorisation:

Provided that the said SION does not prescribe the actual user condition;

(iii) that the description and other specifications wherever applicable, value and quantity of materials imported are mentioned in the said authorisation and the value and quantity thereof are within the limits specified in the said authorisation:

Provided that in respect of inputs referred in paragraphs 4.12(i) and 4.12(ii) of the Foreign Trade Policy, the material permitted to be imported in the said authorisation shall be of the specific name/description or quantity, respectively, as the material used in the export of the resultant product. The exporter shall declare these particulars of materials used in the shipping bill/ bill of export:

Provided further that in respect of resultant products requiring inputs specified in paragraph 4.30 of the Foreign Trade Policy, the materials permitted in the said authorisation shall be of the same quality, technical characteristics and specifications as the materials used in the said resultant product. The exporter shall declare these particulars of materials used in the shipping bill or bill of export;

8.24 I have gone through both the notifications mentioned in the condition sheet of the said DFIA license and have observed that both notifications are DFIA-linked exemption notifications issued under section 25 of the Customs Act, 1962 to operationalise the Duty-Free Import Authorisation scheme under the respective Foreign Trade Policies then in force. Both notifications grant exemption to materials imported against a valid DFIA on a post-export basis, subject to production of the authorisation at the time of clearance and compliance with the description, quantity and value endorsed therein, read with the applicable Standard Input Output Norms. However, a comparative reading of the two notifications shows that while Notification No. 98/2009-Cus. governed the DFIA scheme under FTP 2009-14 and provided exemption from basic customs duty and specified additional duties (with certain restrictions on safeguard and anti-dumping duty in case of transferable authorisations), Notification No. 19/2015-Cus. carried forward the same scheme structure under FTP 2015-20, with refinements aligned to the revised policy framework. Notably, Notification No. 19/2015-Cus. expressly incorporated SION-based conditions, including a proviso to condition (ii) stipulating that the exemption would apply **provided that the said SION does not prescribe the actual user condition** which is continued in the successive notification no. 25/2023-cus. dated 01.04.2023.

8.25 I have observed the applicant's submissions, all the relevant provisions of the FTP, 2023; Handbook of Procedures, relevant SION Norms and Public Notifications issued by DGFT; Relevant Customs Notifications and Circulars, I find that in the instant case, the license submitted by the applicant contains two annexures, Annexure A and Annexure B. Annexure A is for the exports done before the changes in SION norms vide PN 41/2016 vide which Actual user conditions and value



caps were added to the SION E-1 and Annexure B is for exports done after the PN 41/2016. As far as the issue of import of input in quantities mentioned in Annexure A (no actual user condition prescribed in SION) is concerned, I find that there are many judicial precedents which allows the import of a broad category of inputs as long as they are covered under the description and quantity endorsed in the license. A few such case laws are as under:

(i) Bombay High Court (Nagpur Bench) in the matter of Shah Nanji Nagsi Exports Pvt. Ltd. Versus Union of India Writ Petition No. 8268 of 2017, decided on 29.03.2019, in its order at Para 28 held that “28. *The petitioner has imported maize which is capable of being used in the manufacturing of export goods namely maize starch powder. There is no “actual user condition” so as to restrict right of petitioner to import maize. So long as the export goods and the import item corresponds to the description given in the SION, it cannot be held to be invalid by adding something else which is not in the policy.*”

(ii) Madhya Pradesh High Court (Indore Bench) in the matter of Global Exim Versus UNION OF INDIA W.P. No. 15132 of 2018, decided on 18-9-2018 [2019 (365) E.L.T. 359 (M.P.) [18-09-2018]] in its order at Para 39 held that “39. *The petitioner is a bona fide transferee of the said transferable DFIA cannot be denied exemption from payment of duties on the goods on the ground that only those actually used as inputs in the export product shall only be permitted for import which is applicable to a DFIA holder. Once the DFIA is made transferable by the licensing authorities, the Petitioner is not bound to show the actual use of the imported goods in the export product and is free to import any goods covered under the description and quantity mentioned within the overall CIF value allowed in the DFIA, (as amended upon competition of export), there is no necessity to satisfy the requirements of para 4.1.15 of FTP - (2009-14).*”

8.26 After having analysed policy conditions before PN 41/2016 (for exports before 02.11.2016) and after PN 41/2016 and their impact on availability of exemption under Notification no. 25/2023-Cus. and Notification No. 19/2015-Cus, I, now, proceed to analyse each and every product proposed to be imported against their relevant entries in the license as well as SION Norm E-1.

8.26.1 Whey Protein - Whey Protein is a dairy derivative and is included in the category of Milk Products in the definitions given in Chapter 2.1 Dairy Product & Analogues of **Food Safety and Standards (Food Products Standards and Food Additives) Regulation, 2011**. As it satisfies the specific category “Milk and Milk Products” mentioned in the licenses submitted, the import of whey powder is permissible under the specific category “Milk and Milk Products”.

8.26.2 Lactose –lactose falls under the general category of Milk and Milk Products and is included in the category of Milk Products in the definitions given in Chapter 2.1 Dairy Product & Analogues of **Food Safety and Standards (Food Products Standards and Food Additives) Regulation, 2011**. As it satisfies the specific category “Milk and Milk Products” mentioned in the licenses submitted, the import of whey powder is permissible under the specific category “Milk and Milk Products”.

8.26.3 Fruit Filling – Fruit in the form of juice or pulp or puree can be imported under the category Relevant Fruit (Juice / Pulp / Puree).

8.26.4 Coffee / Coffee Extracts - Coffee / coffee extracts are specifically mentioned in the license under the general category “Other Confectionary ingredients” and therefore, qualify for import under this category.



8.26.5 Cocoa Liquor (cocoa liquor, cocoa mass and chocolate) – cocoa products are covered under the general category ‘Cocoa – Chocolate’ and qualify for import under this category.

8.26.6 Casein – It falls under the general category of Milk and Milk Products and is included in the category of Milk Products in the definitions given in Chapter 2.1 Dairy Product & Analogues of **Food Safety and Standards (Food Products Standards and Food Additives) Regulation, 2011**. As it satisfies the specific category “Milk and Milk Products” mentioned in the licenses submitted, the import of whey powder is permissible under the specific category “Milk and Milk Products”.

8.26.7 Chocolate – It is covered under the general category ‘Cocoa – Chocolate’ and qualify for import under this category.

8.27 Notwithstanding duty exemption under DFIA, imports of milk and milk products must meet regulatory health requirements. The Department of Animal Husbandry & Dairying has clarified that for food-use dairy products, a Veterinary Health Certificate (VHC) should accompany imports for human consumption, and such consignments may be referred to FSSAI / AQCS for certification.

8.28 In view of the discussion above, I find that the exemption benefit under Notification No. 25/2023-Cus dated 01.04.2023 can be availed by the applicant for quantities mentioned in Annexure A of the said license, subject to the satisfaction of the conditions mentioned thereunder read with FTP, 2023 and relevant SION Norms for the import of specific inputs as mentioned in the DFIA license.

8.29 Further, in regards to the second question asked by the applicant about matching the ITC (HS) numbers, I find that CBIC (erstwhile CBEC) vide Circular No. 46/2007-Cus dated 20.12.2007 issued under F. No. 605/95/2007-DBK have already issued a clarification on the subject matter. Para 3 of the said circular is reproduced as under:

“3. It is, therefore, clarified that except for the items specified in paragraph 4.55.3 of the Handbook of Procedures, Vol. I 2004-09, in all other cases a correlation between the inputs under import with those used in the exported product is not required to be established and that clearance under DFIA scheme may be allowed if other conditions of the scheme and Customs Notification referred to above are fulfilled.”

8.30 Further, DGFT also vide its Policy Circular No. 50 (RE-08)/2004-09 dated 06.01.2009 have clarified that *except for the items (inputs) specified in Paragraph 4.55.3 of HBP V.1, such correlation is not required to be established in other cases unless the SION prescribes for the same*. Further, DGFT vide its Policy Circular No. 72 (RE-08)/2004-09 dated 24.03.2009 regarding importability of alternative inputs as per SION under DFIA scheme have clarified that *since the objective of SION is to allow duty free import of the inputs which are actually used or are capable of being used in the export product, the exporter has the flexibility to import the alternative input/product mentioned in the SION*.

8.31 From the above, I find that the matching of ITC (HS) Numbers mentioned in the DFIA vis-à-vis the ITC (HS) Number of import goods for clearance against Notification No. 25/2023 dated 01.04.2023 is not required as long as the imported products fits the description mentioned in the DFIA license and are actually used or capable of being used in the exported product and other conditions mentioned in the said Notification are satisfied i.e. the imported input is within the quantity and value mentioned in the DFIA license.



9. In light of the above facts, discussions and observations, my views on the questions raised by the applicant are as under:

Q.1 Whether the Applicant is entitled to claim Exemption from payment of Basic Customs Duty against Custom Notification No. 25/2023-Cus dated 01.04.2023 under Transferable DFIA's issued against Export of Assorted Confectionary Products for their import of various inputs as listed under Table A above without showing the actual use in the export goods?

Ans. For the quantities mentioned in the Annexure A of the DFIA License bearing No. 0311043437 dated 30.04.2025, the exemption benefit under Notification No. 25/2023-Cus dated 01.04.2023 can be availed by the applicant subject to the satisfaction of the conditions mentioned thereunder read with FTP, 2023 and relevant SION Norms for the import of specific inputs as mentioned in the DFIA license. The exemption availability has been summarized as under:

Sr. No.	Proposed import goods	Product description in DFIA	Serial No. of product description as per DFIA	Exemption for Annexure A quantities
01	Whey Protein	Milk & Milk Products	03	Yes
02	Lactose	Milk & Milk Products	03	Yes
03	Fruit (Wet & Dry)/ Fruit Filling	Fruit Juice/Pulp/Puree	03	Yes
04	Coffee/Coffee Extracts	Other confectionary ingredients	07	Yes
05	Cocoa Liquor [cocoa liquor, cocoa mass & chocolate]	Cocoa	03	Yes
06	Casein	Milk & Milk Products	03	Yes
07	Chocolate	Cocoa -Chocolate	03	Yes

It is to underline that exemption eligibility for goods and the corresponding quantities mentioned in 'Annexure-B' have not been examined in this ruling.

Q.2 Whether the Applicant is required to match the ITC (HS) numbers mentioned in the DFIA vis-à-vis the ITC (HS) Number of import goods for clearance against Notification No. 25 of 2023 under DFIA Scheme?

Ans. The matching of ITC (HS) Numbers mentioned in the DFIA vis-à-vis the ITC (HS) Number of import goods for clearance against Notification No. 25/2023 dated 01.04.2023 is not required as long as the imported products fits the description mentioned in the DFIA license and are actually used or capable of being used or required in the exported product and other conditions mentioned in the said Notification are satisfied i.e. the imported input falls within the quantity and value mentioned in the DFIA license.



10. The applicant has requested the Authority to keep order/ruling in case of their applications confidential. Regulation 27 of the Customs Authority for Advance Rulings Regulations, 2021 as amended vide Notification No. 63/2022-Customs (N.T.) dated 20.07.2022 reads as:

27. Publication of orders or advance rulings - Such of the orders or advance rulings of the Authority, as the Authority deems fit for publication in any authoritative report or the press, may be released for such publication on such terms and conditions as the Authority may specify.

Provided that at the request of the applicant, the Authority may take necessary steps in order to protect commercially confidential information.

Accordingly, the request of the applicant to protect commercially confidential information is approved by keeping the ruling confidential.

||. I rule accordingly.



(Prabhat K. Rameshwaram)

Customs Authority for Advance Rulings, Mumbai.

This copy is certified to be a true copy of the ruling and is sent to:

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(Vivek Dwivedi)

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