


F. No. GEN/ADJ/COMM/718/2025-Adjn(I)
SCN No. 463/2025-26 dated 15.11.2025
M/s. Tata Communication Limited

	<p>प्रधान सीमाशुल्क आयुक्त (आयात) का कार्यालय OFFICE OF THE PRINCIPAL COMMISSIONER OF CUSTOMS (IMPORT) हवाई माल परिसर, सहार, अंधेरी (पूर्व), मुंबई - ४०००९९ AIR CARGO COMPLEX, SAHAR ANDHERI (EAST) MUMBAI -99 फोन न. २६८२८९४७, फैक्स न. २६८२८१८७ PHONE NO. 2682 8947/8149, FAX NO. 26828187</p>
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F. No. GEN/ADJ/COMM/718/2025-Adjn
DIN No.: 202604790A000000F250

Date of Order : 09.04.2026
Date of Issue : 09.04.2026

Party's Name : M/s Tata Communications Limited (IEC No. 0388137932)
(SCN No.463/2025-26 dated 15.11.2025)

Passed by : Shri Manish Chandra,
Principal Commissioner of Customs (Import), ACC, Mumbai Zone-III

CAO NO : CC-MC/02/2026-27 Adj (I) ACC

मूल आदेश /ORDER-IN-ORIGINAL

- यह प्रति उस व्यक्ति के प्रयोग में लाये जाने के लिए निशुल्क दी जाएगी, जिसके लिए इसे जारी किया गया है।
This copy is granted free of charge for the use of the persons to whom it is issued.
- यदि कोई व्यक्ति इस आदेश से असन्तुष्ट हो तो वह मांगे गये शुल्क, जहां शुल्क या शुल्क और जुर्माना विवादित हों अथवा जुर्माना जहां सिर्फ जुर्माना विवादित हो, के 7.5 प्रतिशत भुगतान के बाद सीमाशुल्क अधिनियम 1962 की धारा 129A के तहत उक्त न्यायाधिकरण के सहायक रजिस्ट्रार को संबोधित करते हुए, सीमाशुल्क, उत्पादशुल्क, सेवा कर न्यायाधिकरण, मुंबई (सी ई एस टी ए टी), पश्चिम क्षेत्रीय शाखा, 34 पी डिमेलो मार्ग, मस्जिद (पूर्व), मुंबई ४००००९, के समक्ष अपील दाखिल कर सकता है।
Any person aggrieved by this order can file an appeal against this order to Customs, Excise, Service Tax Tribunal, Mumbai (CESTAT), Western Zonal Bench, 34, P.D'Mello Road, Masjid Bunder (East), Mumbai 400009, addressed to the Assistant Registrar of the said Tribunal under Section 129A of the Customs Act, 1962 on payment of 7.5% of the duty demanded where duty or duty and penalty are in dispute, or penalty, where penalty alone is in dispute.
- अपील जैसा कि सीमाशुल्क (अपील) नियम, 1982 के नियम 6 में बताया गया है, इन नियमों से संलग्न फॉर्म सी. ए. 3 में की जानी चाहिए। अपील चार प्रतियों में निम्नलिखित के साथ होनी चाहिए:-
The appeal is required to be filed as provided in Rule 6 of the Customs (Appeal) Rules, 1982 in form C.A. 3 appended to these rules. The Appeal should be in quadruplicate and shall be in quadruplicate and shall be accompanied by:-
 - विरुद्ध अपील आदेशों की चार प्रतियां (कम से कम एक प्रति प्रमाणित होनी चाहिए)
Four copies of the order appealed against (at least one of which should be a certified copy)
 - न्यायाधिकरण शाखा के सहायक रजिस्ट्रार अथवा शाखा से नजदीक स्थित किसी राष्ट्रीय कृत बैंक के पक्ष में उपयुक्त राशि का एक रेखांकित बैंक ड्राफ्ट
A crossed Bank Draft of an applicable amount as mentioned below in favour of the Assistant Registrar, CESTAT, Mumbai.
 - रु. १,०००/-जहां शुल्क राशि एवं मांगा गया ब्याज और उगाहा गया जुर्माना रु. ५ लाख या कम हो
Where the amount of duty and interest demanded and penalty imposed is five lakh rupees or less, one thousand rupees.
 - रु. ५,०००/-जहां शुल्क राशि एवं मांगा गया ब्याज और उगाहाग या जुर्माना रु ५ लाख से अधिक पर रु५० लाख से ज्यादा न हो
Where the amount of duty and interest demanded and penalty imposed is more than five lakh rupees but not exceeding fifty lakh rupees, five thousand rupees.
 - रु १०,०००/- जहां शुल्क राशि एवं मांगा गया ब्याज और उगाहाग या जुर्माना रु.५० लाख से अधिक हो
Where the amount of duty and interest demanded and penalty imposed is more than fifty lakh rupees, ten thousand rupees.
- अपील, इस आदेश की संसूचना की तिथि से 3 माह के भीतर दाखिल की जा सकती है।
Appeal can be filed within 3 months from date of communication of this order.
- विधि के उपबंधों के लिए तथा ऊपर यथा संदर्भित एवं अन्य संबंधित मामलों के लिए, सीमाशुल्क(अपील) नियम 1982, सीमाशुल्क, उत्पादशुल्क एवं सेवा करअपील अधिकरण(प्रक्रिया) नियम 1982 का संदर्भ लिया जाए।
For the provisions of Law and Form as referred above and other related matters. Customs Act, Customs (Appeals) Rules, 1982, Customs, Excise, Service Tax Tribunal (Procedure) Rules, 1982 may be referred.

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BRIEF FACTS OF THE CASE

M/s. Tata Communications Limited, (IEC: 0388137932) (hereinafter referred to as “Importer/Noticee/TCL”) having address at Videsh Sanchar Bhavan, Mahatma Gandhi Road, Fort, Mumbai-400001, had filed Bills of Entry at Air Cargo Complex, Sahar, Andheri (E), Mumbai-400099 as detailed in Annexure-A to the Show Cause Notice No. 463/2025-26 dated 15.11.2025 (hereinafter referred as “SCN/Notice”), for import of various networking equipments - “*Network Interface Cards/ Modules such as MPLS / OTN / POTP products, SFP/Transceivers, Line Cards, Amplifiers, Antennas*” (hereinafter referred to as “the subject goods/imported goods/impugned goods”). The Assessable Value of the imported goods covered under subject SCN is **Rs.91,93,42,044/- (Rupees Ninety-One Crores Ninety-Three Lakhs Forty-Two Thousand and Forty-Four).**

2. The Premises Based Audit (PBA) of the Importer was conducted from 12.02.2025 to 14.02.2025 by the Audit Officers of the O/o Commissioner of Customs (Audit), NCH, Mumbai. The import data were retrieved from 18.11.2020 to 14.03.2025. During the Audit the following aspects were noticed by the Audit Officers:

(i) In the Bills of Entry filed by the Importer, it was observed by the Audit that the importer declared the goods as “Parts” and classifying them under CTI 85177910/85177090/85177990 and availed the benefits of Sr. No. 5 and 22 of the Notification No. 57/2017 dated 30.06.2017 and paid BCD 5% and 10%, whereas in other Bills of Entry the like items have been declared as “Complete Set” classifying under CTI 85176290 and paid the BCD 20%.

(ii) Further on going through the Commercial Invoices of such Bills of Entry it is observed by the Audit Officers that “Parts” have not been mentioned in description of item. Importer on their own had self-declared the items as “Parts” while filing Bills of Entry, and classified them under CTI 85177910 / 85177090/ 85177990 and thereby availed the benefit under Sr. No. 5 and 22 of Notification No. 57/2017 dated 30.06.2017 inappropriately. It was further observed that the manufacturers of the goods - M/s Cienna Inc., USA and M/s ADVA, Germany had declared CTI - 8517620090/85176200 in the Commercial Invoices. Further, it was also observed that the imported items covered under subject SCN are networking equipments and appeared to be classifiable under CTI 85176290 and BCD liable at 20%.

2.1 Some examples of Bills of Entry of similar/identical items classified under different CTIs 85177910/85177090/85177990 and 85176290, are illustrated as below: -

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(i) In Bill of Entry No. 8341406 dated 17.10.2023 of Annexure-A to subject SCN, description of item declared in the Commercial Invoice are as “NTK763VA, 1T 3X USS PKT/OTN I/F MODULE (COMPLETE HODXC EQUIPMENT)” and classification given under CTI “8517620090”. However, in the said Bill of Entry declared description is “NTK763VA, 1T 3X USE PKT/OTN I/F MODULE (PPCB PARTS FOR DWDM)NTK763VA” and classified under CTI 85177910. Further, it is also observed that in another Bill of Entry No. 8131954 dated 04.10.2023 (Annexure-B to SCN), for the same identical items Importer declared CTI 85176290 with description “NTK763VA, 1T 3X USS PKT/OTN I/F MODULE (COMPLETE HODXC EQUIPMENT)” which was same as declared in the Commercial Invoice.

(ii) In Bill of Entry No. 4366978 dated 18.06.2021 of Annexure-A to subject SCN, description of item declared in the Commercial Invoice are as “XCVR-TFEC01, 10GIG,SM SFP+,TUNABLEDWDM, LC CONNECTOR,OTN,80 KM” and classification given under CTI “8517620090”. However, in the said Bill of Entry declared description is “XCVR-TFEC01, 10GIG,SM SFP+,TUNABLEDWDM, LC CONNECTOR,OTN,80 KM (PARTS FOR MPLS-TP EQUIPMENT)” and classified under CTI 85177090. Further, it is also observed that in another Bill of Entry No. 8493601 dated 17.08.2020 (Annexure-B to SCN), for the same identical items Importer declared CTI 85176290 with description “XCVR-TFEC01- 10GIG,SM SFP+,TUNABLEDWDM, LC CONNECTOR,OTN, 80 KM” which was same as declared in the Commercial Invoice.

(iii) In Bill of Entry No. 9061584 dated 10.06.2022 of Annexure-A to subject SCN, description of item declared in the Commercial Invoice are as “160-9403-900 100GE CWDM4, 4X25G, SMF, 1310NM, 2KM QSFP28” and classification given under CTI “8517620090”. However, in the said Bill of Entry declared description is “160-9403-900, 100GE CWDM4, 4X25G,SMF, 1310NM, 2KM QSFP28 (PART FOR DWDM)” and classified under CTI 85177990. Further, it is also observed that in another Bill of Entry No. 7191500 dated 04.08.2023 (Annexure-B to SCN), for the same identical items Importer declared CTI 85176290 with description “160-9403-900 100GE CWDM4, 4X25G, SMF, 1310NM, 2KM QSFP28” which was same as declared in the Commercial Invoice.

2.2 From the above, it can be seen that Importer has mis-declared the description of the items covered under Bills of Entry No. 8341406 dated 17.10.2023, 4366978 dated 18.06.2021 and 9061584 dated 10.06.2022 as “Parts”. However nowhere in import documents it is mentioned as “Parts” and therefore Importer mis-classified the item under CTI 85177910/85177090/ 85177990 in order to avail ineligible benefit under Sr. No. 5 and 22 of Notification No. 57/2017 dated 30.06.2017 and paid concessional BCD at 5%

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and 10%, though in the invoice the items had been classified under CTI 8517620090. The subject item merits classification under CTI 85176290 where BCD at 20% is leviable.

2.3 From the foregoing, it appeared that the imported items “Networking Equipment’s” (Interface Cards/ modules such as MPLS / OTN / POTP products, SFP/Transceivers, Line Cards, Amplifiers, Antennas) imported vide Bills of Entry as detailed in Annexure-A to the subject SCN are appropriately classifiable as “Complete Set” under CTI 85176290 and they do not appear to be eligible for benefit under Sr. No. 5 and 22 of Notification No. 57/2017-Customs dated 30.06.2017 (as amended). The relevant portions of the Notification are as under: -

S. No.	Chapter or Heading or Sub-Heading or Tariff Item	Description of goods	Standard rate	Condition No.
5	85177100 or 85177990	(a) All goods other than the parts of cellular mobile phones or wrist wearable devices (commonly known as smart watches) (b) Inputs or sub-parts for use in manufacture of parts mentioned at (a) above.	‘Nil’	-
22	85177910	Printed Circuit Board Assembly (PCBA) of following goods, namely: (a) Base station; (b) Optical transport equipment; (c) Combination of one or more of Packet Optical Transport Product or Switch (POTP or POTS); (d) Optical Transport Network (OTN) products; (e) IP Radios; (f) Soft switches and Voice over Internet Protocol (VoIP) equipment, namely, VoIP phones, media gateways, gateway controllers and session border controllers; (g) Carrier Ethernet Switch, Packet Transport Node (PTN) products, Multiprotocol Label Switching- Transport Profile (MPLS-TP) products; (h) Multiple Input/Multiple Output (MIMO) products; (i) Long Term Evolution (LTE) products.	15%	-

Duty structure in Heading 8517 is as below: -

CTH / Tariff Item	Basic Customs Duty	SWS	IGST
8517	20%	10% of BCD	18% (As per Sl. No. 379 of Schedule-III of Notification No. 01/2017 -Integrated Tax Rate).

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2.4 Accordingly, Consultative Letters No. 1913/B1, 1914/B1, 1915/B1 dated 18.03.2025 and Corrigendum dated 04.11.2025 were issued vide F. No. CADT/CIR/ADT/PBA/115/2024-PBA-CIR-B1 to TCL by the Audit Commissionerate, Circle-B1, New Custom House, Mumbai, whereby, Importer was advised for voluntary compliance for payment of the short levied duty amounting to Rs.19,37,70,715/- (Rupees Nineteen Crores Thirty Seven Lakhs Seventy Thousand Seven Hundred Fifteen) with applicable interest.

2.5 The Importer vide reply letter dated 24.04.2025, has submitted the following:

- (i) Customs allegation about wilful misstatement/suppression is not valid, as classification is not a fraud or suppression. All import invoices and import data was disclosed to the Customs. The department has full knowledge of classification, and the issue is interpretational, not deliberate evasion. In this regard Importer rely on judgement of *Northern Plastics Ltd. v. CCE (SC, 1998)* and *Updater Services Pvt. Ltd. (2012)*.
- (ii) They had already applied for reassessment of certain Bills of Entry after the Reliance Jio Infocomm CESTAT Ruling (2022) confirming classification of Line Cards under "Parts." These reassessment applications were filed transparently and acknowledged by Customs. Hence, Customs was aware, and extended limitation cannot apply.
- (iii) They submitted that (i) classification depends on how goods are presented at import, not on their potential assembled form (ii) standalone modules or parts should be treated as "Parts", not as finished machines. In this regard, they rely on Supreme Court judgement in *CC vs. Sony India Ltd. (2008)* *Sandvik Asia Ltd. v. CCE (1997)*, *Insulation Electrical Pvt. Ltd. (SC, 2008)* and *Electrosteel Castings Ltd. (1989)*.
- (iv) They submitted that the goods when imported as standalone parts should be classified under CTI 851779 (Parts) and where with complete equipment (CKD/SKD) they should be classified under CTI 85176290 (Equipment). The same product may have different classification depending on manner of import, consistent with Section Notes 2 and 4 of Section XVI, Rule 2(a) of General Rules for Interpretation (GRI) and HSN Explanatory Notes. In this regard, they cited precedents of *Aloka Triviron Medical Technologies Pvt. Ltd. vs. CC Chennai-II (2020) upheld by SC*, *Walchandnagar Industries Ltd. v. CCE Pune (2018)* and *Sony India Ltd. v. CC (2008)*.
- (v) Items like Line Cards, SFPs, Antennas, PCBs, cannot function independently and operate only when inserted into routers or telecom systems. HSN Explanatory Notes confirm that items without

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independent function are classified as Parts, not as “machines.” The importer has submitted judicial precedents in *Ciena Communications India Pvt. Ltd. vs. CC Mumbai (2024) – upheld by SC (2025)*, *Reliance Jio Infocomm Ltd. (CESTAT 2022, upheld by SC)*, *IBM India Pvt. Ltd. (CESTAT 2024, upheld by SC)*, *Vodafone Idea Ltd. (CESTAT 2024 & 2025)*, *Huawei Telecommunications (India) Pvt. Ltd. (2023)*, *Modicom Network (2005, CESTAT Bangalore)* and *Hutchison Essar South Ltd. (SC, 2015)*.

- (vi) Rs.4.85 crore worth of line items is already under ongoing litigation before Customs authorities and fresh action would cause duplication. Rs.6.17 crore worth of products is already under review in other open cases and should be excluded to avoid redundant debate.
- (vii) As the extended period under Section 28(4) of the Customs Act, 1962 cannot be invocable, and goods are correctly classified as ‘Parts’ (CTH 851770/851779), therefore the Rs.18.65 Crore duty demand is unsustainable. Therefore, the Importer has requested to drop the proposed demand.

2.6 Technical details and end use of the products based on the open- source information as given by the Audit officers are as below:

- (i) The **XCVR-TFEC01, 10GIG, SM SFP+, TUNABLE DWDM, LC CONNECTOR, OTN**, product is a type of Optical Transceiver module. Its primary end uses are in high-capacity, long-distance communication networks, specifically within Dense Wavelength Division Multiplexing (DWDM) systems and Optical Transport Networks (OTN). This specific module is designed for the following networking applications:

Long-Haul and Metropolitan Access Networks: It provides high- speed 10 Gigabit (10G) connectivity over single-mode fiber (SMF) for distances up to 80 km, making it ideal for connecting metro-area networks and long-distance links.

Dense Wavelength Division Multiplexing (DWDM) Systems: The Tunable DWDM feature means that the device (transceiver) can change its wavelength to match any channel within a certain range called the C-band. This makes the system more flexible and helps use the fiber’s full capacity to carry more data without needing extra cables.

Optical Transport Network (OTN) Applications: The module supports OTN data rates, which include overhead for enhanced monitoring, management, and Forward Error Correction (FEC). This is essential for carrier-grade transport of services.

High-Speed Data Transport: It supports various standard protocols for 10 Gigabit transmission, including:

- 10G Ethernet (10GBASE-ZR/ZW)
- SONET OC-192 / SDH STM-64
- 10G Fibre Channel

Therefore, the SFP+ Transceiver's core function of converting and transmitting data over a wired telecommunication network is perfectly described by the scope of heading 8517, CTSH 8517.62, and CTI 8517.62.90.

(ii) The **NTK763VA 1T 3X USE PKT/OTN Interface Module** is a Telecommunication Interface module used within network transmission systems. It provides Packet/OTN (Optical Transport Network) interfaces that enable conversion, aggregation, and transmission of data signals over optical fiber networks. The module performs electrical-to-optical and optical-to-electrical conversion, and handles data framing, mapping, and multiplexing between packet (Ethernet) and OTN layers. Functional characteristics are as:

- Functions as a network interface and transmission unit.
- Enables data communication between network elements over OTN infrastructure.
- Performs reception, conversion, and transmission of data signals, without being a simple passive component.
- Integral to DWDM/OTN-based telecom equipment for high-speed data transport.

The NTK763VA module is not merely an electrical part, but a functional apparatus that receives, converts, and transmits digital data within telecom networks. It facilitates data communication through electronic signal processing and protocol conversion; characteristic of equipment covered under CTI 85176290.

(iii) The item **160-9403-900** is a 100 Gigabit Ethernet (100GE) optical transceiver module, form factor QSFP28. It operates on CWDM4 (Coarse Wavelength Division Multiplexing) technology using four optical lanes of 25 Gbps each (4×25G) over single-mode fiber (SMF) at 1310 nm wavelength, with a maximum reach of 2 km. The module converts electrical input signals into optical signals for transmission and reconverts received optical signals back into electrical form. Functional characteristics are as:

- Used in high-speed Ethernet and optical network equipment (e.g., routers, switches, OTN systems).
- Performs reception, conversion, and transmission of data between electrical and optical domains.

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- Supports 100 Gbps full-duplex communication in data centers and telecommunication networks.
- Complies with IEEE 802.3 100G CWDM4 and QSFP28 standards.

The subject item is a network transmission apparatus that performs reception, conversion, and transmission of digital data signals - precisely matching the scope of CTI 85176290. It is not merely an optical component but an active transceiver module that interfaces with networking equipment to enable high-speed data communication.

Accordingly, based on the above mentioned end-use of the products and the classification practice adopted by Importer itself in respect of the Bills of Entry detailed in Annexure B, the impugned goods are appropriately classifiable under Customs Tariff Item (CTI) 85176290 as *machines for the reception, conversion, and transmission or regeneration of data, including switching and routing apparatus*.

2.7 Audit observed that the Importer had classified the subject goods in Bills of Entry mentioned in Annexure-B to the SCN under CTI 86176290, treating them as independent machines falling under CTH 851762, which covers “*machines for the reception, conversion and transmission or regeneration of voice, images or other data, including switching and routing apparatus.*” However, the Importer classified the same goods by mis declaring as ‘Parts’ under CTI 85177910, 85177090, and 85177990, thereby availing the concessional rate of Basic Customs Duty (BCD) under Notification No. 57/2017-Cus., dated 30.06.2017, inspite of the commercial invoices of the goods are declared under CTI 8617620090/85176200 by the manufacture M/s. Cienna INC, USA and M/s. ADVA, Germany.

2.8 Further, data retrieved from Indian Customs Electronic Data Interchange System (ICES) was analysed for the period 18.11.2020 to 14.03.2025 and it was observed as in Annexure-A to the subject SCN, that the Importer has also mis declared the description of the imported goods and mis-classified under CTI 85177910, 85177090, and 85177990, to avail the ineligible benefits of the concessional rate of Basic Customs Duty (BCD) under Notification No. 57/2017-Cus., dated 30.06.2017. However, the imported goods are rightly classifiable under CTI 85176290 without any exemption benefits. The mis-declaration of the Importer resulted in wrongful claim of BCD Notification and has led to short levy of differential duty totally amounting to **Rs.19,37,70,715/- (Rupees Nineteen Crores Thirty Seven Lakhs Seventy Thousand Seven Hundred Fifteen)** which is liable to be recovered under Section 28(4) of the Customs Act, 1962 along with applicable interest under Section 28AA of the Customs Act, 1962. The goods are liable to confiscation under Section 111(m) of the Customs Act, 1962, and for their

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act and omissions the Importer is liable to penal action under Section 112(a)(ii) and/or 114A of the Customs Act, 1962.

3. Accordingly, a Show Cause Notice No. 463/2025-26 dated 15.11.2025 was issued to the Importer M/s. Tata Communications Limited (IEC-0388137932) asking them to show cause as to why:

- i. The declared CTI i.e. 85177910/85177090/85177990 for the imported goods, i.e. “network interface cards/ modules such as MPLS / OTN / POTP products/Transceivers” should not be rejected and re-assessed under CTI 85176290 of the Customs Tariff Act, 1975 on merit rate of BCD;
- ii. Benefit of Customs Notification No. 57/2017-Cus dated 30.06.2017 (Serial No. 5 and 22) on BCD claimed by the importer vide the Bills of Entry mentioned in Annexure-A should not be denied and rejected;
- iii. The goods covered under subject Bills of Entry mentioned in the Annexure-A to the SCN having total declared Assessable Value of **Rs.91,93,42,044/- (Rupees Ninety One Crores Ninety Three Lakhs Forty Two Thousand and Forty Four only)** should not be held liable for confiscation under the provisions of Section 111(m) of the Customs Act, 1962;
- iv. The total differential Duty of Customs amounting to **Rs.19,37,70,715/- (Rupees Nineteen Crores Thirty Seven Lakhs Seventy Thousand Seven Hundred Fifteen only)** (as detailed in Annexure-A) should not be demanded and recovered under Section 28(4) of the Customs Act, 1962;
- v. The applicable interest amount on the aforesaid demand of duty should not be demanded from them in terms of Section 28AA of Customs Act, 1962;
- vi. Penalty should not be imposed on them in terms of Section 112(a) (ii) and/or Section 114A of the Customs Act, 1962.

4. WRITTEN SUBMISSIONS:

M/s. Tata Communications Limited, Importer/Noticee responded to the Show Cause Notice (SCN) vide their letter dated 13.01.2026. The main details are as under:

4.1 The importer is engaged in the importation of various telecommunications equipment including Router, DWDM and parts thereof into India.

4.2 Extended period of limitation is not invocable in the present case:

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The Importer stated that the department has proposed demand under Section 28(4) of the Customs Act, 1962 on account of mis-classification of the imported goods as parts to evade payment of duty. The SCN alleges inconsistency in the Tariff classification of the imported goods, attributes wilful misstatement and suppression of facts. However, the department has not provided any evidence to substantiate how adopting different classifications for different types of goods amounts to wilful misstatement or suppression of facts. Therefore, it is clear that neither the Company has wilfully mis-classified the imported goods, nor has any fact been suppressed. All of the above information was very well within the knowledge of the department. Accordingly, the demand of duty is not sustainable under Section 28(4) of the Customs Act, 1962. The Importer submits that the present matter pertains purely to a classification dispute and, therefore, any duty, if recoverable, can only be demanded under Section 28(1) of the Act, restricted to the normal limitation period of two years from the relevant date. The following breakup is given: -

Period of import	Differential Duty demanded	Demand within Limitation (as per 28(1) within 2 years (16.11.2023 to 15.11.2025))	Demand barred by limitation (beyond 2 years i.e. before 15.11.2023)
15.11.2023 to 14.03.2025	3,35,88,047/-	3,35,88,047/-	-
18.11.2020 to 15.11.2023	16,01,82,668/-	-	16,01,82,668/-
Total	19,37,70,715/-	3,35,88,047/-	16,01,82,668/-

The allegation of wilful misstatement and deliberate misclassification under Section 28(4) of the Customs Act, 1962 is wholly unfounded, as the company is a reputed and compliant entity that has consistently discharged Customs duties in a bona fide manner while importing identical or similar goods over a long period. The subject goods were examined and assessed by the Customs Department, including through regular inspection and verification prior to out-of-charge, and were cleared on the declared classification and exemption, demonstrating full transparency. The issue of classification in the telecom sector is well known to Customs authorities, and therefore there was no suppression or mis-declaration. Wilful misstatement necessarily implies an intentional false declaration, which is absent in the subject case, as the Company maintained all statutory records, responded to all departmental queries, cooperated fully during Audit, and had no intention whatsoever to evade duty; hence, the extended period invocation is legally unsustainable. They rely on the following judgements:

- *Northern Plastic Ltd. v. CCE - 1998 (101) E.L.T. 549 (S.C.)*,
- *Updater Services Pvt. Ltd 2012 (28) S.T.R. 654 (Commr. Appl.)*

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- *M/s. Signet Chemical Pvt. Ltd. Versus Commissioner of Customs, NS-I, Mumbai-II and Commissioner of Customs (Imp), Mumbai, 2020 (10) TMI 289 – CESTAT Mumbai (Upheld by Bombay High Court in 2022 (9) TMI 1014- Bombay High Court)*
- *M/s. Midas Fertchem Impex Pvt Ltd., Ms. Rashmi Jain, Director, Shri Manish Jain, Director, M/s. Midas Import Corporation, Versus Principal Commissioner of Customs, Air Cargo Complex (Import) New Delhi, 2023 (1) TMI 998 - CESTAT, New Delhi*

4.3 Line items which are considered more than once in the Annexure-A to the SCN should be removed from the SCN:

They submitted that certain Line Items, resulting in a differential duty amounting to Rs.90,28,203/- appeared to have been considered multiple times in the subject SCN, thereby leading to duplication in the computation of the alleged duty demand. In view of this, it is submitted that the duplicated amounts are liable to be excluded from the scope of the SCN, and consequently, the proposed demand of Rs.90,28,203/-, being based on erroneous double counting, deserves to be dropped forthwith.

4.4 Items imported and re-exported against GR waiver should be excluded from the scope of SCN:

They submitted that the line items imported under Bill of Entry No. 3410029 dated 22.11.2022 and Bill of Entry No. 3455707 dated 24.11.2022 pertain to goods that were subsequently re-exported under the Guaranteed Remittance Waiver (GR Waiver), therefore, the proposed differential duty demand of Rs.4,75,362/- is unsustainable and liable to be dropped.

4.5 It is a settled position of law that goods must be assessed in the form and condition in which they are presented at the time of import, as affirmed by the Supreme Court in *CC v. Sony India Limited 2008-TIOL-183-SC-CUS* and by the Delhi CESTAT in *Vardhman Acrylics Ltd. v. CC, 2002 (146) ELT 604 (Tri-Del.)*. Accordingly, the goods covered under the relevant BEs, being presented as standalone items, are required to be classified as such. Judicial precedents including *Sandvik Asia Ltd. v. CCE, Pune, [1997 (93) E.L.T. 475 (Tribunal)]* *CCE Delhi v. Insulation Electrical (P) Ltd. [2008 (224) E.L.T. 512 (S.C.)]* and *Electrosteel Castings Ltd. v. CCE [19889 (43) E.L.T. 305 (Tribunal)]* have consistently held that a “part” is an essential component without which the machine cannot function, as distinct from an accessory. The impugned goods satisfy this test and therefore qualify as “parts” in the technical and legal sense. Further, in terms of Section Note 2 to Section XVI, particularly Note 2(a), where a specific heading exists for parts under CTH 8517, such

goods are required to be classified under CTH 851779 and not under CTI 85176290.

4.6 They submitted that the classification of a standalone item that constitutes a “part” depends upon the manner of its importation. Where such part is imported together with complete equipment in CKD/SKD condition, it is classified along with the equipment under CTI 85176290; however, when the same item is imported independently and not as part of a complete system, it is appropriately classified as a “part” under CTH 851779. Thus, although the physical characteristics of the item remain unchanged, its classification varies depending upon the mode of importation, which is consistent with the applicable Section Notes and Chapter Notes of the Customs Tariff Act, as well as settled judicial principles governing assessment of goods in the form and condition in which they are presented for import.

4.7 They submitted that classification must be derived sequentially by reference to the First Schedule to the Customs Tariff Act, 1975 (at the 4-digit, 6-digit and 8-digit levels), the General Rules for Interpretation (GRI), and the Explanatory Notes to the Harmonized System issued by the World Customs Organization (WCO), which are internationally recognized guides. These principles have been consistently upheld in judicial precedents such as *CCE v. Wood Craft Products Ltd. [1995 (77) ELT 23]* and *CC v. Business Forms [2002 (142) ELT 18]*.

4.8 As per Section Notes 2 and 4 to Section XVI, parts are to be classified according to their specific headings or with the machines for which they are solely or principally used, and where individual components are imported together to perform a clearly defined function, the whole is to be classified under the heading appropriate to that function. Further, Rule 2(a) of the GRI provides that incomplete, unfinished, unassembled or disassembled goods having the essential character of the complete article are to be classified as the complete article. Thus, when parts are imported along with complete equipment in SKD/CKD condition and are intended to function together as a single unit, they are classifiable as the complete equipment. They rely on the following judgements:

- *ALOKA TRIVITRON MEDICAL TECHNOLOGIES PVT. LTD. VERSUS COMM. OF CUS., IMPORTS, CHENNAI-II (2020 (11) TMI 685)*
- *COMMISSIONER OF CUSTOMS, NEW DELHI Vs. SONY INDIA LTD (2008 (231) E.L.T. 385 (S.C.))*
- *WALCHANDNAGAR INDUSTRIES LTD. Vs. COMM. OF C. EX., PUNE-III (2018 (363) E.L.T. 984 (Tri. - Mumbai))*

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4.9 They submitted that the imported goods, being components of telecom equipment such as Small Form factor Pluggable(SFP), line cards and antennas, cannot function independently and are operational only when inserted into the parent telecom equipment. As per the HSN Explanatory Notes to Section Note 2 of Section XVI, parts suitable for use solely or principally with particular machines are to be classified along with those machines, unless they themselves constitute an independent article classifiable under a separate heading. Guidance from the HSN Explanatory Notes to Heading 8479 clarifies that an article qualifies as an independent machine only if it performs an “individual function,” meaning it can operate distinctly and independently of the main machine, and does not form an integral and inseparable part of its operation; the example of a carburettor, though performing a distinct function, being classified as a part of an engine reinforces this principle. Applying this test, since the impugned goods neither perform an independent function nor operate on a standalone basis, they cannot be treated as complete equipment under CTI 85176290 and are correctly classifiable as “parts” under Sub-Heading 851779.

4.10 They submitted that the issue of classification of Telecom components such as SFPs, line cards, controller cards, switch modules, transponders, DCM, OTDR modules, splitters/couplers, and similar items is no longer res integra and stands settled by judicial precedent. In *Ciena Communications India Pvt. Ltd. v. Principal Commissioner of Customs (Import), Mumbai [2024 (1) TMI 683]*, the CESTAT, Mumbai categorically held that such products do not function independently as machines or apparatus, as they are required to be fitted into the chassis of networking equipment, and therefore cannot be classified under CTI 85176290. The Tribunal, applying GIR 1 and GIR 3 read with Section Note 2(b) to Section XVI, concluded that these goods are appropriately classifiable as parts under CTI 851770/851779, and further observed that classification must first be correctly determined before examining eligibility to exemption benefits.

The aforesaid decision has been upheld by the Supreme Court, which dismissed the appeal filed by the Principal Commissioner of Customs (Import) vide order dated 03.01.2025. In view of the above binding judicial pronouncement, it is submitted that the Company has correctly classified the imported goods as “parts” under CTH 851770/851779 (as amended), and the said classification is fully supported in law. They rely on the following judgements:

- *IBM India Private Limited Vs. Commissioner of Customs (Import), Air Cargo Complex, Sahar, Mumbai (2024-TIOL-402-CESTAT-MUM)*

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- *Commissioner of Customs-Mumbai (Air Cargo Import) versus Reliance Jio Infocomm Ltd. (2022 (8) TMI 76 - CESTAT MUMBAI) (Upheld by Supreme Court)*
- *NOKIA SOLUTIONS AND NETWORKS INDIA PRIVATE LIMITED VERSUS CUSTOMS AUTHORITY FOR ADVANCE RULINGS, NEW DELHI & ORS. (2025 (2) TMI 1023 - DELHI HIGH COURT)*

4.11 Classification of Line Card (PCB) as parts is held in various judgements, are as under:

- *Commissioner of Customs-Mumbai (Air Cargo Import) & Commissioner of Customs-Mumbai (ACC) vs. Reliance Jio Infocomm Ltd (2022 (6) TMI 1051 - CESTAT MUMBAI)*
- *VODAFONE IDEA LIMITED VERSUS PRINCIPAL COMMISSIONER OF CUSTOMS, NEW DELHI (2025 (1) TMI 556 - CESTAT NEW DELHI)*
- *VODAFONE IDEA LIMITED VERSUS PRINCIPAL COMMISSIONER OF CUSTOMS, NEW DELHI (2024 (7) TMI 561 - CESTAT NEW DELHI)*
- *M/s. HUAWEI TELECOMMUNICATION (INDIA) COMPANY PRIVATE LIMITED VERSUS COMMISSIONER OF CUSTOMS (APPEALS), MUMBAI-III(2023 (10) TMI 323 - CESTAT MUMBAI)*
- *CC Vs. Modicom Network – 2005 (185) ELT 333 (Tri. – Bang.)*

4.12 They further rely on the decision of *Commissioner of Customs (Import), Mumbai v. Reliance Jio Infocomm Ltd.*[2019 (11) TMI 451], wherein the CESTAT, Mumbai held that antennas for base stations are classifiable as “parts” under CTH 851770/851779 (as amended), which decision has been upheld by the Hon’ble Supreme Court. Reliance is also placed on *CC v. Hutchison Essar South Ltd.*[2019 (11) TMI 451], wherein the Apex Court categorically held that an antenna is an integral and inseparable part of a base station and cannot function independently.

4.13 In view of these binding judicial pronouncements, it is submitted that the imported goods in the subject case, being similar in nature and function, are correctly classifiable as “parts” under the relevant tariff entry, and the Company’s classification stands fully supported by settled law declared by the Hon’ble Supreme Court.

4.14 They submitted that the allegation in Para 4 of the subject SCN, based on selective reference to three BEs from Annexures A and B, is misconceived. The items covered under the BEs in Annexure A were imported on a standalone basis and, being parts, were correctly classified under CTH 851779. In contrast, the BOEs listed in Annexure B pertain to imports made pursuant to a contract for supply of complete equipment, which was imported in CKD/SKD condition and cleared under multiple BOEs. Although the

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individual consignments reflected parts, they formed components of complete equipment and were therefore consistently classified under CTI 85176290, being the tariff entry applicable to the complete equipment, in line with the settled principles governing classification of unassembled or disassembled goods. Accordingly, the variation in classification was solely on account of the manner of importation standalone parts versus parts forming part of complete equipment and not due to any mis-declaration; hence, the Company has correctly classified the imported goods in both scenarios.

4.15 Functionalities of Small Form-factor Pluggable (SFP) or Optical Transceiver as per Importer are as follows:

- It generates the optical/electrical signal and aid in increasing the capacity of a telecom equipment.
- They are made specifically for the equipment and cannot be used interchangeably between two or more equipment's.
- These are fitted in the telecom equipment and function as integral part of such equipment;
- It cannot perform any function on its stand-alone basis as a machine or apparatus by itself; it lacks power and intelligence and derives the same from the equipment in which it is fitted as a part;
- function performed by it, is integral and inseparable from the function performed by the telecommunication equipment;
- SFP/ optical transceiver purchased from any Original Equipment Manufacturer are exclusively used inside the equipment of same original equipment manufactured by the same manufacturer.

4.16 Functionalities of Line Card as per Importer are as follows:

- These cards process the optical/electrical signal from SFPs and aids in increasing the capacity of an equipment. It is made specifically for a type of equipment and cannot be used interchangeably between two or more different equipment.
- These line cards cannot function on their own and in fact work as a component to extend the functionality of equipment.
- Line Cards do not have separate identifiable / individual function from that of an equipment and are incapable of operating independently or in isolation. Therefore, they are in nature of part/ component of an equipment.

4.17 Importer submitted that the classification of SFP/optical transceivers and line cards as “parts” of telecom equipment stands conclusively affirmed by a plethora of various judicial pronouncements. In light of the settled position such classification is binding on the Customs Department and all

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subordinate authorities. It is further submitted that the allegations in the captioned SCN are unsupported by cogent reasoning or specific reference to any authoritative source, and no substantive basis has been provided for concluding that the impugned items constitute Optical Transport/OTN equipment. Accordingly, the averments made in the SCN are arbitrary, unreasoned, and devoid of legal merit.

4.18 They submitted that the supplier's invoice cannot be treated as determinative for classification under Customs, as the supplier's declaration reflects only its own understanding. The importer is required to independently assess and declare the correct classification at the time of import based on the technical characteristics, functionality and usage of the goods. In this regard, reliance is placed on the decision in *Commissioner of Central Excise & Customs v. Reliance Infrastructure Ltd.*, wherein it was held that while the HSN indicated by the supplier may be referred to, it is not binding on the importer, the proper officer, or the adjudicating and appellate authorities, and classification must be determined on merits. Accordingly, the HSN quoted by the supplier cannot form the sole basis for alleging misclassification.

4.19 They submitted that certain line items covered in the annexures to the subject SCN, involving a proposed demand of Rs.4,71,33,811/-, are already the part of ongoing litigation. Initiation of fresh proceedings on the very same line items would result in duplication and parallel adjudication on identical issues. In view of the above, the said line items ought to be excluded from the scope of the present SCN, and the proposed demand of Rs.4,71,33,811/- is liable to be dropped.

4.20 They submitted that the classification of items covered under Bills of Entry Nos. 9594562 dated 09.01.2024, 6448506 dated 17.06.2023 and 3331119 dated 04.05.2024 is already covered under the Order in Original No. 1169/2025-Air Cargo dated 05.08.2025 issued by the Principal Commissioner of Customs, Chennai-VII, ACC. Accordingly, proposed demand of Rs.1,63,589/- liable to be dropped.

4.21 They submitted that Section 111(m) of the Customs Act, 1962 applies only where there is mis-declaration of value, description or any material particular in the Bill of Entry. In the subject case, they correctly declared the goods, value, classification and exemption claims under self-assessment, which are subject to re-assessment by Customs. A mere difference of opinion on classification or exemption does not amount to mis-declaration or intent to evade duty. Accordingly, in the absence of any incorrect description or value declaration, the provisions of Section 111(m) are not attracted in the present case. They rely on the following case laws:

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- *Commissioner of Customs, Vijayawada V/s Lewek Altair Shipping Pvt. Ltd. [2019 (366) E.L.T. 318 (Tri-Hyd.)] (upheld by the Supreme Court);*
- *Northern Plastic Ltd. Vs. Collector of Customs & Central Excise [1998 (101)E.L.T. 549 (S.C.)];*
- *M/s. Signet Chemical Pvt. Ltd. Versus Commissioner of Customs, NS-I, Mumbai-II and Commissioner of Customs (Imp), Mumbai, 2020 (10) TMI 289 – CESTAT Mumbai;*
- *M/s. Midas Fertchem Impex Pvt Ltd., Ms. Rashmi Jain, Director, Shri Manish Jain, Director, M/s. Midas Import Corporation, Versus Principal Commissioner of Customs, Air Cargo Complex (Import) New Delhi, 2023 (1) TMI 998 -CESTAT, New Delhi.*

4.22 They submitted that the levy of interest under Section 28AA of the Customs Act, 1962 is consequential in nature and can arise only if the underlying demand of duty is sustainable. Since, the proposed demand of duty itself is not sustainable, therefore, the question of charging interest does not arise. They rely on case of [*Prathibha Processors Vs. UOI - 1996 (88) ELT 12 (SC)*].

4.23 They submitted that penalty under Section 112(a)(ii) of the Customs Act, 1962 is attracted only where goods are liable to confiscation under Section 111; however, since the alleged confiscation itself is unsustainable in light of settled judicial precedents, no penalty can be imposed under Section 112. Further, penalty under Section 114A is leviable only in cases involving collusion, wilful misstatement or suppression of facts leading to short-levy of duty. In the present case, the SCN has been issued under Section 28(4), yet the extended period is not invocable as there has been no collusion, wilful misstatement or suppression on the part of the Company. All material particulars were correctly declared, complete information was furnished to the authorities, and full cooperation was extended throughout. A bona fide dispute relating to classification or exemption eligibility cannot be equated with misstatement or intent to evade duty. Accordingly, penalty under Section 112(a)(ii) and/or Section 114A is not leviable in the facts of the present case.

4.24 They request to drop the proceedings initiated against the subject SCN.

5. ADDITIONAL WRITTEN SUBMISSION OF THE IMPORTER DATED 12.03.2026:

5.1 The Importer submitted that the differential duty alleged in the SCN includes line items where duty has been computed multiple times, items already forming part of ongoing litigation, and cases involving re-imported goods. Accordingly, such items ought to be excluded from the total differential duty alleged. The relevant details are summarised as below: -

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Sr. No.	Particulars – Differential duty ought to be excluded from the total differential duty alleged,	Amount (in Rs.)
(i)	Line items which are considered more than once	90,28,203/-
(ii)	Items imported and re-exported against GR waiver and again re-imported	4,75,362/-
(iii)	line items which are already part of ongoing litigations	4,71,33,811/-
(iv)	Items already confirmed as parts by the Principal Commissioner of Customs, Chennai – VII, ACC	1,63,589/-
Total		5,68,00,965/-

5.2 The Imported Goods are ‘parts’ on a standalone basis and not classifiable as ‘equipment’ under CTI 85176290. They submitted the simplified product description of the items covered under the subject SCN, as under: -

Sr. No.	Item description	Remarks
1	Line Card	<p>Line cards are parts of telecom equipment and rightly classifiable under CTSH 851770/851779 (as amended). They rely on following judgements: -</p> <ul style="list-style-type: none"> • <i>Commissioner of Customs-Mumbai (Air Cargo Import) & Commissioner of Customs-Mumbai (ACC) vs. Reliance Jio Infocomm Ltd (2022 (6) TMI 1051 - CESTAT MUMBAI)</i> • <i>VODAFONE IDEA LIMITED VERSUS PRINCIPAL COMMISSIONER OF CUSTOMS, NEW DELHI (2025 (1) TMI 556 - CESTAT NEW DELHI)</i> • <i>VODAFONE IDEA LIMITED VERSUS PRINCIPAL COMMISSIONER OF CUSTOMS, NEW DELHI. (2024 (7) TMI 561 - CESTAT NEW DELHI)</i> • <i>CC Vs. Modicom Network – 2005 (185) ELT 333 (Tri. – Bang.)</i> • <i>M/S HUAWEI TELECOMMUNICATION (INDIA) COMPANY PRIVATE LIMITED VERSUS COMMISSIONER OF CUSTOMS (APPEALS), MUMBAI-III(2023 (10) TMI 323 - CESTAT MUMBAI.</i> <p>The aforesaid judgements passed in case of Vodafone Ida Limited, Modicom Network and Reliance Jio Infocomm are upheld by the Supreme Court.</p>

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2	SFP/Optical transceiver	<p>Noticee submitted that SFP/Optical transceiver are parts of telecom equipment and rightly classifiable under CTSH 851770/ 851779 (as amended). They rely on following judgements: -</p> <ul style="list-style-type: none"> • <i>M/S CIENA COMMUNICATIONS INDIA PVT. LTD. VERSUS PRINCIPAL COMMISSIONER OF CUSTOMS (IMPORT) , MUMBAI (2024 (1) TMI 683)</i> • <i>IBM India Private Limited Vs. Commissioner of Customs (Import), Air Cargo Complex, Sahar, Mumbai (2024-TIOL-402-CESTAT-MUM)</i> • <i>Commissioner of Customs-Mumbai (Air Cargo Import) versus Reliance Jio Infocomm Ltd. (2022 (8) TMI 76 - CESTAT MUMBAI)</i> • <i>NOKIA SOLUTIONS AND NETWORKS INDIA PRIVATE LIMITED VERSUS CUSTOMS AUTHORITY FOR ADVANCE RULINGS, NEW DELHI & ORS.(2025 (2) TMI 1023 - DELHI HIGH COURT)</i> <p>The aforesaid judgements passed in case of Ciena Communications India Pvt. Ltd., IBM India Pvt. Ltd. and Reliance Jio Infocomm are upheld by the Supreme Court.</p>
3	Amplifier	<p>Noticee submitted that, Amplifier is a part of telecom equipment and rightly classifiable under CTSH 851770/ 851779 (as amended). The said CTI Classification as 'parts' is confirmed in the case of <i>M/S. CIENA COMMUNICATIONS INDIA PVT. LTD. VERSUS PRINCIPAL COMMISSIONER OF CUSTOMS (IMPORT) , MUMBAI (2024 (1) TMI 683)</i>. This said judgements upheld by the Supreme Court.</p>
4	Chassis	<p>A chassis is a metal body designed solely for use with specific Telecom equipment. It has no power or intelligence and becomes functional only when integrated with the equipment. Therefore, when imported standalone, it is correctly classifiable as a part under CTSH 851770/851779 (as amended).</p>

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5	Antenna	<p>Antenna is a part of telecom equipment and rightly classifiable under CTSH 851770/851779 (as amended). The CTI classification as 'parts' is confirmed in following judgements:</p> <ul style="list-style-type: none"> • <i>COMMISSIONER OF CUSTOMS (IMPORT) MUMBAI VERSUS M/S. RELIANCE JIO INFOCOMM LTD (2019 (11) TMI 451)</i> • <i>CC Vs Hutchison Essar South Ltd 2015 (324) ELT 240 (S.C.)</i>
6	Mux/Demux	<p>Multiplexer or Demultiplexer (Mux/Demux) is a part of telecom equipment and rightly classifiable under CTSH 851779. The said CTI classification as 'parts' is confirmed in the case of <i>M/S CIENA COMMUNICATIONS INDIA PVT. LTD. VERSUS PRINCIPAL COMMISSIONER OF CUSTOMS (IMPORT), MUMBAI (2024 (1) TMI 683)</i>. The said judgements upheld by the Supreme.</p>
7	Air Filter, Power input card, FAN Module, Installation kit, Fiber Management tray, Protection module, Bracket kit, rack mount, Air Baffle plate and Power lug kit.	<p>These items are parts of telecom equipment and cannot perform any function on stand-alone basis as a machine or apparatus by itself; These items lack power and intelligence and derives the same from the equipment in which they are fitted as a part;</p>

5.3 The Importer submitted a detailed technical explanation of the major components comprising the telecom equipment as follows:

(i) **Small Form-factor Pluggable (SFP) or Optical Transceiver:** The SFP/optical transceiver generates optical/electrical signals and enhances the capacity of telecom equipment. It is specifically designed for particular equipment and cannot be used interchangeably across different systems. The device functions only when fitted inside the Telecom equipment and has no independent power or intelligence. Therefore, its function is integral and inseparable from the telecom equipment in which it is installed. Some examples of SFP/ Optical transceiver which are covered in the subject SCN are as follows:

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- 1061700619-02 CFP/112G/#DCTC/SM/LC TRANSCEIVER, PLUGABLE INTERFACE 112G PLUGGABLE, COHERENT, C-BAND TUNABLE DWDM NETWORK1061700619-02 CFP/112G
- 1061800720-01, QSFP28/112G/LR4/SM/LC TRANSCEIVER, PLUGABLE INTERFACE
- XCVR-B00CRJ 10/100/1000M, SFP TRANSCEIVER, RJ45 CONNECTOR, SGMII,100 METERS, RX LOS, EXTENDED TEMPERATURE
- XCVR-Q30V31 100G, SM QSFP28 ER4-LITE OPTIC, 30KM, 1310 NM
- XCVR-A10Y31 100M/1GIG, SM SFP OPTIC, LC CONNECTOR, 10 KM, 1310 NM, EXTENDED TEMPERATURE
- 3HE04823AA-C OPTICAL TRANSCEIVER 10GBASE-LR SFP 5A991
- XCVR-S00Z85 10 GIG, MM SFP+, LC CONNECTOR,300 METERS, 850NM, EXTENDED TEMPERATURE

(ii) **Line Card:** Line cards process optical/electrical signals received from SFPs and help increase the capacity of telecom equipment. They are specifically designed for particular equipment and cannot be used interchangeably with different systems. Line cards cannot function independently and operate only as components that extend the functionality of the equipment. Therefore, they do not have any separate identifiable function and are in the nature of parts/components of the equipment. Some examples of Line cards which are covered in the subject SCN are as follows:

- NTK763VA, 1T 3X USE PKT/OTN I/F MODULE
- LBADVA71163302860,1044500038-01,F150/ADV/EG/LC/GE-10S/SFP/H, DATATRANS CARD
- LBADVA71164200777,1044500013-02 F150/ADV/EG/X/NEMI-10U NETWORK ELEMENT MANAGER CARD (NEMI)
- 1063701002-01 F7/4WCC-PCN-10G DATA TRANSMISSION CARD
- 1063708415-02 F7/NCU-3 NETWORK CONTROL CARD (NCU)
- 1063708510 F7/ILM50-DC INTERLEAVER MODULE (ILM)

(iii) **Amplifier:** -Amplifiers are used to increase the strength of optical signals transmitted through transmission cards in telecom equipment. These are not audio-frequency amplifiers used in music systems or for public address, entertainment, or advertising purposes. They also do not function as audio mixers, equalizers, measurement amplifiers, or aerial amplifiers, and do not include microphones or loudspeakers. Amplifier covered under subject SCN is “*NTK552GAE5 MIDSTAGE LINE AMPLIFIER 3 (MLA3 C-BAND) CIRCUIT PACK*”.

(iv) **Antenna:-** Antennas are used for transmission and reception of data at both the Base Transmission Station (BTS) and Customer Premises (CPE) ends. They are passive elements that function only when connected to an RF transmitter and have no standalone capability. These antennas are designed

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for use with specific apparatus and cannot be used interchangeably. Further, they do not perform functions such as signal conversion, regeneration, switching, or routing and also do not supports the MIMO technologies. Antenna covered in the subject SCN is “RW-9614-5359 RW-ANT/5359/TURBOGAIN/DP/22/10 (ANTENNA) RW-9614-5359 RW-ANT/5359/TURBOGAIN/DP/22/10 (ANTENNA)”.

5.4 The Importer submitted that it is alleged in the subject SCN that the same item was classified as a “part” in one Bill of Entry and as “equipment” in another. This is without merit and inconsistent with established Customs classification principles. Specifically, the item NTK763VA, 1T 3X USS PKT/OTN I/F Module is a Line Card that forms part of complete HODXC equipment imported in Completely Knocked Down (CKD) or Semi Knocked Down (SKD) condition, as substantiated by the Purchase Orders and BOEs (Nos. 7948194 and 8131954). Line Cards imported standalone would be classifiable under CTI 851779. These items were clearly intended as integral components of complete equipment. Accordingly, the classification of the Line Card under CTI 85176290, applicable to the complete HODXC equipment, is fully justified and in line with Tariff classification principles. The SCN’s assertion that the Company mis-declared the imported items to evade duty is therefore arbitrary and without basis. On this ground, the Company submits that the proceedings under the captioned SCN should be dropped.

6. RECORDS OF PERSONAL HEARING:

The hearing was held in office on 05.03.2026 as requested by Importer and attended by Mrs. Puja Patke, Consultant and Mr. Mudit K Mehta, Senior Consultant of the Importer.

Mrs Puja explained her case Tata Communication Limited imports large complete equipment like DWDM (Dense Wavelength Division Multiplexing) in CKD/SKD which is not subject matter of the case. The 'Parts' of these equipments imported subsequently are Transceivers, Line Cards, Antennas, SFP, etc. which have been covered in the subject SCN. The complete equipments imported are said to be correctly classified under CTI 85176290 applying the General Rules of Interpretation meant for such CKD/SKD imports whereas the individual parts imported separately and later were classified under their own respective Tariff Headings following the Tariff and GIRs applicable. All these classifications of Parts is said to be supported by judgements of Supreme Court/High Courts and Tribunals. There being no misdeclaration and the classification dispute being ongoing since long across various Ports and known to the Department, there cannot be any allegation of wilful misstatement/suppression and consequently extended period of

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Limitation under Section 28(4) of Customs Act and attendant Penalties/Fine do not apply. Mrs. Puja submitted that duty liability of INR 6 Crores (approx) pertains to the products which are already under review in open litigation.

Mr. Mudit said that duty has not been computed correctly and that Rs 90 Lakh (appx.) demand is duplicated. There are also other BE's in the subject case involving duty liability of Rs 4.7 Crore (appx.) which are covered in other cases and proceedings. There are also 2 Re-import BEs covered.

Ms. Puja submitted a representational diagram of the complete equipment i.e. Rack imported, showing various access panels, shelf, fan, etc in which the individual imported Parts are slotted.

Mr. Mudit gave a copy of BE No. 5712236 dated 28.04.2023 showing one CKD/SKD import classified under CTI 85176290.

7. DISCUSSION AND FINDINGS:

7.1 I have gone through the Show Cause Notice No. 463/2025-26 dated 15.11.2025, the submissions made by the Importer in writing as well as during personal hearing and materials on record.

7.2 The following items are covered in the subject SCN (i) Transceivers/SFP modules, (ii) Line Cards, (iii) Amplifiers, (iv) Antennas, etc. In the subject case, the primary issue for decision is the classification of that imported goods i.e. 'Line Cards, Amplifiers, Antennas, Transceivers/SFP modules of various models, etc.' whether correctly classifiable as 'Parts' suitable for use solely or principally with apparatus of Heading 8517 under CTI 85177090 / 85177990, as claimed by the Importer, or, classifiable as complete apparatus for transmission or reception of data in a wired network under CTI 85176290, as contended in the subject SCN, for deciding on the appropriate levy of Customs duty, in respect of such imported goods.

7.3 Examination of Duplication of Demand, Re-exported Goods, and Issues already decided by different Adjudicating Authority: -

7.3.1 The Noticee has contended that certain line items in the Bills of Entry have been duplicated in the subject SCN, resulting in an excess duty demand of Rs. 90,28,203/-. Upon examination, it is observed that in 55 common Bills of Entry, the same line items have been duplicated, leading to duplication in the demand. I find merit in the contention of the Noticee to the extent that such duplicated part of the demand involving common Bills of Entry require exclusion. Accordingly, the duplicated demand amounting to Rs. 90,28,203/- is hereby excluded and will not be considered for the purpose of adjudication.

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7.3.2 The Noticee has contended that the goods covered under Bills of Entry Nos. 3410029 dated 22.11.2022 and 3455707 dated 24.11.2022 are re-imported goods that were previously exported under Shipping Bills No. 4587684 dated 01.08.2022 and 4587693 dated 01.10.2022 respectively, and therefore the differential duty demand of Rs.4,75,362/- is liable to be dropped. On examination, it is observed that the goods covered under the above Bills of Entry are re-imported goods. In view of the same, the proposed duty demand of Rs. 4,75,362/- is not sustainable and accordingly held to be not recoverable from the Noticee.

7.3.3 The Noticee has submitted that certain line items covered in Annexure-A to the subject SCN, involving a proposed demand of Rs. 4,71,33,811/-, are already the subject matter of ongoing litigation and that initiation of fresh proceedings would result in duplication and parallel adjudication. On examination of records, I find that 5 Bills of Entry of subject SCN are already been covered in Adjudication Order-in-Original No. 1019/2023-Air Cargo dated 16.08.2023 issued by the Principal Commissioner of Customs, Chennai-VII, ACC, and 38 other Bills of Entry of the subject SCN are also covered in Adjudication Order No. CC-HB/26/2024-25/Adj(I) ACC dated 12.12.2024 issued by the Commissioner of Customs, ACC, Mumbai on identical issues. In such circumstances, re-adjudication of the same matter in common Bills of Entry in the present proceedings is not warranted. Accordingly, I do not find any reason to interfere with the orders passed by the respective adjudicating authorities, and the demand of Rs. 4,71,33,811/- already decided therein is not taken up for adjudication in the present case.

7.3.4 The Noticee has submitted that the classification of items covered under Bills of Entry Nos. 9594562 dated 09.01.2024, 6448506 dated 17.06.2023, and 3331119 dated 04.05.2024 has already been decided under Order-in-Original No. 1169/2025-Air Cargo dated 05.08.2025 issued by the Principal Commissioner of Customs, Chennai-VII, ACC, and therefore the proposed demand of Rs. 1,63,589/- is liable to be dropped. In this regard, I find that aforesaid 3 Bills of Entry are already covered in Adjudication Order in Original No. 1169/2025-Air Cargo dated 05.08.2025 issued by the Principal Commissioner of Customs, Chennai-VII, ACC. In view of the same, re-adjudication of the same matter in common Bills of Entry in the present proceedings is not warranted. Accordingly, I do not find any reason to interfere with the aforesaid order, and demand of Rs. 1,63,589/- already decided therein is not taken up for adjudication in this case.

7.3.5 The following break up in Table below explains these exclusions: -

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Sl. No.	Particulars- Differential Duty ought to be excluded	Duty Involved	Remarks
1.	Line items which are considered more than once	Rs. 90,28,203/-	Common BEs in the present SCN are duplicate entries.
2.	Line items which are already part of ongoing litigations	Rs. 4,71,33,811/-	Issue already decided by OIO No. 1019/2023 dated 16.08.2023 issued by ACC, Chennai and CAO NO. CC-HB/26/2024-25/Adj(I) ACC dated 12.12.2024 issued by ACC, Mumbai for common BEs.
3.	Goods Re-imported	Rs. 4,75,362/-	Goods Re-imported, as exported by Importer against SB Nos. 4587684 dt. 01.10.2022 and 4587693 dt. 01.10.2022.
4.	Items already confirmed as parts by the Principal Commissioner of Customs, Chennai – VII, ACC	Rs. 1,63,589/-	Issue already decided by OIO No. 1169/2025-Air dated 05.08.2025 issued by Chennai for common BEs.
Total		Rs. 5,68,00,965/-	

7.3.6 Accordingly, the differential duty amounting to Rs.5,68,00,965/- is not taken up for adjudication in the present proceedings in view of the findings mentioned above.

7.4 The Importer has submitted that the imported goods, being components of Telecom equipment such as Small Form Factor Pluggable (SFP), Transceiver, Line Cards and Antennas, cannot function independently and are operational only when inserted into the parent Telecom equipment. They submitted that SFP/Optical Transceivers generate and convert optical and electrical signals to enhance the capacity of Telecom equipment. They are specifically designed for particular systems, are not interchangeable, and function only when installed within such equipment, without any independent power or intelligence. Similarly, Line Cards process signals received from SFPs and extend the functionality of Telecom equipment. These are also system-specific, lack standalone operation, and do not perform any independent or identifiable function. The Amplifiers in the subject case are used solely to strengthen optical signals within Telecom systems and are not audio-frequency amplifiers used for entertainment or public address purposes, nor do they function as mixers, equalizers, or measurement amplifiers, and they do not incorporate microphones or speakers. Antennas, used for transmission and reception at Base Transmission Station (BTS) and Customer Premises Equipment (CPE) ends, are passive devices that operate only when connected to RF transmitters, have no standalone capability, are designed for specific equipment, are not interchangeable, and do not perform functions such as signal conversion, regeneration, switching, routing, or

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support MIMO technologies; accordingly, all these goods are integral parts/components of Telecom equipment. Importer has contended that since the subject goods neither perform an independent function nor operate on a standalone basis, they cannot be treated as complete equipment under CTI 85176290 and are correctly classifiable as “Parts” under Sub-Heading 851779.

7.5 In order to determine the correct classification of the subject goods, it is necessary to examine the relevant provisions governing classification of parts of machines. In this regard, reference is made to Section Note 2 to Section XVI of the First Schedule to the Customs Tariff Act, 1975, which lays down the principles for classification of parts of machines. In terms of the said Note, parts which are goods included in any of the Headings of Chapter 84 or 85 are required to be classified in their respective Headings. However, parts which are suitable for use solely or principally with a particular kind of machine are to be classified with that machine, unless they themselves constitute an article covered by a specific Heading. Section Note 2 of Section XVI is as follows:

“2. Subject to Note 1 to this Section, Note 1 to Chapter 84 and to Note 1 to Chapter 85, parts of machines (not being parts of the articles of heading 8484, 8544, 8545, 8546 or 8547) are to be classified according to the following rules:

- (a) parts which are goods included in any of the headings of Chapter 84 or 85 (other than headings 8409, 8431, 8448, 8466, 8473, 8487, 8503, 8522, 8529, 8538 and 8548) are in all cases to be classified in their respective headings;*
- (b) other parts, if suitable for use solely or principally with a particular kind of machine, or with a number of machines of the same heading (including a machine of heading 8479 or 8543) are to be classified with the machines of that kind or in heading 8409, 8431, 8448, 8466, 8473, 8503, 8522, 8529 or 8538 as appropriate. However, parts which are equally suitable for use principally with the goods of headings 8517 and 8525 to 8528 are to be classified in heading 8517, and parts which are suitable for use solely or principally with the goods of heading 8524 are to be classified in heading 8529.*
- (c) all other parts are to be classified in heading 8409, 8431, 8448, 8466, 8473, 8503, 8522, 8529 or 8538 as appropriate or, failing that, in heading 8487 or 8548.”*

7.5 The Harmonised System Explanatory Notes to Section XVI further clarify the scope of classification of parts. The Explanatory Notes state that

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components which do not perform any independent function and whose sole purpose is to contribute to the functioning of a particular machine are to be regarded as parts of that machine. In other words, where a component is specifically designed to operate only within a larger system and cannot perform a standalone function independently, such component is ordinarily classifiable as a part of the machine with which it is used.

7.6 In the subject case, as per submission of the Importer the imported goods are SFP/Optical Transceiver modules, Line Card, Amplifier, Antenna, etc. designed to be inserted into designated slots or ports of Telecom networking equipment. Without being connected to the host equipment, the modules are incapable of transmitting or receiving signals on their own. Thus, the functional capability of the modules is intrinsically dependent upon and inseparable from the operation of the parent Telecom apparatus.

7.7 It is also relevant to note that the modules are marketed and traded as pluggable components intended to be integrated into networking equipment. Their design and construction indicate that they are not independent communication devices but are merely interface components that facilitate optical connectivity within the larger telecom system. Accordingly, the impugned goods cannot be regarded as complete transmission apparatus by themselves.

7.8 The Importer placed reliance on the CESTAT, Mumbai judgment in Principal Commissioner of Customs (Import) vs. M/s. Ciena Communications India Pvt. Ltd. vide Final Order No. A/87252/2023 dated 18.12.2023, which has been affirmed by the Supreme Court vide Civil Appeal Diary No. 11008 of 2024 dated 10.04.2024, wherein the Department's appeal was dismissed. In this case it is held that "*line module, pluggable, controller card, switch module, switch and control time module, line amplifier module, wave length selectable switches module, transponder/mux ponder, multiplexer/de-multiplexer, splitter coupler, dispersion compensation module, optical time domain reflectometer module and client module imported for providing support services in respect of telecommunication networking equipment were to be classified under sub-Heading 8517 70 of Customs Tariff Act, 1975 as parts instead under Tariff Item 8517 62 90 as 'machines for reception, conversion and transmission or regeneration of voice, images or other data, including switching and routing apparatus'*". Further, reliance has been placed upon the decision of cases of Reliance Jio Infocomm Ltd. and M/s. IBM India Private Limited wherein Small Form-factor Pluggable (SFP)/Optical Transceiver Modules used in Telecom networks were held to be classifiable as parts of apparatus falling under Heading 8517. The Courts observed that such modules cannot function independently and merely enable the parent equipment to perform transmission and reception of signals. The ratio of the said decision squarely applies to the facts of the subject case.

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7.9 The Show Cause Notice has placed emphasis on the fact that the goods are Optical Transceiver modules, which perform signal conversion functions. However, the performance of a limited technical function within a larger system does not necessarily render a component an independent apparatus. Many components used in modern electronic equipment perform specialised technical operations; nevertheless, where such components are incapable of functioning independently and are designed exclusively for use within a larger machine, they are appropriately regarded as parts of that machine.

7.10 The Show Cause Notice has also referred to the fact that the Importer had, at certain earlier points of time, classified similar goods under CTI 8517 6290. However, classification of goods must be determined strictly on the basis of the statutory Tariff provisions and the nature and function of the goods at the time of importation. A classification adopted in earlier imports cannot override the legal principles governing Tariff interpretation, particularly where subsequent judicial decisions have clarified the appropriate classification of the goods.

7.11 I further observe that the Importer, in its written submissions as well as during the course of personal hearing, has relied upon the following decisions:

Sr. No.	Goods	Case Title	Remarks
1	Line Card	<p>Line cards are parts of telecom equipment and rightly classifiable under CTSH 851770/ 851779 (as amended). They rely on following judgements: -</p> <ul style="list-style-type: none"> • <i>Commissioner of Customs-Mumbai (Air Cargo Import) & Commissioner of Customs-Mumbai (ACC) vs. Reliance Jio Infocomm Ltd (2022 (6) TMI 1051 - CESTAT MUMBAI)</i> • <i>VODAFONE IDEA LIMITED VERSUS PRINCIPAL COMMISSIONER OF CUSTOMS, NEW DELHI (2025 (1) TMI 556 - CESTAT NEW DELHI)</i> • <i>VODAFONE IDEA LIMITED VERSUS PRINCIPAL COMMISSIONER OF CUSTOMS, NEW DELHI. (2024 (7) TMI 561 - CESTAT NEW DELHI)</i> • <i>CC Vs. Modicom Network - 2005 (185) ELT 333 (Tri. - Bang.)</i> • <i>M/S HUAWEI TELECOMMUNICATION COMPANY PRIVATE LIMITED (INDIA)</i> 	Classification under 851770 as 'Parts'.

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		<p><i>VERSUS COMMISSIONER OF CUSTOMS (APPEALS), MUMBAI-III(2023 (10) TMI 323 - CESTAT MUMBAI.</i></p> <p>The aforesaid judgements passed in case of Vodafone Idea Limited, Modicom Network and Reliance Jio Infocomm are upheld by the Supreme Court.</p>	
2	SFP/Optical transceiver	<p>Noticee submitted that SFP/Optical transceiver are parts of telecom equipment and rightly classifiable under CTSH 851770/ 851779 (as amended). They rely on following judgements: -</p> <ul style="list-style-type: none"> • <i>M/S CIENA COMMUNICATIONS INDIA PVT. LTD. VERSUS PRINCIPAL COMMISSIONER OF CUSTOMS (IMPORT) , MUMBAI (2024 (1) TMI 683)</i> • <i>IBM India Private Limited Vs. Commissioner of Customs (Import), Air Cargo Complex, Sahar, Mumbai (2024-TIOL-402-CESTAT-MUM)</i> • <i>Commissioner of Customs-Mumbai (Air Cargo Import) versus Reliance Jio Infocomm Ltd. (2022 (8) TMI 76 - CESTAT MUMBAI)</i> • <i>NOKIA SOLUTIONS AND NETWORKS INDIA PRIVATE LIMITED VERSUS CUSTOMS AUTHORITY FOR ADVANCE RULINGS, NEW DELHI & ORS.(2025 (2) TMI 1023 - DELHI HIGH COURT)</i> <p>The aforesaid judgements passed in case of Ciena Communications India Pvt. Ltd., IBM India Pvt. Ltd. and Reliance Jio Infocomm are upheld by the Supreme Court.</p>	Classification under 851770 as 'Parts'.
3	Amplifier	<p>Amplifiers, Multiplexer or Demultiplexer (Mux/Demux) are part of Telecom equipment and rightly classifiable under CTSH 851770/</p>	Classification under 851770 as 'Parts'.

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		851779 (as amended). The said CTI Classification as 'parts' is confirmed in the case of <i>M/S. CIENA COMMUNICATIONS INDIA PVT. LTD. VERSUS PRINCIPAL COMMISSIONER OF CUSTOMS (IMPORT) , MUMBAI (2024 (1) TMI 683)</i> . This said judgements upheld by the Supreme Court.	
4	Antenna	Antenna is a part of telecom equipment and rightly classifiable under CTSH 851770/ 851779 (as amended). The CTI classification as 'parts' is confirmed in following judgements: <ul style="list-style-type: none"> • <i>COMMISSIONER OF CUSTOMS (IMPORT) MUMBAI VERSUS M/S. RELIANCE JIO INFOCOMM LTD (2019 (11) TMI 451)</i> • <i>CC Vs Hutchison Essar South Ltd 2015 (324) ELT 240 (S.C.)</i> 	Classification under 851770 as 'Parts'.

In view of the above judicial pronouncements, as affirmed by the Supreme Court, the classification of Line Cards, Antenna, Amplifiers, SFP/Optical Transceiver Modules, etc. used in Telecommunications networking equipment under CTSH 851770/851779 as 'Parts' stands conclusively settled. The said legal position applies to the facts of the present case.

7.12 I also note that during personal hearing BE No. 5712236 dated 28.04.2023 was submitted showing CKD/SKD import classified under CTI 85176290, evidencing that individual parts when imported with the main equipment were classified with the main equipment (Complete DWDM Equipment Set).

7.13 In view of the functional characteristics of the imported goods in the subject SCN, the provisions of the General Rules for Interpretation, the relevant Section Notes to Section XVI, the Harmonised System Explanatory Notes, and the judicial precedents relied upon by the Importer, I find that the imported goods in the subject SCN do not possess the essential characteristics of independent Telecommunication apparatus capable of performing transmission or reception of data on their own. Rather, they are components designed for use solely within Telecom networking equipment and merely enable the parent equipment to perform its communication

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functions. Accordingly, the imported goods are more appropriately classifiable as parts suitable for use solely or principally with apparatus of Heading 8517, falling under Tariff Item 8517 70, and not under CTI 8517 6290 as proposed in the Show Cause Notice.

7.14 Once the classification adopted by the Importer is found to be correct, the proposal in the Show Cause Notice to reclassify the goods under CTI 8517 6290 does not sustain. Consequently, the denial of the benefit of Notification No. 57/2017-Customs dated 30.06.2017, which was proposed solely on the basis of such reclassification, also becomes unsustainable.

7.15 In view of the above findings, the differential duty demand proposed in the Show Cause Notice cannot be sustained. Consequently, the proposals in the Show Cause Notice do not survive and hence are not required to be discussed further.

ORDER

8. In view of the foregoing, I drop all the proceeding initiated in SCN No. 463/2025-26 dated 15.11.2025 against the Noticee/Importer, M/s. Tata Communications Ltd.

(Manish Chandra)

Pr. Commissioner of Customs (Import)
Air Cargo Complex, Mumbai

To,

M/s. Tata Communications Ltd.,
Videsh Sanchar Bhavan,
Mahatma Gandhi Road, Fort,
Mumbai-400001

Copy: -

1. The Pr. Chief Commissioner of Customs, Mumbai Customs Zone - III.
2. The Pr. Commissioner/Commissioner of Customs, Audit, New Customs House, Mumbai Customs Zone-I.
3. The Dy./Asstt. Commissioner of Customs, Gr.5A, ACC, Mumbai-III.
4. The Dy./Asstt. Commissioner of Customs, TRC, ACC, Mumbai-III.
5. The Dy./Asstt. Commissioner of Customs, EDI, ACC, Mumbai-III – for uploading the Order on ICEGATE Webform and departmental Website.
6. E-Office File.