



सीमाशुल्क आयुक्त (आयात) का कार्यालय
OFFICE OF THE COMMISSIONER OF CUSTOMS (IMPORT)
हवाई माल परिसर, सहार, अंधेरी (पूर्व), मुंबई - ४०००९९
AIR CARGO COMPLEX, SAHAR ANDHERI (EAST) MUMBAI -99
फोन नं. २६८२८९४७, फैक्स नं. २६८२८१८७
PHONE NO. 2682 8947/8149, FAX NO. 26828187

F.No. GEN/ADJ/COMM/123/2026-Adjn

Date of Order: 20.04.2026

Date of Issue: 20.04.2026

DIN NO. 202604790A0000333F3A

Party's Name: M/s. Force Motors Limited

(SCN No: 603/2025-26 dated 20.01.2026)

PASSED BY: Shri Manish Chandra,

Principal Commissioner of Customs (Import), Air Cargo Complex, Mumbai-III

CAO NO: CC-MC/08/2026-27 Adj (I) ACC

मूल आदेश /ORDER-IN-ORIGINAL

1. 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.
 2. 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.
 3. 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:-
 - (i) 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)
 - (ii) 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.
 - अ) 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.
 - आ) 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.
 - इ) 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.
4. 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.
 5. 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.

BRIEF FACTS OF THE CASE

M/s. Force Motors Limited (IEC No. 0388045451) (hereinafter referred to as “the Importer”), having its registered address at Mumbai–Pune Road, Akurdi, Pune, Maharashtra – 411035, had filed Bills of Entry, as mentioned in Annexure ‘A’ to the Show Cause Notice, at Air Cargo Complex, Sahar, Andheri (E), Mumbai, for the clearance of goods, i.e. “Shafts, Gears, Bearing Shells, Main Bearings, etc.” (hereinafter referred to as “the impugned goods or subject goods”), declared under CTH 8483.

1.2 It was noticed that the Importer had been importing and declaring the impugned goods under CTH 8483. The details of such imports covered under this case pertain to the period from 22.01.2021 to 06.06.2023, as tabulated in Annexure ‘A’ to the Show Cause Notice. The goods were cleared on payment of Basic Customs Duty at 7.5% and IGST at 18% under Sr. No. 369A of Schedule III of Notification No. 01/2017–Integrated Tax (Rate) dated 28.06.2017 (shown below for reference).

S.No.	CHAPTER/ HEADING/ SUB- HEADING/ ITEM	TARIFF	DESCRIPTION OF GOODS
369A	8483		Transmission shafts (including cam shafts and crank shafts) and cranks; bearing housings and plain shaft bearings; gears and gearing; ball or roller screws; gear boxes and other speed changers, including torque converters; flywheels and pulleys, including pulley blocks; clutches and shaft couplings (including universal joints)

1.2.1 It was observed that, as per the Explanatory Notes to CTH 8483, transmission equipment such as *gear boxes, transmission shafts, clutches, differentials, etc.*, which are designed for use solely or principally with vehicles or aircraft of Section XVII, are excluded from classification under CTH 8483. However, this exclusion does not apply to internal parts of vehicle or aircraft engines, which remain classified under CTH 8483. The relevant part of the exclusion as per the Explanatory Notes to CTH 8483 is as below:

“The heading also excludes:

- a.** Pieces roughly shaped by forging, of heading 72.07.*
- b.** Transmission equipment of the kinds described above (gear boxes, transmission shafts, clutches, differentials, etc.), but which are designed for use solely or principally with vehicles or aircraft (Section XVII); it should, however, be noted that this exclusion does not apply to internal parts of vehicles or aircraft; these parts remain classified in this heading.*

Thus, a crank shaft or a cam shaft remains in this heading even if it is specialized for a motor car engine; but motor car transmission (propeller shafts, gear boxes and differentials) falls in heading 87.08.

It should further be noted that transmission equipment of the type described in this heading remains classified here even if it is specially designed for ships.

- c.** Parts of clocks or watches (heading 91.14).”*

1.3 CTH 8708 provides for parts of motor vehicles of headings 8701 to 8705. CTH 8483 provides for other transmission shafts. While both headings appear to cover the subject goods (e.g., “Intermediate Gear (automobile parts used in vehicle transmission housing), Sun/Drum Gear, Ball, Synchronizer, Groove Ball Bearing, etc.”), classification is required to be determined in accordance with the relevant Section and Chapter Notes. Heading 8708 falls under Section XVII and Chapter 87 of Schedule I (Import Tariff) to the Customs Tariff Act, 1975, whereas CTH 8483 falls under Section XVI and Chapter 84 thereof. There are three relevant Section Notes:

- i.** Note 1(l) to Section XVI, Schedule-I (Import Tariff) of Customs Tariff Act, 1975, excludes articles of Section XVII from classification within Section XVI.*
- ii.** Note 2(e) to Section XVII, Schedule-I (Import Tariff) of Customs Tariff Act, 1975 excludes articles of heading 8483 from Section XVII, if the articles constitute integral parts of engines or motors.*
- iii.** Note 3 to Section XVII Schedule-I (Import Tariff) of Customs Tariff Act, 1975 limits the term "parts" in Chapter 87 to include only those parts used solely or principally with the vehicles of Chapter 87.*

1.3.2 The goods under consideration are used as automotive parts, they are “solely or principally” used in the vehicles of Chapter 87. Accordingly, the goods are “parts” within the meaning of Note 3 to Section XVII. Thus, if the goods, though classifiable under CTH 8483 by description, are not integral parts of engines or motors, then they are articles of Section XVII and, by virtue of Note 1(l) of Section XVI, cannot be classified under Section XVI.

1.3.3 For Tariff purposes, an integral part is a constituent component which is essential to the completion of the article with which it is used and enables that article to perform its intended function. An internal combustion engine converts fuel energy into mechanical energy, which is generated in the form of rotary motion of the crankshaft. The function of the transmission system, which is separate and distinct from that of the engine, is to transmit this power from the engine to other drivetrain components. The goods under consideration facilitate the transmission of power and form integral parts of the transmission system, and not integral parts of the engine itself.

1.3.4 Accordingly, transmission shafts, gear boxes, clutches, torque converters, and other power transmission equipment, when used solely or principally with vehicles or aircraft of Section XVII and not constituting integral parts of engines or motors, are classifiable under Heading 8708, in terms of Note 3 and Note 2(e) to Section XVII read with the Explanatory Notes to CTH 8483.

1.4 For the sake of clarity and proper appreciation of the issue, it is noted that an internal combustion engine generates power by converting the chemical energy of fuel into mechanical energy required for propulsion. This process takes place within the cylinder, which provides a sealed chamber for combustion of the fuel-air mixture. Upon ignition by the spark plug, the expanding gases drive the piston in a reciprocating motion. The intake valve allows entry of the fuel-air mixture into the cylinder, while the exhaust valve facilitates expulsion of burnt gases. The piston, connected to the crankshaft through a connecting rod, transmits this reciprocating motion, which is converted by the crankshaft into rotational motion, while the camshaft regulates the timed opening and closing of the valves to ensure proper engine functioning. The rotational energy so generated is transmitted through the vehicle’s power transmission system. A flywheel mounted on the crankshaft stores and stabilizes such energy and provides a mounting surface for further transmission. In manual transmission systems, the power is transmitted through a clutch assembly comprising a pressure plate, clutch disc and release bearing, enabling engagement and

disengagement of engine power, whereas in automatic transmission systems, a torque converter performs this function as a fluid coupling. The power is thereafter transmitted to the input shaft of the gearbox, where various gears regulate speed and torque through different gear ratios. Subsequently, the power is transmitted to the output shaft and further to the differential, which distributes power to the drive axles while allowing the wheels to rotate at different speeds. Finally, the drive axles transmit the power to the wheels, thereby enabling movement of the vehicle.

1.5 The Explanatory Notes to CTH 8483 clarify that certain components, namely crankshafts and camshafts, remain classifiable under CTH 8483 even when specifically designed for use in motor vehicle engines, as they constitute integral parts of the engine mechanism. At the same time, the said Notes also provide that transmission elements which transmit power from the engine to the wheels—such as propeller (drive) shafts, gear boxes and differentials—stand excluded from the scope of Heading 8483 when they are identifiable as parts of motor vehicles, and are instead classifiable under Heading 8708.

1.5.2 Accordingly, the classification principle that emerges is that crankshafts and camshafts, being integral components of the engine, continue to fall under CTH 8483 even when designed for use in motor vehicles of Chapter 87. In contrast, components involved in the transmission of power from the engine to the drivetrain—such as propeller shafts, gear boxes, differentials and similar equipment—when used solely or principally with motor vehicles, are appropriately classifiable under CTH 8708.

1.6 In view of the above and considering the functional role of the components discussed in Para 1.5, all parts involved in transmitting power from the engine to the wheels, other than those forming integral parts of the engine itself, merit classification under CTH 8708 in terms of the Explanatory Notes to CTH 8483 read with the relevant Section Notes. It is also pertinent to note that, as per Schedule I (Import Tariff) to the Customs Tariff Act, 1975, CTH 8483 covers “Transmission shafts (including cam shafts and crank shafts) and cranks; bearing housings and plain shaft bearings; gears and gearing; ball or roller screws; gear boxes and other speed changers, including torque converters; clutches and shaft couplings (including universal joints)”.

1.7 Based on the above facts, it prima facie appeared that the Customs duties and IGST paid by the Importer on the impugned goods, classified under Customs Tariff Items 84831099, 84833000, 84834000, 84835010, 84835090, 84836090 and 84839000, as detailed in Annexure 'A' to the Show Cause Notice, were short-paid. The correct applicable Basic Customs Duty is 15% and IGST is 28% under Sr. No. 170 of Schedule IV of Notification No. 01/2017-Integrated Tax (Rate) dated 28.06.2017, under CTH 8708 of the First Schedule to the Customs Tariff Act, 1975. Accordingly, Consultative Letter No. 991 dated 18.07.2023 was issued by the Audit Commissionerate, Mumbai Zone-I, informing the Importer that the impugned goods had been cleared under a lower rate of duty and calling upon them to pay the differential duty amounting to ₹1,00,89,167/- (Rupees One Crore Eighty-Nine Thousand One Hundred Sixty-Seven only).

1.8 In response to the Consultative Letter, the Importer, in their letter dated 22.08.2023, has contended that the exclusion under the Explanatory Notes to CTH 8483 applies broadly to all transmission components forming an internal part of the engine, and not just to crankshafts or camshafts. They argue that most of the impugned items are essential for the functioning of the engine and are not components of external transmission systems like gearboxes. Hence, any transmission component located within the engine beyond cam/crank shafts should be classified under Heading 8483. For instance, bearing shells, main bearings, split bearings (used on connecting rods and crankshaft to reduce friction), and idler gears, spur gears, starter ring gears, vibration dampers (all integrated within the engine structure) are internal parts of the engine, not of the external transmission. Further, the Importer stated that a vast majority of items are not part of external transmission system, these are transmission equipment and an integral part of vehicle engine. The Importer further contested that Note 3 to Section XVII does not define the parts. It only provides for what will not be considered as a part and this Note merely clarify that any items which are not suitable for use "solely or principally" with article of Chapter 86 to 88 cannot be called "parts". However, it cannot be concluded that any item that is used "solely or principally" with article of "86 to 88" will be 'parts'. They emphasized that for any part to fall under Chapter 87, all three conditions from the HSN Explanatory Notes must be satisfied:

- (a) It must not be excluded under Note 2 to Section XVII;
 - (b) It must be suitable for use solely or principally with articles of Chapters 86 to 88;
- and

(c) It must not be more classifiable under another Heading.

The Importer submitted that while their items satisfy the conditions (a) and (b) above, but they do not satisfy the condition no. (c), since they are more specifically covered under Tariff Heading 8483. To justify their claims, the Importer relied upon the Intel Design Systems (2008 SC) judgment, where it was held that goods such as contractors, switches, control box, etc. fall under the category of excluded goods under the Chapter Notes. Thus, even though they are used specially, solely or purpose with the armoured vehicles of Chapter Heading 8710, they are classifiable under Chapter Heading 8536.90 only. Additionally, they also referred the judgement of the Supreme Court of India in the case of CCE, Delhi-III vs M/s Uni product wherein it was held that *“if a part is used in a vehicle, it cannot fall under Chapter 87 if it is excluded by the relevant Section Notes. They concluded that classification should be determined based on specificity and exclusion principles, not merely on the basis of the end-use in a motor vehicle.”*

1.9 It was observed that the Importer has selectively interpreted the Explanatory Notes by asserting that all transmission components forming part of an engine fall under Heading 8483. However, the exclusion clause in the Explanatory Notes to Heading 8483 clearly states that transmission equipment (gear boxes, transmission shafts, clutches, differentials, etc.), even if used solely or principally with vehicles, are classifiable under Section XVII (i.e., Heading 8708), unless they form an internal part of the engine. The examples cited by the Importer regarding crankshaft and camshaft are specific exceptions. Merely being located near or on the engine block does not automatically render a part “internal” to the engine. The key criterion is whether the part contributes directly to the engine’s combustion and power generation process. Parts operating after power generation, such as pulleys, gears, vibration dampers, and belt/chain components, are associated with transmission rather than engine operation.

1.9.2 As per settled principles of tariff interpretation and judicial precedents, classification is governed by the function and use of goods rather than their mere physical placement. In the present case, components such as belt pulley, guide pulley, idler gear, spur gear, starter ring gear, and vibration damper are designed to transmit, regulate, or absorb power that has already been generated by the engine. Likewise, bearing shell, split bearing, main bearing, and camshaft bearing cover perform functions relating to friction reduction and structural support, without contributing to the actual generation of power within the engine. Although these components may be mounted on or housed within the engine assembly, their role commences only after the generation of rotary motion, and they merely serve to transmit or manage such power.

Accordingly, their functional character aligns with transmission components appropriately classifiable under CTH 8708.

1.9.3 Note 3 to Section XVII provides that goods suitable for sole or principal use with the motor vehicles of Chapter 87 are to be classified as “parts” under Heading 8708, provided they are not more specifically classifiable elsewhere. In the instant case, the impugned goods are clearly automotive-specific, as acknowledged by the Importer through submitted photographs, diagrams, and technical explanations. Further, these goods are not more specifically covered under Heading 8483, which pertains only to certain defined categories of mechanical power transmission components and does not extend to automotive-specific components operating subsequent to engine combustion. In view of the above, the goods satisfy the conditions prescribed under the HSN Explanatory Notes, and by application of the principles of specificity and functional classification, merit classification under CTH 8708.

1.9.4 The reliance placed by the Importer on the judgments in *Intel Design Systems* and *Uni Products* is misplaced and distinguishable on facts. In the case of *Intel Design Systems*, the dispute related to items such as contractors, switches, and control boxes, which were excluded from Chapter 87 due to their specific and independent functional classification under other headings. Similarly, in *Uni Products*, the Supreme Court held that “car mats,” despite their sole or principal use in motor vehicles, were classifiable under CTH 5703 as they were specifically covered therein and stood excluded from Chapter 87. In contrast, the impugned goods in the present case are automotive transmission components that are neither excluded by Note 2(e) to Section XVII nor more specifically classifiable under Heading 8483, particularly in light of the exclusions contained in the relevant Explanatory Notes. Even applying the ratio of the cited judgments, the goods in question, being parts used solely or principally with motor vehicles and not specifically covered elsewhere, are correctly classifiable under CTH 8708.

1.9.5 The Importer’s own submissions, particularly Para 3.2.2 of the reply dated 22.08.2023, read with the technical diagrams furnished in Annexures 4 and 5 dated 25.10.2023, establish the functional profile of the impugned goods. These materials demonstrate that the goods do not form part of essential engine components such as pistons, valves, spark plugs, or systems involved in fuel-air mixture handling or combustion. Rather, their function is limited to facilitating, transmitting, or managing power after combustion has taken place. In view thereof, the impugned goods do not satisfy the criteria of “internal engine parts” as contemplated under

the exception provided in the Explanatory Notes to Heading 8483, thereby reinforcing their proper classification under CTH 8708.

1.10 Based on the foregoing findings, it appeared that the impugned goods were incorrectly declared and cleared under CTH 8483, whereas, in terms of their functional characteristics and applicable legal provisions, they merit classification under CTH 8708. This erroneous classification has resulted in short payment of applicable Customs Duty and Integrated Goods and Services Tax (IGST), as quantified in the Consultative Letter No. 991 dated 18.07.2023. The discrepancy came to light during the course of Post Clearance Audit, which revealed that the goods are, in fact, automotive parts used solely or principally with motor vehicles and function as post-combustion transmission components. It is evident that, but for such audit scrutiny, the mis-declaration would have remained undetected, leading to continued evasion of legitimate government revenue. The conduct of the Importer, viewed cumulatively with the nature of the misclassification, selective reliance on Explanatory Notes, and misleading presentation of technical literature, indicates a deliberate attempt to under-declare duty liability. The Importer's interpretation of the Explanatory Notes to Heading 8483 is found to be untenable, as the said Notes clearly exclude transmission components used principally with motor vehicles unless they are intrinsically linked to engine combustion or power generation, such as crankshafts or camshafts. In contrast, the impugned goods—including idler gears, starter ring gears, bearing shells, and vibration dampers—operate only after power generation and are engaged in transmission, modulation, or damping of rotary motion. Accordingly, their classification under CTH 8483 is not legally sustainable.

1.11 In view of the applicable Section Notes, HSN Explanatory Notes, and the Importer's own submissions, it appeared that the incorrect classification under CTH 8483 was consciously adopted to avail a lower rate of Basic Customs Duty at 7.5% and IGST at 18%, instead of the appropriate classification under CTH 8708, specifically CTI 87089900, covering "other parts and accessories of motor vehicles." It is reasonable to infer that the Importer, being equipped with requisite technical expertise and classification knowledge, was aware of the correct classification but nevertheless chose to declare the goods under an inapplicable Heading with intent to evade higher duty liability. Such deliberate misstatement and suppression of material facts attracted the extended period of limitation under Section 28(4) of the Customs Act, 1962, along with recovery of interest under Section 28AA and imposition of penalty under Section 114A. Consequently, the misclassification has resulted in short payment of duty amounting to

₹1,00,89,167/- (Rupees One Crore Eighty-Nine Thousand One Hundred Sixty-Seven only), as detailed in Annexure “A” to the Show Cause Notice, which is liable to be recovered under the aforesaid provisions. Further, the Importer appeared to have contravened Sections 46(4) and 46(4A) of the Act, rendering the goods liable to confiscation under Section 111(m) and the Importer to penal action under Section 112(a) (ii) of the Customs Act, 1962. Accordingly, in respect of the Bills of Entry specified in Annexure “A” to the Show Cause Notice, there appeared to have been wilful evasion of duty through misclassification during self-assessment, warranting recovery of differential duty along with applicable interest and imposition of penalties as per law.

2. A Show Cause Notice No. 603/2025-26 dated 20.01.2026 was accordingly issued to M/s. M/s. Force Motors Limited (IEC No. 0388045451) asking them to show cause as to why:

- i.** The claimed CTH 8483 in respect of goods covered under Bills of Entry mentioned in Annexure- A, should not be denied for the reasons stated above and the goods should not be re-classified under CTH 8708 and assessed to BCD at 15% and IGST at 28% under Sr. No. 170 of Schedule–IV of Notification No. 01/2017-(Integrated Tax Rate) dated 28.06.2017.
- ii.** Differential duty (BCD +SWS+IGST) on account of denial of CTH 8483 ibid, as claimed, amounting to ₹1,00,89,167/- (Rupees One Crore Eighty-Nine Thousand One Hundred Sixty-Seven) as calculated in annexure-A, should not be demanded and recovered from them under Section 28(4) of the Customs Act, 1962, along with applicable interest thereon under Section 28AA of the Customs Act, 1962.
- iii.** The impugned goods imported under subject Bills of Entry valued at ₹ 4,71,78,710 /- (Rupees Four Crore Seventy-One Lakh Seventy Eight Thousand Seven Hundred Ten) should not be held liable for confiscation in terms of provisions of Section 111(m) of the Customs Act, 1962 read with Section 46 of the Customs Act, 1962.
- iv.** Penalty should not be imposed under Section 112(a) and/or 114A of the Customs Act, 1962.

3.**WRITTEN SUBMISSION**

3.1 The Importer in their reply received through E-mail dated 27.03.2026 and 02.04.2026 submitted that they are reputed manufacturer of automobiles and have been importing the subject goods for over two decades with consistent classification under Heading 84.83, which has been accepted by the department during assessment, including cases involving physical examination. It is contended that all imports were made with full disclosure of description, value, and classification, supported by invoices and documents, and therefore there is no dispute regarding the nature of the goods.

3.2 The Importer submitted that classification must be determined in accordance with the General Rules for Interpretation, Section Notes, Chapter Notes, and HSN Explanatory Notes. In this regard, reliance is placed on Heading 84.83, which specifically covers transmission shafts, gears, bearings, pulleys, and related components. It is argued that since the impugned goods are expressly covered under this heading, they must necessarily be classified thereunder in terms of Section XVI Note 2, which mandates classification of parts in their respective headings where specifically provided.

3.3 The Importer further submitted that Note 2 to Section XVII expressly excludes from the scope of Chapter 87 those goods which constitute integral parts of engines and motors, including articles of Heading 84.83. It is submitted that the impugned goods, being internal engine components, are squarely covered by this exclusion and therefore cannot be classified under Heading 87.08.

3.4 The Importer submitted that the department has misinterpreted the HSN Explanatory Notes, particularly exclusion (b) to Heading 84.83. It is argued that while transmission equipment designed for use with vehicles may fall under Heading 87.08, the exclusion itself clarifies that internal parts of engines remain classifiable under Heading 84.83.

3.5 The Importer submitted that Heading 87.08 is not applicable as it is subject to the conditions laid down under Section XVII, which require that goods must not be excluded by Note 2, must be suitable for use solely or principally with motor vehicles, and must not be more specifically covered elsewhere. It is argued that the impugned goods fail these conditions as they are excluded under Note 2, are not solely or principally used in motor vehicles, and are specifically covered under Heading 84.83.

3.6 The Importer further submitted that classification cannot be determined based on end-use and must be based on the condition of the goods at the time of importation. It is submitted that merely because the goods are ultimately used in automobiles does not justify classification under Heading 87.08, particularly when they are independently classifiable under a specific heading.

3.7 The Importer relied on the principle that a specific entry prevails over a general entry and submits that Heading 84.83, which specifically describes the impugned goods, must take precedence over Heading 87.08, which is a general entry for parts of motor vehicles.

3.8 The Noticee also places reliance on CBIC instructions based on Westinghouse Saxby Farmer Limited case and judicial decisions in case of CCE, Delhi-III vs M/s Uni product to argue that classification of parts must be undertaken by applying the three-condition test under Section XVII and by giving due weight to HSN Explanatory Notes and Section Notes.

3.9 Importer further submitted that even if the classification adopted by the Noticee is disputed, the classification proposed by the department must independently satisfy the legal requirements, failing which the demand cannot be sustained. The Noticee asserts that the department has failed to establish how the impugned goods meet the criteria for classification under Heading 87.08.

3.10 The Importer submitted that the demand is revenue neutral as the alleged differential duty pertains to IGST, which would have been available as input tax credit. Reliance was placed on *Mahindra & Mahindra Ltd.*, to contend that in revenue neutral situations, intent to evade duty cannot be alleged.

3.11 Lastly, the Importer submitted that the entire demand is unsustainable both on facts and in law, and requested for dropping of the proceedings, including the proposed demand of duty, interest, confiscation, and penalties.

4. PERSONAL HEARING

4.1 The Personal Hearing was held on 26.03.2026 and was attended by Shri Akhilesh Kangasia, Miss Apoorva Parihar and Shri Siddhartha Sen, all Advocates representing the

Importer, M/s. Force Motors. Shri Akhilesh explained the case. The reply to the SCN and compilation was sent the day before. The case involves disagreement on classification of the imported goods with Importer classifying it under CTH 8483 whereas the department contending the CTH 8708. The Importer claimed that all their imported goods are engine parts and therefore correctly classified under 8483 which applies to all transmission component forming internal parts of the engine. Importer relied upon Supreme Court judgement in the case of CCE, Delhi-III vs M/s Uni product and CBIC's interpretation of Supreme Court "Westinghouse Saxby Farmer Limited" judgement. Advocate also said that this issue is known since long to be of All India concern in the automotive industry and Section 28(4) should not be applied to subject case as per the Apex Court judgement in the Nizam Sugar Factory case. In the subject case though the consultations were held in 2023 and SCN was issued after 2 years.

5. DISCUSSION AND FINDINGS

5.1 I have gone through the Show Cause Notice (SCN) No. 603/2025-26 dated 20.01.2026, submissions made by the Importer in writing as well as during personal hearing and material on record and accordingly, I proceed to decide the case. The main issue to be decided is to whether the imported goods i.e. Shafts, Gears, Bearing Shells, Main Bearings are classifiable under Heading 8708 as proposed in the SCN or under Heading 8483 as classified by the Importer.

5.2 I find that Heading 8483 covers transmission elements such as transmission shafts (including cam shafts and crank shafts), gears, gear boxes, flywheels, pulleys, clutches and shaft couplings. However, a careful reading of the Heading along with the Explanatory Notes indicates that the scope of this Heading is limited to (i) general-purpose transmission components and (ii) such components which constitute integral parts of engines or machinery, such as crankshafts and camshafts, which are essential to the functioning of the engine itself. Therefore, the contention of the Importer that the impugned goods merit classification under Heading 8483 merely on the basis of their description is not acceptable in view of the limitations and exclusions provided in the HSN Explanatory Notes. The scope of Heading 8483 is further restricted by the exclusion contained in the HSN Explanatory Notes. The HSN Note for Heading 8483 is as follows:

84.83 - Transmission shafts (including cam shafts and crank shafts) and cranks; bearing housings and plain shaft bearings; gears and gearing; ball or roller screws; gear boxes and other speed changers, including torque converters; flywheels and pulleys, including pulley blocks; clutches and shaft couplings (including universal joints).

- 8483.10 - Transmission shafts (including cam shafts and crank shafts) and cranks
- 8483.20 - Bearing housings, incorporating ball or roller bearings
- 8483.30 - Bearing housings, not incorporating ball or roller bearings; plain shaft bearings
- 8483.40 - Gears and gearing, other than toothed wheels, chain sprockets and other transmission elements presented separately; ball or roller screws; gear boxes and other speed changers, including torque converters
- 8483.50 - Flywheels and pulleys, including pulley blocks
- 8483.60 - Clutches and shaft couplings (including universal joints)
- 8483.90 - Toothed wheels, chain sprockets and other transmission elements presented separately; parts.

5.2.2 I find that the Explanatory Notes to Heading 8483 specifically provide an exclusion to the effect that transmission equipment of the kinds described in the Heading—such as gear boxes, transmission shafts, clutches and differentials—when designed for use solely or principally with vehicles, are excluded from Heading 8483 and are classifiable under Section XVII. The only exception carved out to this exclusion is in respect of internal parts of engines, such as crankshafts and camshafts, which continue to remain classifiable under Heading 8483 even if specially designed for motor vehicles. The reliance placed by the Importer on this exception is misplaced, as the impugned goods do not satisfy the test of being integral components directly involved in the core process of combustion or energy generation. The HSN exclusion to the Heading 8483 reads as follows:

“

84.83

The heading also **excludes** :

- (a) Pieces roughly shaped by forging, of **heading 72.07**.
- (b) Transmission equipment of the kinds described above (gear boxes, transmission shafts, clutches, differentials, etc.), but which are designed for use solely or principally with vehicles or aircraft (**Section XVII**); it should, however, be noted that this exclusion does not apply to internal parts of vehicle or aircraft engines - these parts remain classified in this heading.

Thus a crank shaft or a cam shaft remains in this heading even if it is specialised for a motor car engine; but motor car transmission (propeller) shafts, gear boxes and differentials fall in **heading 87.08**.

It should further be noted that transmission equipment of the type described in this heading remains classified here even if it is specially designed for ships.

- (c) Parts of clocks or watches (**heading 91.14**).

”

Heading 8483 includes certain internal part of machine, used to transmit power to various parts of the same machine. However, the decisive criterion is not merely whether the goods transmit power, but whether they constitute integral internal components of the engine essential to its core function of energy conversion. While Heading 8483 does cover certain transmission elements operating within a machine, the Explanatory Notes clearly distinguish such internal engine parts (e.g., crankshafts, camshafts) from transmission equipment designed for use solely or principally with vehicles. In the subject case, the impugned goods do not form part of the internal mechanism of the engine responsible for combustion or energy conversion, but are components facilitating transmission, regulation or stabilization of power in the vehicle system. Hence, they fall within the category of vehicle-specific transmission equipment excluded from Heading 8483.

5.2.3 Applying the above test, I find that the impugned goods, namely Shafts, Gears, Bearing Shells, Main Bearings etc., cannot be regarded as integral parts of the engine. The Importer's argument that these goods are essential for engine functioning is noted; however, the relevant test is whether they are indispensable to the process of combustion and energy conversion, which is not the case here. An internal combustion engine fundamentally performs the function of converting chemical energy into mechanical (rotational) energy through combustion within the cylinder. These components imported in subject case perform a crucial role in the transfer, modulation and continuity of mechanical power from the engine to downstream systems, and are not integral to the process of combustion or energy generation within the engine. Their functional characteristics align them more closely with the transmission mechanism of the vehicle rather than with core engine components such as crankshafts and camshafts, which are expressly retained within Heading 8483. Components such as crankshafts and camshafts are indispensable to this process, as they directly participate in the conversion mechanism and valve timing, without which the engine cannot function. In contrast, the impugned goods do not participate in the combustion process or in the essential energy conversion mechanism of the engine. Their role arises only after the generation of rotational energy, i.e., in facilitating, regulating, stabilizing or transmitting such energy to other parts of the vehicle.

5.2.4 The contention of the Importer that the impugned goods merit classification under Heading 8483 merely on the ground that they are mounted on the engine is not acceptable. It is a settled position that the location or mounting of a component on an assembly does not, by

itself, determine its classification. For a component to qualify as an integral part of an engine, it must be essential to and directly involved in the core function of the engine, i.e., the conversion of chemical energy into mechanical energy through combustion. In the present case, although the impugned goods such as Shafts, Gears, Bearing Shells, Main Bearings, may be mounted on or associated with the engine assembly, they do not participate in the combustion process or the fundamental energy conversion mechanism of the engine. Their functions are limited to facilitating, regulating or transmitting the rotational motion generated by the engine. Therefore, such goods cannot be regarded as internal or integral parts of the engine merely by virtue of their mounting, and are more appropriately considered as transmission components falling outside the scope of Heading 8483 in terms of the exclusion provided therein.

5.2.5 In view of the above, I find that the impugned goods fall squarely within the category of transmission equipment designed for use solely or principally with motor vehicles, as envisaged in the exclusion clause to Heading 8483. Since they are not internal parts of the engine but are components involved in the transmission and regulation of power beyond the engine, they are expressly excluded from the scope of Heading 8483.

5.3 CLASSIFICATION UNDER 8708:

5.3.1 I find that the issue for determination is whether the impugned goods, namely Shafts, Gears, Bearing Shells, Main Bearings and similar components, are classifiable under Heading 8483 as transmission elements or under Heading 8708 as parts of motor vehicles. Heading 8708 covers parts and accessories of motor vehicles of Headings 8701 to 8705, whereas Heading 8483 covers transmission shafts and other power transmission elements. Though both Headings may, prima facie, appear to cover the subject goods, classification is required to be determined strictly in accordance with the terms of the Headings read with the relevant Section and Chapter Notes, in terms of Rule 1 of the General Rules for Interpretation of the Customs Tariff.

5.3.2 I find that Heading 8483 falls under Section XVI, whereas Heading 8708 falls under Section XVII. In this regard, I find that following Notes are required for classification under these Sections:

i) Note 1(i) to Section XVI which excludes articles of Section XVII from classification under Section XVI.

ii) Note 2(e) to Section XVII which provides that articles of Heading 8483, when constituting integral parts of engines or motors, are excluded from the scope of “parts” of Section XVII.

iii) Note 3 to Section XVII which restricts the expression “parts” to those goods which are suitable for use solely or principally with the vehicles of Chapter 87.

Thus, a conjoint reading of these Notes establishes that goods which are identifiable as parts suitable for use solely or principally with motor vehicles, and which do not constitute integral parts of engines or motors, are to be classified under Section XVII and consequently excluded from Section XVI.

5.3.3 I find that the impugned goods are used as automotive parts and are suitable for use solely or principally with motor vehicles of Chapter 87. The evidence on record establishes that these goods are specifically designed for particular vehicle models, identified through part numbers, and are not general-purpose items capable of use across machinery. Accordingly, they satisfy the requirement of Note 3 to Section XVII. Further, these goods do not constitute integral parts of engines or motors, as they are not involved in the process of combustion or energy generation. An internal combustion engine generates power through fuel combustion and converts it into rotational motion of the crankshaft. The impugned goods, on the other hand, function in the transfer, regulation and continuity of this power beyond the stage of energy generation, forming part of the drivetrain and transmission mechanism of the vehicle. Therefore, they cannot be treated as integral engine parts so as to attract the exclusion under Note 2(e) to Section XVII. A plain reading of Note 2(e) to Section XVII shows that articles of Heading 8483 are excluded from classification under Section XVII only when they constitute integral parts of engines or motors. In the present case, the impugned goods do not form integral parts of the engine but function in the transmission and regulation of power beyond the stage of energy generation. Therefore, the exclusion under Note 2(e) is not attracted, and the goods are appropriately classifiable under Heading 8708/CTI 87089900. The contention of the Importer regarding multiple usage is not substantiated, and in any case, the design and principal use of the goods establish their classification as motor vehicle parts.

5.3.4 I further find that the Harmonized System of Nomenclature (HSN) Explanatory Notes to Heading 8483 provide that the Heading excludes “transmission equipment of the kinds described above (gear boxes, transmission shafts, clutches, differentials, etc.), but which are designed for

use solely or principally with vehicles or aircraft (Section XVII).” The said Note further clarifies that only internal engine parts such as crankshafts and camshafts remain within Heading 8483 even when designed for vehicles. From the above, it is evident that transmission-related components which are specifically designed for motor vehicles are excluded from Heading 8483 and are to be classified under Section XVII. The impugned goods, though described as mechanical transmission elements, are not general-purpose components but are specifically designed for motor vehicles and function in the transfer and regulation of power rather than its generation, thereby attracting the exclusion to Heading 8483.

5.3.5 I also find that classification under Section XVII is governed by Note 2 to, which lays down that parts are classifiable under Heading 8708 provided that:

- (i) They must not be excluded by the terms of Note 2 to the Section,
- (ii) They must be suitable for use solely or principally with the articles of Chapters 86 to 88,
- (iii) They must not be more specifically included elsewhere in the Nomenclature.

In the subject case, the impugned goods satisfy all three requisite conditions. They are not excluded by Note 2, including Note 2(e), as they do not fall within the scope of “parts of general use” as defined therein. Further, in light of the specific exclusion under Heading 8483, the goods are not classifiable under the said Heading. The goods are designed for and are suitable for use solely or principally with motor vehicles, a position which stands substantiated by their nature, design, and the acceptance of the Importer. Moreover, as per the exclusion contained in the HSN Explanatory Notes to Heading 8483, the impugned goods are not more specifically classifiable under Heading 8483. Accordingly, the goods are rightly classifiable under Heading 8708/ CTI 87089900.

5.3.6 Classification under the Customs Tariff is governed by the General Rules for the Interpretation (GIR) of the Schedule. There are six GIRs as stated below, which are to be applied sequentially. This sequential reading is crucial because the Rules build upon one another, ensuring that classification is systematic and consistent.

GRI 1 – Heading and Legal Notes

Classification is determined according to the terms of the Headings and the relevant Section and Chapter Notes. If a product is clearly described by a Heading and not excluded by the Notes, classification is finalized at this stage.

GRI 2 – Incomplete, Unassembled & Mixtures

GRI 2(a) extends a Heading to include incomplete or unfinished articles, provided they have the essential character of the finished article, as well as unassembled or disassembled goods.

GRI 2(b) covers mixtures and combinations of materials, directing classification according to GRI 3 when multiple Headings apply.

GRI 3 – Goods Classifiable Under Multiple Headings

When goods are prima facie classifiable under two or more Headings:

- GRI 3(a): The most specific description prevails.
- GRI 3(b): If Headings are equally specific, classification is based on the material or component giving essential character.
- GRI 3(c): If neither applies, classification is under the Heading which appears last in numerical order.

GRI 4 – Most Akin Goods

Goods that cannot be classified under the preceding rules are classified under the Heading to which they are most similar in nature or function.

GRI 5 – Containers and Packaging

GRI 5(a) covers cases and containers specially shaped or fitted for a specific article and normally sold with it.

GRI 5(b) provides that packing materials and packing containers are classified with the goods unless clearly suitable for repetitive use.

GRI 6 – Sub-Heading Classification

Classification at the Sub-Heading level is determined according to the terms of the Sub-Headings and related Notes, applying GRIs 1–5 mutatis mutandis, and comparing only Sub-Headings at the same level.

In terms of Rule 1 of the General Rules for Interpretation, classification is to be determined according to the terms of the Headings and the relevant Section and Chapter Notes. Heading 8708 covers parts and accessories of motor vehicles, and the impugned goods, being identifiable as parts suitable for use solely or principally with such vehicles, satisfy the description of the said Heading. Further, in view of the specific exclusion provided under the HSN Explanatory Notes to Heading 8483 and the operation of Section Notes discussed above, classification under Heading 8483 is not appropriate. Accordingly, the impugned goods are classifiable under Heading 8708 in terms of Rule 1 itself, without recourse to subsequent interpretative rules. The reliance placed by the Importer on CBIC Instructions has been examined. The said Instructions merely reiterate the requirement of applying the General Rules for Interpretation, Section Notes and HSN Explanatory Notes. Since the present classification has been determined strictly in accordance with these principles, the said Instructions do not support the classification claimed by the Importer.

5.3.7 I further find that the above determined classification under CTH 8708 is supported by settled judicial principles laid down by the Supreme Court. In *M/s Asian Paints India Ltd.* (1988 (35) E.L.T. 31 (S.C.)), it was held that Tariff entries must be interpreted in their popular or commercial sense. In *M/s G.S. Auto International Ltd.* (2003 (152) E.L.T. 3 (S.C.)), the Apex Court held that the decisive test for classification of parts is their commercial identity and their suitability for use solely or principally with motor vehicles, and that such parts cannot be treated as parts of general use. Further, in *M/s Cast Metal Industries Pvt. Ltd.* (2015 (325) E.L.T. 471 (S.C.)), it was held that components specifically designed for motor vehicles are classifiable under Heading 8708. In the present case, the impugned goods are identified by specific part numbers, designed for particular vehicle models, and are traded as automobile parts through specialized channels, thereby satisfying the test of commercial identity as motor vehicle parts. The reliance placed by the Importer on the judgment in the case of *Uni Products India Ltd.* is distinguishable, as the said decision was rendered in a different factual context and does not deal with the exclusion provided in the HSN Explanatory Notes to Heading 8483 read with Section XVII Notes. In the present case, the impugned goods are clearly identifiable as vehicle-specific components and are excluded from Heading 8483; hence the ratio of the said judgment is not applicable. The *Westinghouse Saxby Farmer Limited Case* law cited by the Importer does not come to their defence as in the subject case the classification principles have been applied correctly as intended by law/Rules.

5.3.8 Accordingly, it is held that the impugned goods are correctly classifiable under Heading 8708 and specifically under CTI 87089900 as parts suitable for use solely or principally with motor vehicles. The combined application of Section Notes, HSN Explanatory Notes, judicial precedents and the General Rules for Interpretation clearly establishes that the goods are vehicle-specific transmission-related components and not general-purpose mechanical elements or integral engine parts falling under Heading 8483.

6. INVOKING EXTENDED PERIOD OF TIME TO RAISE DUTY DEMAND:

6.1 I find that the Importer has consistently classified the impugned goods, namely Shafts, Gears, Bearing Shells, Main Bearings., under Heading 8483, thereby availing a lower rate of duty as against the applicable rate under Heading 8708. As discussed in the foregoing paragraphs, the impugned goods are correctly classifiable under Heading 8708 as parts suitable for use solely or principally with motor vehicles, being vehicle-specific transmission-related components and not integral engine parts or general-purpose transmission elements. The misclassification adopted by the Importer has resulted in short payment of duty.

6.1.1 I find that the classification adopted by the Importer is not a mere interpretational error but reflects a conscious disregard of the statutory provisions governing classification. The Importer has declared goods such as Shafts, Gears, Bearing Shells, Main Bearings under Heading 8483 despite the clear exclusion provided in the HSN Explanatory Notes, which specifically exclude transmission equipment designed for use solely or principally with vehicles from the scope of Heading 8483, if not being integral part of Engine. The Importer, being engaged in the import, manufacturing and trade of automobile parts, is expected to possess adequate knowledge of Tariff provisions, including Section Notes and HSN Explanatory Notes. I further find that the Importer has failed to specifically disclose that the impugned goods do not constitute integral parts of the engine, which is a decisive criterion for classification under Heading 8483 or Heading 8708. On the contrary, in their reply to the Audit, the Importer has sought to justify classification under Heading 8483 on the ground that the goods are mounted on the engine, despite being aware that the test of “integral part” is distinct from mere mounting or physical placement on an assembly. A part can be considered integral only when it is essential to the completion of the article and enables it to perform the function for which it is designed. This selective and misleading presentation of facts further indicates suppression of material particulars with intent to evade payment of duty.

6.2 I find that the impugned goods are identifiable as automobile parts by virtue of their specific design, part numbers, and application in particular vehicle models. These goods are not general-purpose mechanical components but are traded and recognized in the market as automotive parts. The Importer has declared these goods under a Heading meant for general transmission elements without disclosing their specific end-use and design characteristics. This non-disclosure of the true nature and use of the goods amounts to misdeclaration of material particulars necessary for correct classification and assessment.

6.3 It is observed that the Importer, being a regular Importer of such goods, cannot plead ignorance regarding the correct classification. The nature of the goods, their application in motor vehicles, and their identification through specific part numbers clearly establish that they are parts suitable for use solely or principally with motor vehicles. Despite this, the Importer has continued to classify them under Heading 8483, ignoring the explicit statutory provisions under Section XVII and the exclusion provided in the HSN Explanatory Notes to Heading 8483. Such conduct demonstrates a deliberate intent to classify the goods under a Heading attracting lower duty, rather than a bona fide interpretational dispute. The case law cited of Nizam Sugar Factory by Importer does not apply in view of clear difference in facts between the two cases.

6.4 In view of the above, I hold that the conditions stipulated under Section 28(4) of the Customs Act, 1962, namely suppression of facts and wilful misstatement with intent to evade payment of duty, are clearly satisfied in the present case. Accordingly, the demand of duty is rightly sustainable for the extended period of five years under Section 28(4) of the Customs Act, 1962.

7. CONFISCATION:

7.1 The SCN proposes confiscation of goods under the provisions of Section 111(m) of the Customs Act, 1962. Section 111(m) of the Customs Act, 1962 provides for confiscation in cases where goods do not correspond in respect of any other particulars in respect of which the entry made under this Act. As there is mis-classification of goods as covered under Annexure-A to the SCN, resulting in short levy and short payment of duty, I find that the confiscation of the imported goods invoking Section 111(m) is legally justified for which penalty under Section 112(a) is to be imposed.

7.2 As regards applicability of actual confiscation and redemption fine in terms of Section 125 of the Customs Act, 1962, I find that it is a settled position in law that redemption fine under Section 125 of the Customs Act, 1962 can only be imposed where goods are physically available for confiscation and subsequent redemption. This principle has been categorically affirmed by the Bombay High Court in *Commissioner of Customs (Import), Mumbai v. Finesse Creation Inc.*, 2009 (248) E.L.T. 122 (Bom.), wherein the Court held that the concept of redemption fine arises only if the goods are available and can be redeemed. In the absence of the goods, no redemption fine can be imposed. The Bombay High Court distinguished the Supreme Court judgment in *Weston Components Ltd. v. Commissioner of Customs*, 2000 (115) E.L.T. 278 (S.C.), noting that in *Weston*, the goods had been released on bond and were therefore constructively within the control of the Customs authorities. However, in *Finesse Creation Inc.*, the goods had already been cleared and were not available for seizure, nor had they been released on any bond or undertaking. The Bombay High Court further endorsed the reasoning of the Punjab and Haryana High Court in *Commissioner of Customs, Amritsar v. Raja Impex (P) Ltd.*, 2008 (229) E.L.T. 185 (P&H), which held that where goods are neither available nor covered by any bond, no redemption fine can be levied. This order of the High Court in *Finesse Creation Inc.*, stands accepted by the department, as Special Leave Petition (SLP) filed in the Supreme Court (C.A. No. 66/2009) was dismissed by order dated 12.05.2010. [2010 (255) E.L.T. A120 (S.C.)]

Accordingly, I am of the considered view that, since the goods in the present case have already been cleared and are no longer available for confiscation, the invocation of Section 125 of the Customs Act, 1962, lacks jurisdictional basis and is legally unsustainable.

8. PENALTY:

8.1 I find that, in terms of Section 114A of the Customs Act, 1962, once the necessary ingredients for invocation of the extended period under Section 28(4) are established, imposition of penalty becomes consequential and justified. In the present case, the Importer has consistently classified the impugned goods, namely Shafts, Gears, Bearing Shells, Main Bearings etc., under Heading 8483 with the apparent intent of availing a lower rate of duty, whereas, as discussed above, the impugned goods are correctly classifiable under Heading 8708 as vehicle-specific transmission components and not as integral parts of the engine. The misclassification adopted

by the Importer, despite the clear statutory provisions, Section Notes, and HSN Explanatory Notes excluding vehicle-specific transmission components from the scope of Heading 8483, has resulted in short payment of applicable Customs duty.

8.2 The impugned goods are identified through specific part numbers, are designed for use solely or principally with motor vehicles, and are traded in the market as automobile parts. The Importer, however, declared them under a Heading meant for general transmission elements without fully disclosing their specific end-use and design characteristics. This amounts to wilful misstatement and suppression of material facts necessary for proper assessment. The conduct of the Importer, viewed in totality, indicates an intent to avail undue benefit of lower duty rather than a bona fide interpretational dispute.

8.3 Further, as per the proviso to Section 114A, no separate penalty can be imposed under Section 112 or Section 114 if a penalty has already been levied under Section 114A. In compliance with this statutory mandate, and to avoid duplication of penal consequences for the same contravention, I refrain from imposing any separate penalty under Section 112(a) of the Act in the present matter.

9. I find that the Importer placed reliance on the decision in *Mahindra & Mahindra Ltd.* (WP No. 1848 of 2009). The said case is clearly distinguishable on facts and law. In the said case, the High Court was concerned with levy of interest on Additional Duty of Customs (CVD) and held that such duty is a levy distinct from Basic Customs Duty and not intrinsically linked to it, and therefore, in the absence of a specific statutory provision, interest liability could not be fastened in the facts of that case. However, the present case stands on a materially different footing, as the very classification of the impugned goods and the consequent duty liability are under dispute and are being determined in these proceedings. Further, the IGST liability in this case is not an independent levy in the manner of the duty considered in the said judgment, but arises as a consequence of the re-determination of classification and subsequently enhancement of Basic Customs Duty, which forms part of the value for the purpose of levy of IGST under the Customs Tariff. Therefore, the ratio of the said decision cannot be applied to the facts of the

present case. I also find that interest under Section 28AA of the Customs Act, 1962 is compensatory in nature and becomes payable once duty is determined to be short-paid, irrespective of the availability of input tax credit or the plea of revenue neutrality.

10. The Noticee has cited various case laws in their submission against the said SCN. I have gone through the same and I find that facts and circumstances of this case are not squarely covered by the case laws and judgements as referred by the Noticee in their written submissions, and they are not applicable in the subject case. I also place reliance of this finding on the following decision of Supreme Court in the matter of M/s Ispat Industries Ltd vs Commissioner of Customs, Mumbai [2006 (202) ELT 561 (SC)], wherein it was held that:

"Each case depends on its own facts and a close similarity between one case and another is not enough because even a single significant detail may alter the entire aspect."

11. In view of the foregoing, I pass the following order: -

ORDER

- i.** I reject the self-assessment, with respect to the goods imported vide Bills of Entry detailed in Annexure-A to the Show Cause Notice, under CTH 8483 and order to re-classify the same under CTH 8708/CTI 87089900 and assessed to BCD at 15% and IGST at 28% under Sr. No. 170 of Schedule-IV of Notification No. 01/2017- (Integrated Tax Rate) dated 28.06.2017. The Bills of Entry shall be re-assessed accordingly.
- ii.** I confirm the demand of differential duty amounting to ₹1,00,89,167/- (Rupees One Crore Eighty-Nine Thousand One Hundred Sixty-Seven) under Section 28(4) of the Customs Act, 1962 along-with applicable interest thereon in terms of provisions of Section 28AA of the Customs Act, 1962, and order to recover the same from the Importer M/s. Force Motors Limited.
- iii.** I impose penalty equal to differential duty of ₹1,00,89,167/- (Rupees One Crore Eighty-Nine Thousand One Hundred Sixty-Seven) and amount equal to interest leviable thereon on the Importer M/s. Force Motors Limited under Section 114A of

Customs Act, 1962. However, if such duty and the interest is paid within thirty days from the date of communication of this order, the amount of penalty liable to be paid shall be twenty-five per cent of the duty and interest, subject to the condition that the amount of penalty is also paid within the period of thirty days of communication of this order.

12. This adjudication order is issued without prejudice to any other action that may be taken in respect of goods in question and/or the persons/firms concerned, under the provision of the Customs Act, 1962 and/or any other law for time being in force.

(मनीष चन्द्रा)
(MANISH CHANDRA)
प्रधान आयुक्त, सीमा शुल्क
Pr. Commissioner of Customs
आयात, एसीसी, मुंबई
Import, ACC, Mumbai

To,

**M/s. Force Motors Limited (IEC No. 0388045451),
Mumbai-Pune Road, Akurdi, Pune, Maharashtra – 411035**

Copy:

1. The Pr. Chief Commissioner of Customs, Mumbai Customs Zone III.
2. The Commissioner of Customs, Audit Commissionerate, NCH, Mumbai-I
3. The Dy. Commissioner of Customs, Group 5, ACC, Mumbai.
4. The Dy. Commissioner of Customs, TRC, ACC, Mumbai.
5. Notice Board through Superintendent, CHS
6. Master file.