

**CUSTOMS, EXCISE & SERVICE TAX APPELLATE
TRIBUNAL
BANGALORE**

REGIONAL BENCH - COURT NO. 2

Customs Appeal No. 20282 of 2020

(Arising out of Order-in-Original No. BLR-CUSTOM-AIR-822/2019
dated 12.12.2019 passed by the Commissioner of Customs,
Bangalore.)

**M/s. Dynamatic Technologies
Limited**

No. 11, Dynamatic Park,
Peenya Industrial Area,
Bengaluru – 560 058.

Appellant(s)

VERSUS

**The Commissioner of Customs
Airport & Air Cargo Complex,**

Air India SATS Airfreight Terminal,
KIAL, Devanahalli,
Bengaluru – 560 300.

Respondent(s)

APPEARANCE:

Mr. Badri, Chartered Accountant for the Appellant

Mr. Maneesh Akhoury, Assistant Commissioner (AR) for the
Respondent

**CORAM: HON'BLE DR. D.M. MISRA, MEMBER (JUDICIAL)
HON'BLE MRS. R BHAGYA DEVI, MEMBER
(TECHNICAL)**

Final Order No. 21410 /2025

DATE OF HEARING: 29.08.2025

DATE OF DECISION: 11.09.2025

PER : R BHAGYA DEVI

This appeal is filed by the appellant M/s. Dynamatic Technologies Ltd., against Order-in-Original No. 822/2019 dated 12.12.2019 passed by the Principal Commissioner of Customs, Bangalore.

2. Briefly the facts are that the appellant had imported products namely Aluminium Bushes Flanges, Aluminium Fitting,

Bolts, Grommet and various other products claiming classification under CTH 8803 9000 of the Customs Tariff. The Revenue alleging that the above products were articles of iron and steel and aluminium rejected the classification under CTH 8803 9000 and reclassified the same under CTH 7616 9990, 7318 1500, 7320 9090, 8108 9090 and 8207 9090. Accordingly confirmed the demand of Rs.2,05,53,718/- under Section 28(8) along with interest and imposed penalty under Section 117 of the Customs Act, 1962. Aggrieved by this order the appellant is in appeal before us.

3. The Learned Chartered Accountant on behalf of the appellant submitted that initially the alleged goods were imported under Notification No.32/1997-Customs dated 01.04.1997 which exempted them on the condition that the goods imported for job work and reexported after utilizing the same. The classification remains the same throughout. It is stated that as per Note 3 of Section XVII of the Customs Tariff specifically provides for classifying the products in question as articles of the relevant chapter falling under Section XVII. Hence, the correct classification would be aircraft parts under CTH 8803 3000/8803 9000. Further, it is stated that the manufacturer-exporter has also classified the subject goods under CTH 8803 as parts of aircrafts. Since, there is no dispute that the products in question are used as parts of aircrafts, the question of reclassifying them as general parts does not arise. Relies on the decision of the Supreme Court in the case of **Westinghouse Saxby Former Ltd. Vs. Commr. of Central Excise, Calcutta: 2021 (3) TMI 291 (S.C.)** dated 08.03.2021.

4. The learned Authorised Representative (AR) on behalf of the Revenue referring to the General Rules of Interpretation and with specific reference to Note 2 of Section XVII to the First Schedule, Customs Tariff covering Chapters 86 to 89 submits that parts of general use of base metal are to be classified either under Chapter 73, 81 or 82 depending upon the description of

the products. Since, the items are undisputedly aluminium articles, bolts, nuts, tools etc., the question of classifying them under CTH 8803 does not arise. Relies on the following decisions:

- **Shiroki Auto components India Pvt. Ltd. Vs. Commissioner of C.Ex. & S.T. (Ahm.) 2020 (374) ELT 433 (Tri. Ahm.) also upheld by the Apex Court.**
- **Pragati Silicons Pvt. Ltd. Vs. Commissioner of C.Ex. Delhi 2007 (211) ELT 534 (S.C.)**
- **Intel Design Systems (India) Pvt. Ltd. Vs. Commissioner of Cus. & C.Ex. 2008 (223) ELT 135 (S.C.)**

5. Heard both sides. The only issue to be decided in the instant case is whether the products in question are classifiable as parts of aircraft under CTH 8803 9000/3000 as claimed by the appellant or under respective Chapters as general articles as alleged by the Revenue. There is no dispute that all the items in question imported by the appellant are used in the aircraft. The Revenue relies on Note 2 of Section XVII of the Customs Tariff to classify the impugned products under CTH 73, 76, 81 and 82 while the appellant relies on Note 3 of Section XVII to classify the same under CTH 8803. For clear understanding of the classification, we need to examine the Section Notes of the relevant Sections which is reproduced below.

Section XVII

Vehicles, Aircraft, Vessels and Associated Transport Equipment

1. This Section does not cover articles of heading 9503 or 9508 or bobsleighs, toboggans and the like of heading 9506.

2. The expressions parts and parts and accessories do not apply to the following articles, whether or not they are identifiable as for the goods of this Section:

(a) joints, washers or the like of any material (classified according to their constituent material or in heading 8484) or other articles of vulcanised rubber other than hard rubber (heading 4016);

(b) parts of general use, as defined in Note 2 to Section XV, of base metal (Section XV), or similar goods of plastics (Chapter 39);

(c) articles of Chapter 82 (tools);

(d) articles of heading 8306;

(e) machines and apparatus of headings 8401 to 8479, or parts thereof, other than the radiators for the articles of this Section, articles of heading 8481 or 8482 or, provided they constitute integral parts of engines and motors, articles of heading 8483;

(f) brushes of a kind used as parts of vehicles (heading 9603).

3. References in Chapters 86 to 88 to parts or accessories do not apply to parts or accessories which are not suitable for use solely or principally with the articles of those Chapters. A part or accessory which answers to a description in two or more of the headings of those Chapters is to be classified under that heading which corresponds to the principal use of that part or accessory.

Section XV

"2. Throughout this Schedule, the expression parts of general use means :

(a) articles of heading 7307, 7312, 7315, 7317 or 7318 and similar articles of other base metal, other than articles specially designed for use exclusively in implants in medical, surgical, dental or veterinary sciences (heading 9021);

(b) springs and leaves for springs, of base metal, other than clock or watch springs (heading 9114);

(c) articles of headings 8301, 8302, 8308, 8310 and frames and mirrors, of base metal, of heading 8306. In Chapters 73 to 76 and 78 to 82 (but not in heading 7315) references to parts of goods do not include references to parts of general use as defined above.

Subject to the preceding paragraph and to Note 1 to Chapter 83, the articles of Chapter 82 or 83 are excluded from Chapters 72 to 76 and 78 to 81.

6. The products imported by the appellant as per the impugned order are Aluminium Bushes Flanges, Aluminium Fitting, Bolts, Grommet and various other products and all these are used in the aircraft which is not disputed. As per the above reading of the Section Note 2 only parts and accessories of general use are to be classified under CTH relevant to articles of iron and steel or aluminium as defined under Note 2 of Section XV reproduced above. Note 3 of Section XVII reads as:

“3. References in Chapters 86 to 88 to parts or accessories do not apply to parts or accessories which are not suitable for use solely or principally with the articles of those Chapters. A part or accessory which answers to a description in two or more of the headings of those Chapters is to be classified under that heading which corresponds to the principal use of that part or accessory”.

7. The HSN Notes under Section XVII under the Heading parts and accessories under Clause (B) reads as follows:

(B) Criterion of sole or principal use.

(1) Parts and accessories classifiable both in Section XVII and in another Section.

Under Section Note 3, parts and accessories which are not suitable for use solely or principally with the articles of Chapters 86 to 88 are excluded from those Chapters.

The effect of Note 3 is therefore that when a part or accessory can fall in one or more other Sections as well as in Section XVII, its final classification is determined by its principal use. Thus the steering gear, braking systems, road wheels, mudguards, etc., used on many of the mobile machines falling in Chapter 84, are virtually identical with those used on the lorries of Chapter 87, and since their principal use is with lorries, such parts and accessories are classified in this Section.

(2) Parts and accessories classifiable in two or more headings of the Section.

Certain parts and accessories are suitable for use on more than one type of vehicle (motor cars, aircraft, motorcycles, etc.); examples of such goods include brakes, steering systems, wheels, axles, etc. Such parts and accessories are to be

classified in the heading relating to the parts and accessories of the vehicles with which they are principally used.

8. In view of the above, a part suitable for solely or principally with the articles of CTH 88 (aircraft) which is not disputed cannot be classified under CTH 73, 76 or 82 as parts of general use. Therefore, we find that the impugned products are rightly classifiable under CTH 8803. We also find that the Bills of Entry placed on record show that the appellant had described the products as tools, bolts, washers, aluminium tube assembly, aluminium bushes, flanges etc. and classified them under CTH 8803. Since, the appellant had correctly described the products and the classification is also upheld, the question of penalty does not arise.

9. The Hon'ble Supreme Court in the case of **Westinghouse Saxby Farmer Ltd.** (supra), while classifying the relays manufactured by the appellant used as railway signalling equipment and referring to Note 3 of Section XVII observed as follows:

"36. What is recognized in Note 3 can be called the "suitability for use test" or 'the user test. While the exclusion under Note 2(f) may be of goods which are capable of being marketed independently as electrical machinery or equipment, for use otherwise than in or as Railway signaling equipment, those parts which are suitable for use solely or principally with an article in Chapter 86 cannot be taken to a different Chapter as the same would negate the very object of group classification. This is made clear by Note 3.

37. It is conceded by the Revenue that the relays manufactured by the appellant are used solely as part of the railway signaling/ traffic control equipment. Therefore, the invocation of Note 2(f) in Section XVII, overlooking the "sole or principal user test" indicated in Note 3, is not justified".

Accordingly, the classification of relays was held to be rightly classified under CTH 8608. In the instance case, as we

have already observed that since there is no dispute that the product in questions was used in the aircraft, they are rightly classifiable under CTH 8803. The decisions relied upon by the Revenue are distinguishable since in the case of *Shiroki Auto components India Pvt. Ltd. Vs. Commissioner of C.Ex. & S.T. (Ahm.)* (supra) seats for motor vehicle were specifically classified under CTH 9401/02. In the case of *Pragati Silicons Pvt. Ltd. Vs. Commissioner of C.Ex. Delhi* (supra), we find that the Apex Court has categorically held that since the name plates of vehicles are rightly classifiable under CTH 8708 as parts/accessories of motor vehicles which is also the case in the present proceedings.

10. Considering all the above facts and decisions, we find that the impugned products are rightly classifiable under CTH 8803 as parts and accessories of aircraft. Consequently, the impugned order is set aside and Appeal is allowed with consequential relief, if any, as per law.

(Order pronounced in Open Court on 11.09.2025.)

(D.M. MISRA)
MEMBER (JUDICIAL)

(R BHAGYA DEVI)
MEMBER (TECHNICAL)

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