# CUSTOMS, EXCISE & SERVICE TAX APPELLATE TRIBUNAL BANGALORE

## REGIONAL BENCH - COURT NO. 2

## Customs Appeal No. 20150 of 2021

(Arising out of Order-in-Original No. BLR-CUSTM-000-COM-006-20-21 dated 20.11.2020 passed by the Commissioner of Customs, Bangalore.)

**Trelleborg India Pvt Ltd**
No. 22-9, Beratena Agrahara Hosur Main Road,
Bengaluru, Karnataka – 560100. ..........**Appellant**

**VERSUS**

**Commissioner of Central Tax & Customs, Bangalore**
C R Building, Queens Road, P B No. 5400,
Bangalore, Karnataka – 560001. .......**Respondent**

**APPEARANCE:**

Mr. Ms. Purvi Asati and Ashutosh Sharma, Advocates for the Assessee.
Mr. M. Sreekanth, Authorized Representative (AR) for the Revenue.

**CORAM:**

**HON'BLE MR. P.A. AUGUSTIAN, MEMBER (JUDICIAL)**
**HON'BLE MR. PULLELA NAGESWARA RAO, MEMBER (TECHNICAL)**

**Final Order No. 20857 /2026**

Date of Hearing: 23.02.2026
Date of Decision: 22.06.2026

**PER: P. A. AUGUSTIAN**

The issues in the present appeal are:

a. whether classification of imported 'floating seals' reclassified by the department under Customs Tariff Heading (CTH) 8484 2000 as 'mechanical seals' is tenable; and

b. whether the demand can be confirmed by invoking the extended period of limitation. The period of dispute is from July 2015 to August 2017 and the show cause notice (SCN) was issued on 01.07.2020.

2. The brief facts are the Appellant is engaged in manufacture and trading of various kinds of seals and bearing. The Appellant had imported floating seals for use in construction machines like excavators, tunnel boring machines, bulldozers, etc. The goods were imported from Korea and classified the same under Customs Tariff Item (CTI) 8431 49 90 as other parts of machinery of Chapter Headings 8426, 8429 and 8430 and availed the benefit of 'Nil' rate of customs duty in terms of Sl.No.702 of Notification No. 152/2009-Cus dated 31.12.2009, since Chapter Heading 8431 of the Customs Tariff Act,1975, covers 'Parts suitable for use solely or principally with the machinery of headings 8425 to 8430'. Further, Appellant also discharged IGST @ 18% as per the Notification No.1/2017-Integrated Tax (Rate) dated 28.06.2017. Alleging that the goods imported by the Appellant are mis-classified for evasion of basic customs duty and they are classifiable under Customs Tariff Item (CTI) 8484 2000 as 'mechanical seals', proceedings were initiated and Show Cause Notice (SCN) was issued on 01.07.2020. Thereafter, Adjudication authority as per the impugned order dated 20.11.2020 re-classified the goods and the demand of differential duty was confirmed along with interest and also appropriated the amount paid by the Appellant. As per the impugned order, the impugned goods were held as liable for confiscation under section 111 (m) of the Customs Act, 1962 and imposed redemption fine of Rs. 1 Crore in lieu of confiscation under section 125 (1) of the Customs Act, 1962. Further penalty equal to differential duty was imposed under Section 114A of the Customs Act, 1962. Aggrieved by said order, present appeal is filed.

3. When the appeal came up for hearing, Learned Counsel for the Appellant submits that the impugned goods imported by the Appellant are special form of seals, which are also known as Duocone seals, Heavy duty seals, face seals, and the like. A floating seal is a metal face

seal energized by O-Rings. It consists of two metal rings and two O-Rings. One metal ring with O-Ring is stationary which will be fixed in the housing, and the other metal ring with O-Ring will have a rotary motion having contact with the stationary ring. By this contact, the seal will prevent mud, dust, water, etc. from entering into the system. Further submits that the impugned goods are exclusively used as parts of construction machines like excavator, bulldozers, transmission dumpers, tractor axles, tunnel boring machines, compactors, etc.

4. Learned Counsel further submits that the finding of the Adjudication Authority is that the claim of the Appellant that the impugned goods are used exclusively as parts and machinery of Customs Tariff Heading (CTH) 8426, 8429 and 8430 is not established from the website of the supplier of the impugned goods and there is no claim of the manufacturer that the impugned goods are used with any particular machines. Learned Counsel also draws our attention to the difference between the mechanical seal and the floating seals and drew our attention to the HSN Explanatory Notes to Tariff Heading 8484 where it is specifically stated that "*These seals act as antivibration devices, bearing actual seals and in some cases, as unions. These seals have numerous applications including in pumps, compressor mixers, agitators and Turbines. They are produced from a variety of material and in various configuration*. Learned Counsel also draws our attention to the Chapter Headings and Chapter Note under Section XVI related to machinery and mechanical appliances. As per Chapter Note 2(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 machines of Heading 8479 or 8543) are to be classified with the machines of 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 Heading 8517 and 8525, 8528 has to be classified under 8517 and Appellant had rightly classified the goods.

5. Learned Counsel further submits that in order to classify goods under the First Schedule to the Customs Tariff Act, 1975 (hereinafter referred to as 'Tariff Act'), it is imperative to scrutinize the goods in light of General Rules of Interpretation (hereinafter referred to as 'GRI') which governs the First Schedule to the Tariff Act and the Explanatory Notes to the Harmonised Commodity Description and Coding System a.k.a. the Harmonised System of Nomenclature (hereinafter referred to as the 'HSN') published by the World Customs Organisation. Learned Counsel further draws our attention to Clause (a) to Note 2 to Section XVI of the First Schedule to the Tariff Act which provides that parts which in themselves constitute article identifiable by name according to their function are to be classified in their respective heading, and not otherwise. Further submits that Clause (b) to Note 2 provides that other parts, if suitable for use solely or principally used with the goods of Customs Tariff Heading (CTH) 8409, 8431, 8448, 8466, 8473, 8503, 8522, 8529 or 8538 are to be classified in respective heading. Further submits that Chapter Heading 8431 of the Customs Tariff Act covers *'Parts suitable for use solely or principally with the machinery of headings 8425 to 8430'*.

6. Learned Counsel further draws our attention to the decisions of the Tribunal in the matter of **Track Parts of India Vs. CC, Calcutta (1999 (113) E.L.T 417(Tri.-Del)) and Sealol Hindustan Ltd Vs. Union of India (1988 (36) E.L.T 283 (Bombay);** where it is held that mechanical seal which are specifically designed for centrifugal pumps or compressor merit classification of parts of centrifugal pumps or compressor as per Note 2(b) to Section XVI of First Schedule to the Customs Tariff Act, 1975. Further, reliance is placed on the decision of **Collector of Customs Vs. Madras Fertilisers** reported in **1990 (45) ELT 339 (Tri),** wherein the Hon'ble Tribunal held that metal-backed carbon rings specially designed for use as parts of ammonia compressor merits classifications under Customs Tariff Heading (CTH) 8411 of the Customs Tariff Act and not under Customs Tariff Heading (CTH) 8484, covering Gaskets, in light of the Note 2(b) to Section XVI of the Customs Tariff Act.

7. Learned Counsel also relied on the following decisions;

i. **Collector of Customs Vs. Kumudam Publications (P) Ltd. 1997 (96) E.L.T. 226 (S.C.)**

ii. **CTR Manufacturing Industries Ltd. Vs. Commissioner of Central Excise, Pune 2003 (156) E.L.T. 990 (Tri. – Mumbai)**

8. Learned Counsel further submits that the impugned goods are sold to M/s. John Deere India Pvt. Ltd., who is engaged in the manufacturing of excavators, bulldozers, etc. The impugned goods were used as parts of these machines, and therefore, they are correctly classifiable under Customs Tariff Heading (CTH) 8431 As regards the contention of the Adjudicating authority that the Appellant was assessing the impugned goods under Customs Tariff Heading (CTH) 8484 instead of Customs Tariff Heading (CTH) 8431 from September, 2017, Learned Counsel submits that it is just because Appellant had classified the impugned goods under Customs Tariff Heading (CTH) 8431 in the relevant period does not mean that classification of the impugned goods are incorrect. In this regard, Leaned Counsel relied on the judgment of the Hon'ble Supreme Court in the matter of **BSNL Vs. Union of India-[2006 (2) STR 161 (SC)]** wherein it is held that principles of *res judicata* does not apply in tax matters as cause of action of each assessment is different. This principle was upheld in the matter of **Maldhari Sales Corporation Vs. Union of India-2016 (334) E.L.T 418 (Del),** maintained by Hon'ble Supreme Court in [**2017 (349) E.L.T A102 (SC)]**. The impugned goods are also classifiable as declared by the Appellant considering the end use of the impugned goods and classification under Customs Tariff Item (CTI) 8484 20 00 adopted by the Revenue is unsustainable.

9. Learned Counsel further submits that the impugned order confirming the demand by invoking the extended period of limitation is also unsustainable since subject goods were correctly and completely described in the Bill of Entry. Thus, there is no mis-declaration. Supplier's invoices in all the cases were submitted to Customs

authorities at the time of import. Further submits that in the case of classification dispute, extended period of limitation cannot be invoked specially when multiple courts have considered classification of the product in question and arrived at different views. In this regard, Learned Counsel relied on the decisions;

i. **M/s Northern Plastic Ltd Vs. Commissioner of Customs & Central Excise (1998 (101) E.L.T 549 (SC))**

ii. **Sirthai Superware India Ltd Vs. CC (2020 (371) E.L.T 324 (Tri.-Mumbai**).

10. As regards confiscation of the goods under Section 111(m), Learned Counsel submits that goods are not liable for confiscation under Section 111(m), as there is no mis-declaration or misclassification by the Appellant. The claiming of a particular classification by the Appellant does not amount of misdeclaration/ misclassification under Section 111(m) of the Customs Act, 1962 and the same is a settled position of law. Learned counsel relied in the matter of **M/s. Hewlett Packard Sales Pvt. Ltd. Vs. Principal Commissioner of Customs, 2025 (6) TMI 556-CESTAT-NEW DELHI.** Hence, confiscation under Section 111 of the Customs Act, 1962 is not sustainable and consequently imposition of redemption fine in lieu of confiscation under Section 125(1) of the Customs Act is also not sustainable. Reliance in this regard is placed on the **Sandan Vikas Vs. Commr. of Cus. New Delhi-2017 (357) E.L.T. 893 (Tri.- Del.),** wherein it was held that confiscation, redemption fine and penalty are not warranted in cases of genuine dispute on classification. As regards imposition of penalty under 114A of the Customs Act, 1962, there is no collusion or wilful suppression of facts for evasion of duty and fact being so, imposing penalty under Section 114A is also unsustainable.

11. Learned Authorized Representative (AR) for the Revenue reiterated the finding in the impugned order and submits that as the seals are used exclusively as parts for machines like excavator, bulldozers, transmission dumpers, tractor axles, tunnel boring

machines, compactors, etc. The corollary that comes out from such assertion is that, if the seals were to be used as parts of different machines not merely for machines classifiable under Customs Tariff Heading (CTH) 8426, 8429 or 8430, the seals are liable to be classified under Customs Tariff Heading (CTH) 8484. Further the goods of the nature of gaskets, 'O' rings and seals are classifiable under Customs Tariff Heading (CTH) 8484 only. Hence, there is no dispute on the understanding that seals imported were not for exclusive use in machines like excavator, bulldozers, transmission dumpers, tractor axles, tunnel boring machines, compactors, etc., would be classified under Customs Tariff Heading (CTH) 8484. Even if these Floating Seals are parts, they have followed the Section Note 2(b), which states that 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 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. But there is no admissible evidence to consider that these Floating Seals are used solely or principally with the machines classifiable under headings 8426, 8429 and 8430.

12. Heard both sides and perused the records.

13. We find that issue is regarding classification of impugned goods, we find that the specific contention of the appellant is that the goods are used exclusively as parts and machinery of Customs Tariff Heading (CTH) 8426, 8429 and 8430 and as per the evidence on record, impugned goods are sold to M/s. John Deere India Pvt. Ltd., who is engaged in the manufacturing of excavators, bulldozers, etc., the impugned goods were used as parts of these machines, and no evidence is adduced by the Revenue to show that the impugned goods are also used in other machines/ equipment, therefore, they are correctly classifiable under Customs Tariff Heading (CTH) 8431. Thus, in the absence of any admissible evidence regarding the end use of the goods, as per the judgment of the Hon’ble High Court of Delhi in the matter of **Maldhari Sales Corporation (supra)** which was upheld by

Hon'ble Supreme Court, the classification of goods under Customs Tariff Item (CTI) 8484 2000 as Mechanical Seals adopted by the Revenue is unsustainable. Further as regards demand confirmed by invoking extended period of limitation, confiscation of goods and penalty, we find that the supplier's invoices in all the cases were submitted to Customs authorities at the time of import. Further, we find there are catena of decisions where in it is held that the in cases of classification dispute, extended period of limitation cannot be invoked.

14. In view of the above discussion apart from the issue on merits the demand confirmed by invoking extended period of limitation, confiscation of goods, redemption fine and penalty imposed by Adjudication Authority are unsustainable and hence the impugned order is liable to be set aside.

15. Accordingly, the impugned order is set aside and the appeal is allowed with consequential relief, if any, in accordance with law.

*(Order was pronounced in Court on 22.06.2026.)*

**(P. A. AUGUSTIAN)**
**MEMBER (JUDICIAL)**

**(PULLELA NAGESWARA RAO)**
**MEMBER (TECHNICAL)**

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