

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

REGIONAL BENCH - COURT NO. 2

**Customs Cross Objection No. 20285 of 2022
in
Customs Appeal No. 20419 of 2022**

(Arising out of Order-in-Appeal No. 713/2022 dated 16.03.2022 passed by the
Commissioner of Customs (Appeals), Bengaluru.)

Principal Commissioner of Customs,
Airport & Air Cargo Complex Commissionerate,
Menzies Aviation Bobba Building,
Devanahalli,
Bangalore – 560 300.

.....**Appellant(s)**

VERSUS

M/s. Tejas Networks Ltd.
Plot No. 25, 5th Floor,
J. P. Software Park,
Electronics City,
Hosur Road,
Bengaluru – 560 100.

.....**Respondent(s)**

WITH

**Customs Cross Objection No. 20284 of 2022
in
Customs Appeal No. 20472 of 2022**

(Arising out of Order-in-Appeal No. 717/2022 dated 16.03.2022 passed by the
Commissioner of Customs (Appeals), Bengaluru.)

Principal Commissioner of Customs,
Air India SATS Airfreight Terminal,
Kempegowda International Airport,
Devanahalli, Bangalore – 560 300.

.....**Appellant(s)**

VERSUS

M/s. Tejas Networks Ltd.
Plot No. 25, 5th Floor,
J. P. Software Park,
Electronics City,
Hosur Road,
Bengaluru – 560 100.

.....**Respondent(s)**

Appearance:

Mr. P.S. Pruthi, Consultant 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. 21169-21170 /2026

Date of Hearing: 20.01.2026

Date of Decision: 17.07.2026

Per : Pullela Nageswara Rao

These 2(two) appeals are filed by the Revenue against the Orders-in-Appeal No. 713/2022 and 717/2022 both dated 16.03.2022 passed by the Commissioner of Customs (Appeals), Bengaluru.

2. The brief facts are that the appellant M/s. Tejas Network Ltd. Bengaluru is a manufacturer of *inter-alia* 'Multiplexers' falling under Customs Tariff Item (CTI) 8517 6270. The appellant, vide bill of entry no. 7848836 dated 08.06.2020 imported 'optical transceivers' and declared as a part of Multiplexer under Customs Tariff Item (CTI) 8517 7090 at 'nil' rate of duty. Revenue did not accept this classification and classified them under Customs Tariff Item (CTI) 8517 6290. Thereafter, M/s. Tejas claimed benefit of Sl. No. 20 of exemption Notification No. 57/2017-Cus dated 30.06.2017 as amended by Notification No. 75/2018 dated 11.10.2018 and 2/2019-Cus dated 29.01.2019, with rate of duty as 10% which was denied to them by Deputy Commissioner of Customs vide Order-in-Original No. 854/2020 dated 17.10.2020. In the meanwhile the classification of 'Transceivers' was decided under Customs Tariff Item (CTI) 8517 7090 by Commissioner (Appeals) Bangalore vide Order-in-Appeal No. 713/2022 dated 16.03.2022. The department on review by the Committee of Commissioners filed Appeal No. C/20419/2022-23 against this Order-in-Appeal No. 713/2022 dated 16.03.2022 before Hon'ble CESTAT.

3. The relevant entry No 20 of Notification No. 57/17-Cus as it stood after amendment by Notification No. 2/2019-Cus is reproduced below:

20	8517 62 90 or 8517 69 90	All goods other than the following goods, namely :- (a) Wrist wearable devices (commonly known as smart watches); (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) and Long Term Evolution (LTE) products	10%
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4. However department contended that the said goods were 'Optical Transport Network (OTN)' products and covered under exclusion clause of Sl. No. 20 of the above notification, accordingly Order-in-Original No. 854/2020 dated 17.10.2020 was issued. Aggrieved by the Order-in-Original dated 17.10.2020 the appellant filed an appeal before Commissioner(Appeals) who vide Order-in-Appeal No. 717/2022 dated 16.03.2022 set aside the Order-in-Original dated 17.10.2020. Aggrieved by the Order-in-Appeal No. 717/2022 dated 16.03.2022, Revenue on Review by the Committee of Commissioners filed Appeal No. C/20419/2022 before this Hon'ble Tribunal.

5. The Respondent filed Cross Objections in both the appeals. Since the issue in both the appeals are similar they are taken together for hearing and disposal by this order.

6. In the appeal filed by the Revenue, the following are the contentions:

- a. Optical Transceivers are used in connection with conversion and transmission of electrical signal and vice a versa. Optical Transceiver is therefore covered under Customs Tariff sub-Heading (CTSH) 8517 62 which covers machines for reception, conversion and transmission or regeneration of voice, image or other data including switching or routing apparatus.
- b. The International Telecommunication Union defines "Optical Transport Network (OTN)" as the transmission of information over optical media in a systemic manner.
- c. The optical transceiver is the basic component of the physical layer as it converts optical signals to electrical signals & vice versa. Hence, it is obvious that the optical transceiver is a key component of any OTN architecture.
- d. Without the capability to convert the optical signals to electrical signals and vice versa, any optical network cannot be designed, hence, it is clear that impugned item has the feature of being a component of 'Optical Transport Network' which is made up of several layers (including physical and software layers).
- e. That Transceiver being Optical Transport Network (OTN) Product is not eligible for exemption under Sl. No. 20 of the Notification No. 57/2017-Cus as amended vide Notification No. 75/2018-Cus dated 11.10.2018 as it comes under exclusion clause.

7. The Respondent in reply to the above contentions of the Revenue submits as under:

I. The classification of transceivers has already attained finality. It has been held that they are part of telecommunication equipment vide CESTAT orders in the following cases:

(a) Reliance **Jio infocomm Ltd., Final order No. A/85669-85671/2022 dated 29.07.2022.**

Further Civil Appeal Nos. 1475-1477/2023 of Revenue against Tribunal's order in the case of Reliance Jio Infocomm Ltd., has been rejected by Hon'ble Supreme Court vide order dated 27.02.2023.

(b) **IBM India Pvt. Ltd., Final order No. A/85426/2024 dated 22.10.2024.**

(c) Tribunal Bangalore in the case of **M/s. Juniper Network Solution, India Pvt; Ltd, Bangalore (Customs Appeal No. 20415 of 2024) vide Final Order No. 21353 - 21528/2024 dated 20.12.2024** has also affirmed classification of Transceiver under Custom Tariff Item (CTI) 8517 7090.

d) Moreover, classification of Transceivers as OTN products has also been rejected in the order of CESTAT in the case of **Reliance Jio Infocomm Ltd.**

IA. Transceivers falling under Customs Tariff Item (CTI) 8517 7090 are unconditionally exempt under Sl. No 5 of Notification No. 57/2017-Cus dated 30.06.2017.

II. OTN (Optical Transport Network) is a High end Telecom Network whose functionality is to accumulate traffic from various networking devices like SDH, Routers, Multiplexers, switches, etc., from the city network and carry the same on National Long Distance (NLD) optical fibre network laid down by the Telecom service provider. In order to achieve the said functionality, many building technical blocks or products are used. These are WDM MUX/ DEMUX, Optical Add/ Drop Multiplexer (OADM), EDFA, WDM

Transponder/ Muxponder, Optical line protection (OLP) card, Variable Optical Attenuator (VOA), etc. Whereas Transceivers are part of Multiplexers and other constituting devices of OTN and not the OTN product itself. Each of these products is an assembly of several components. Amongst the above mentioned products, the transceivers constitute merely the components/ part of WDM MUX etc. The 'Transceiver' is a small component which is mounted on the OTN cards as well like it is mounted on other SDH, Routers, Multiplexers, switches systems.

III. The SFP/ QSFP/ CFP/ CFP2/ OSFP etc., are different variants of 'Optical Transceiver' and as the name suggests, is used for Transmission and Reception of Optical signals and is a hot-pluggable network interface module used for both telecommunication and data communications applications. Its basic function is to interface a network device motherboard to a 'fiber optic' or 'copper networking cable' and to transmit the data on fibre from the equipment, the data has to be converted into light and then alone they can be transmitted on fibre optical cable/ network. The Transceiver/ SFP performs this functionality of conversion of electronic pulses/ signals of data to optical wavelengths which can be transported on Fibre optical cable. The Transceiver thus is a small part which is plugged into the OTN Equipment such as DWDM etc., as well as other SDH, Routers, Multiplexers, switches systems.

IV. The Transceivers have no independent existence of their own like the other machines for the reception, conversion and transmission such as OTN products which are classified under Customs Tariff Item (CTI) 8517 6210 to 8517 6290 or under 8517 6990.

V. Whereas we have given detailed Technical description of OTN products in the cross objections, the Revenue in their appeal has not provided any tangible or technical ground as to why Transceivers should be classified as OTN Products.

VI. Expert Opinion provided by concerned Government Department, that is by the ADG, Dept of Telecom vide Office Memorandum dated 29.10.2019 clearly indicates that the impugned goods cannot be termed as OTN products. (Annexure 3 in Cross Objections). As per Tribunal Rulings provided in the Cross Objections, due cognisance must be taken of Expert Opinion.

8. Heard both sides and perused the records.

9. The issue involved in both the appeals is whether 'Optical Trans receiver' is an 'Optical Transport Network (OTN)' product.

10. The respondent has classified the impugned goods under Customs Tariff Item (CTI) 8517 7090 as 'Optical Trans receiver' whereas Appellant-department classified the impugned goods under Customs Tariff Item (CTI) 8517 6290 as 'Optical Transport Network (OTN)' product and denied the benefit of Sl. No. 20 of exemption Notification No. 57/2017-Cus dated 30.06.2017 as amended by Notification No. 75/2018 dated 11.10.2018 and 2/2019-Cus dated 29.01.2019, which has benefit of rate of duty of 10% on the grounds that the exemption notification excludes 'Optical Transport Network (OTN)' products and confirmed the demand along interest. On appeal before the Commission (Appeals), he has upheld the classification of the goods under customs Customs Tariff Item (CTI) 8517 7090 and allowed the appeals filed by the respondent. The Appellant-Department is in appeal before the Tribunal against the impugned orders of Commissioner (Appeals).

11. We find that classification of the item 'Optical Trans receiver' is no more *res integra* and it is held to be classifiable under Customs Tariff Item (CTI) 8517 7090 in the cases cited at Para 6, supra. Further, SFP/ QSFP/ CFP/ CFP2/ OSFP etc., are different variants of 'Optical Transceiver' and are used for Transmission and Reception of Optical signals and is a hot-pluggable network interface module used for both telecommunication and data communications applications and its basic function is to interface a network device motherboard to a 'fiber optic' or 'copper networking cable' and to transmit the data on fibre from the

equipment, the data has to be converted into light and then alone they can be transmitted on fibre optical cable/ network. We also find that an 'Optical Trans receiver' is used in conversion of an optical signal into an electrical signal and vice versa and it does not perform the functions of an Optical Transport Network (OTN) products like Muxponder, OTN switch, OTN line which is a complete system which does OTN framing, multiplexing, FEC, OAM. Further we find that the Expert Opinion provided by concerned Government Department, ADG, Dept of Telecom vide Office Memorandum dated 29.10.2019 clearly indicates that the impugned goods cannot be termed as OTN products and as per Hon'ble Tribunal Rulings due cognisance must be taken of the Expert Opinion.

12. In view of the above discussion, the classification of the Optical Trans receiver' as a complete Optical Transport Network (OTN) product is not technically correct and it is a component/ part of a OTN product. Hence the classification of the item under Customs Tariff Item(CTI) 8517 7090, as declared by the appellant is proper, hence classifying the impugned product under Customs Tariff Item (CTI) 8517 7090 as held in the impugned orders is liable to be upheld. Accordingly, the impugned orders are upheld, and the appeals filed by the Revenue are dismissed. Further, the Cross Objection filed by the Respondent are also disposed.

(Order was pronounced in open court on 17.07.2026)

(P. A. AUGUSTIAN)
MEMBER (JUDICIAL)

(PULLELA NAGESWARA RAO)
MEMBER (TECHNICAL)

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