CUSTOMS, EXCISE & SERVICE TAX APPELLATE TRIBUNAL
NEW DELHI
PRINCIPAL BENCH, COURT NO. 1

EXCISE APPEAL NO.50168 OF 2025

[Arising out of Order-in-Original No. 24-43/2024-CE dated 29.02.2024 passed by the Principal Additional Director General (Adjudication),New Delhi]

Faridabad Autocomp System P Ltd.,
Faridabad,
Plot No. 311-313, Sector-24, Faridabad
Haryana-121001

Appellant

Vs.

DGGI, (Intelligence), Adjudication Cell,
R.K.Puram, New Delhi
West Block VIII, Wing-6, 2nd Floor, R.K.Puram,
South Delhi-110066

Respondent

Appearance:
Present for the Appellant :Shri Rajiv Agnihotri, Advocate
Present for the Respondent: Shri Rakesh Agarwal, Authorised Representative

CORAM:
HON'BLE MR. JUSTICE DILIP GUPTA, PRESIDENT
HON'BLE MR. P.V.SUBBA RAO, MEMBER (TECHNICAL)

Date of Hearing/Decision: 06/06/2025

FINAL ORDER NO. 50885 /2025

JUSTICE DILIP GUPTA

The issue involved in this appeal that has been filed by a vendor of Maruti Suzuki India Limited, which is engaged in the manufacture of motor vehicles and procures the desired parts and components from vendor, is whether the notional cost of drawings and designs supplied free of cost by Maruti to the vendor should be included in the assessable value of parts or components manufactured by vendor and cleared to Maruti for the purpose of payment of central excise duty.

2. According to the appellant parts or components, being an engineering product, are required to be made as per the requirement of Maruti and it is for this reason that Maruti provides the specifications of the parts or components in the form of drawings free of cost to the potential vendors and seeks quotations. The specifications enable the potential vendors to properly understand the requirements and provide the best price quotations for the manufacture and supply of the desired parts or components. Once the vendor is selected and a letter of intent is issued, the vendor prepares detailed drawings and designs for the products to be supplied, corresponding to the specifications received from Maruti. The final products are then manufactured with the help of detailed drawings and designs prepared by the vendors. According to the vendors, the cost incurred by them towards the manufacturing activity includes the development cost incurred in the preparation of the detailed drawings and designs by them.

3. The department, however, believed that the cost of the specifications supplied by Maruti to the vendor free of cost should be included in the assessable value of the final products manufactured by the vendors in terms of rule 6 of the Central Excise Valuation (Determination of Price of Excisable Goods) Rules, 2002. Accordingly, show cause notices were issued to the vendors. The adjudicating authority confirmed the duty demand holding that the cost of the specifications provided by Maruti has to be included in the assessable value of the product manufactured by the vendors and cleared to Maruti.

4. This issue was examined by a Division Bench of this Tribunal in **Denso India Private Limited** vs. **Additional Director General (Adjudication), New Delhi[1] and it was held as follows:**

> "50. The inevitable conclusion, therefore, that follows from the aforesaid discussion is that the notional cost of drawings and designs supplied free of cost by Maruti to the vendors cannot be included in the assessable value of the parts and components manufactured by vendors and cleared to Maruti for the purpose of payment of central excise duty."

5. For the reasons recorded by the Division Bench of this Tribunal rendered on 12.03.2025, the impugned order dated 29.02.2024 passed by the Additional Director General (Adjudication) deserves to be set aside and is set aside. The appeal is, accordingly, allowed.

(Dictated and pronounced in open court)

(JUSTICE DILIP GUPTA)
PRESIDENT

(P. V. SUBBA RAO)
MEMBER (TECHNICAL)

Tejo

---

1. Excise Appeal No. 52419 of 2022 & others decided on 12.03.2024