

**IN THE CUSTOMS, EXCISE & SERVICE TAX
APPELLATE TRIBUNAL, CHENNAI**

Customs Appeal No. 41109 of 2025

(Arising out of Order in Original No. 3023/2024 dated 28.09.2024 passed by the Principal Commissioner of Customs, Chennai – VII)

M/s. Mobis India Ltd.

G-1, SIPCOT Industrial Park
Irrungattukottai, Sriperumbudur Taluk
Kancheepuram District
Tamil Nadu – 602 117.

Appellant

Vs.

Commissioner of customs

Chennai VII Commissionerate
New Custom House
Air Cargo Complex, Meenambakkam
Chennai – 600 016.

Appellant

APPEARANCE:

Ms. Swetha R.S., Advocate for the Appellant
Smt. Anandalakshmi Ganeshram, Authorized Representative for the Respondent

CORAM

Hon'ble Shri M. Ajit Kumar, Member (Technical)
Hon'ble Shri Ajayan T.V., Member (Judicial)

FINAL ORDER NO. 40292/2026

Date of Hearing : 26.02.2026
Date of Decision: 11.08.2026

Per M. Ajit Kumar,

This appeal is filed against Order in Original No. 3023/2024 dated 28.09.2024 passed by the Principal Commissioner of Customs, Chennai – VII (impugned order).

Factual Matrix

2. The appellant imported "Unit Assy – BCM" (**B.C.M.** – Body Control Module); "Unit Assy – I.B.U." (**I.B.U.** – Integrated Body Unit), and Tyre Pressure Monitor System (**T.P.M.S.**) under various Bills of Entry (**BE**), classifying them under **CTH 9032 8910** and claiming

concessional duty under Notifications No. 152/2009 and 50/2017, while paying applicable IGST. During audit, the Department felt that these goods were not "automatic regulators" of heading 9032 as envisaged in the HSN Explanatory Notes, but constituted "parts and accessories of motor vehicles", specifically 'body control systems', classifiable under CTH 8708 9900, attracting higher BCD and IGST. Accordingly, a Show Cause Notice dated 01.09.2021 demanded differential customs duty of Rs. 1,22,76,931/- with interest and proposed confiscation and penalty. By the impugned order, the Principal Commissioner rejected the appellant's classification, reclassified the goods under CTH 8708 9900, confirmed the duty demand with interest, but dropped the proposal for penalty under Section 112(a) of the Customs Act, 1962. Aggrieved, the appellant has filed the present appeal.

3. Ms. Swetha R.S., Id. Advocate appeared for the appellant and Id. Authorized Representative Smt. Anandalakshmi Ganeshram appeared for the respondent-department.

Submissions made by the Appellant

3.1 Ms. Swetha R.S. Id. Advocate at the outset submitted a chart giving a summary of the impugned goods imported by them under CTH 90328910:

Bills of Entry	Customs Notification No.	IGST Notification No.	Rate of Duty
76	Sl. No. 953 of Customs Notification No. 152/2009	Sl. No. 422 in Schedule - III of Notification No. 01/2017	0% BCD, 10% SWS & 18% IGST
76	Sl. No. 494 of Customs Notification No. 50/2017	Sl. No. 422 in Schedule - III of Notification No. 01/2017	7.5% BCD, 10% SWS & 18% IGST

She further submitted that:

A. The classification of the subject goods, BCM and IBU, is squarely covered in the appellant's favour by Final Order No. 40800/2025 passed by the Chennai Bench of the Hon'ble CESTAT in the appellant's own case.

B. The Assistant Commissioner, vide Order-in-Original No. 114068/2025 dated 29.07.2025, classified the Airbag Control Unit (an ECU similar to BCM/IBU) under CTH 9032 8990 and dropped the duty demand. The Department is therefore estopped from adopting a contrary classification in the present case.

C. The Respondent's reliance on **M/s Continental Automotive Systems India Private Ltd Vs Commissioner of Customs, Delhi** [2024 (3) TMI-CESTAT New Delhi], is misplaced, as that case concerned only PCBs of an ABS Control System, which merely analysed data and did not perform controlling functions, unlike BCM/IBU.

D. This Hon'ble Bench, in **Hyundai Motors India Ltd.** (Final Order Nos. 41308-41310/2024), distinguished **Continental Automotive** and specifically held on the classification of ECUs including BCM. Since the impugned order itself acknowledges BCM as an ECU, the **Hyundai Motors** decision squarely applies.

E. BCM/IBU are sophisticated automotive electronic control systems that regulate and coordinate multiple vehicle functions. They receive sensor inputs, process them through a microprocessor, and control actuators while also functioning as a power distribution centre and communication gateway.

F. BCM/IBU actively regulate vehicle functions by comparing sensor inputs with preset values and issuing control commands. Likewise,

TPMS continuously monitors tyre pressure and provides real-time safety regulation. These goods perform automatic control functions and are not mere data processors.

G. BCM/IBU and TPMS are fundamentally different from simple PCBs or analytical devices considered in **Continental Automotive**. They actively regulate vehicle functions, and the Explanatory Notes to Heading 8708 also exclude such electronic controllers from that heading.

H. The impugned order wrongly classifies the goods under Heading 8708 solely because they are used in automobiles. Classification must depend on the nature and function of the goods, not merely their end use.

I. Classification under Heading 8708 ignores GIR 1 and the relevant Section and Chapter Notes. Note 2(g) to Section XVII expressly excludes Chapter 90 goods from Chapter 87, making BCM/IBU and TPMS classifiable under Heading 9032. Reliance is placed on **Coen Bharat Ltd. v. CCE**.

J. Section XVII Note 2(g) overrides Note 3 and excludes regulating apparatus of Chapter 90 from Heading 8708. BCM/IBU and TPMS measure variables, compare them with preset values, and control outputs, thereby satisfying the description of automatic regulating apparatus under Heading 9032.

K. BCM/IBU and TPMS satisfy Note 7(b) to Chapter 90 as automatic regulating apparatus. They autonomously regulate functions such as wipers, climate control, lighting, and tyre pressure by measuring variables and issuing electrical impulses. The Explanatory Notes to Heading 9032 support classification under CTH 9032.

L. The Department has consistently classified similar goods under CTH 9032 through assessed Bills of Entry and unchallenged adjudication orders, including orders relating to BCMs, Airbag Control Units, and airbag sensors. Applying GIR 3(a), the specific Heading 9032 prevails over the general Heading 8708; alternatively, GIR 3(c) also favours Heading 9032. International rulings likewise support classification of such ECUs outside Heading 8708.

The Id. Counsel prayed that the impugned order may be set aside and their appeal allowed.

Submissions made by the Respondent-Revenue

3.2 Ld. Authorized Representative Smt. Anandalakshmi Ganeshram representing Revenue submitted as follows:

A. The appellant has wrongly classified the imported **BCM/IBU** under **CTH 9032 8910** and incorrectly availed the benefit of Notification No. 152/2009-Cus.

B. The BCM/IBU functions only as a **communication hub**, receiving, processing and transmitting signals between various ECUs, sensors and actuators through CAN and LIN protocols. It merely facilitates communication between input and output devices and does not itself regulate or control any process.

C. The BCM/IBU only executes pre-programmed instructions (algorithms) by transmitting signals to output devices such as wipers, windows and headlights. Since it does not regulate any process or maintain any variable at a desired value, it cannot be regarded as an automatic regulating or controlling apparatus under Heading 9032.

D. Relying on the HSN Explanatory Notes, the Ld. A.R. submitted that the BCM/IBU satisfies the description of a **programmable**

controller under **CTH 8537**, as it uses programmable memory to implement logic and control various machines through digital input/output modules. It further points out that Heading 8537 excludes automatic controllers of Heading 9032, while Heading 9032 expressly excludes programmable controllers of Heading 8537.

E. The BCM/IBU does not satisfy Note 7 to Chapter 90, as it neither continuously measures nor regulates electrical or non-electrical variables such as temperature, pressure, voltage or speed to maintain them at desired values. It merely compares input signals with stored algorithms and issues commands to connected devices.

F. The embedded algorithms only process data and generate output signals, which is characteristic of programmable logic controllers. Hence the BCM/IBU is a communication and control interface rather than an automatic regulating apparatus, and is more appropriately classifiable under **CTH 8537**, particularly since it operates at voltages below 1000V.

G. As per international classification practices, including **US Customs** and **European Union** rulings, similar automotive electronic control units, including Body Control Modules and Powertrain Control Modules, have been classified under tariff headings corresponding to **CTH 8537** and not under Heading 9032. [Ruling No. HQ H222091 dated 25.04.2016 by the US CBP- Customs; US Customs Ruling N244506 dated 28.08.2013; European Union classification; European Union Customs BTI reference ROBTI2019/003339 12.08.2019]

H. In **Siemens Ltd. Vs CCE (2014-TIOL-157-CESTAT-MUM)**, the Tribunal held that programmable logic controllers are classifiable under **CTH 8537** and not under **CTH 9032**, observing that

classification under Heading 9032 requires continuous measurement and regulation of process variables, a condition which, according to the Department, the BCM/IBU does not satisfy.

I. The Ld. A.R. various has submitted various charts and images during the hearing from general sources to explain the functions of the machines. She stated that the items Viz. IBU & BCM are only "Programmable Controllers".

J. The Ld. A.R. submitted that the relied upon CESTAT Order No.40800/2025 dated 07.08.2025 of the Chennai Bench has not been accepted by the department and they were in the process of filing an appeal before the Hon'ble Supreme Court.

Analysis

4. We have heard the parties and perused the appeal memorandum and connected records. We find that the main issue raised by the Appellant is whether "Unit Assy – BCM"; "Unit Assy – I.B.U." and "Tyre Pressure Monitor System" are classifiable under CTH 9032 8910 (Appellant) or under CTH 8708 9900 (Revenue).

5. We find that the classification of "Unit Assy – BCM" and "Unit Assy – I.B.U." are covered by our earlier Order in the Appellants own case. [**Final Order No. 40800/2025, dated: 07.08.2025**]. Relevant portion of the Order is reproduced below:

"4. We have carefully gone through the appeal and the judgments relied upon. We have also heard the rival parties. The dispute centers on whether the goods qualify as:

- Automatic Regulating or Controlling Instruments and Apparatus (CTH 9032), which require continuous or periodic measurement and regulation of variables like flow, level, pressure, temperature, or electrical quantities to maintain a desired value. As stated by the appellant; or*
- Programmable Controllers (CTH 8537), which are digital apparatus using programmable memory to*

control machines via logic, sequencing, timing, counting, and arithmetic functions. As stated by revenue.

5. The classification of choice by the rival parties is as below (underlined);

Appellant

9032		AUTOMATIC	REGULATING	OR
		CONTROLLING		
9032 10	-	Thermostats:		
9032 10 10	---	For refrigerating and	air-conditioning	
		appliances and machinery		
9032 10 90	---	Other		
9032 20	-	Manostats:		
9032 20 10	---	For refrigerating and	air-conditioning	
		appliances and machinery		
9032 20 90	---	Other		
	-	Other instruments and apparatus		
9032 81 00	--	Hydraulic or pneumatic		
9032 89	--	Other		
<u>9032 89 10</u>	---	<u>Electronic automatic regulators</u>		
9032 89 90	---	Other		
9032 90 00	-	Parts and accessories		

Revenue

8537		Boards, panels, consoles, desks, cabinets and other bases, equipped with two or more apparatus of heading 8535 or 8536, for electric control or the distribution of electricity, including those incorporating instruments or apparatus of Chapter 90 and numerical control apparatus, other than switching apparatus of heading 8517
<u>8537 10 00</u>	-	<u>For a voltage not exceeding 1,000 V</u>
8537 20 00	-	For a voltage not exceeding 1,000 V

6. The exemption / concession of Import duty claimed by the appellant as per Sl. No. 953 of Notification No. 152/2009-Customs dated 31.12.2009 (as amended) is reproduced below:-

Sl. No.	Chapter, Heading, Sub-heading or Tariff Item	Description of goods	Rate (in percentage unless otherwise specified)
953	903289	All goods	0.0

7. Para 28 of the impugned order states the functions of the said products and is reproduced below;

“28. Before delving into the classification, the nature of the product has to be known. The show cause notice has itself

furnished the details of function of the impugned products. It goes like this:

"the functions of the items "Unit assy -IB.U & Unit assy -B.C.M which are as follows:

- i) *It is a comprehensive body control module system which is aimed at communicating and integrating the work of all electronic modules through the vehicle bus*
 - j) *BCM is an embedded system that controls load drivers and coordinates activation of auto electronics units.*
 - k) *The microcontrollers and connectors integrated into a BCM constitute the central structural unit of the system responsible for the controlling part. Operating data is transmitted to the control module through input devices*
 - l) *After input signal is processed by the module, a response signal is generated through integrated output devices, including relays and solenoids*
 - m) *A typical Body Control Module (BCM) consists of a microprocessor to control the various-functions of the vehicle's body electronics (power window, wiper, side view mirror, immobilizer, central locking system etc.). Additionally there are parts provided on the BCM platform for the purpose of communication with different ECUs (Electronic Control Units), Instrument Cluster, Sensors, Actuator etc. BCM consists of (i) Input devices: Devices that feed the signal to the BCM and include sensor (Potentiometer, variable resistors, magnetic pickup etc.) and (ii) Output devices: Devices that are tasked with generating a response to the signal received from the input devices (Relays and solenoids are typical examples of output devices in the context of BCM).*
- It is a multi-faceted electronic component that supports multiple functions, the foremost being the monitoring, controlling and regulating a gamut of automotive body electronics. They receive data from input devices and control the output devices, based on such data received through input devices, through actuators.*
- n) *BCM works on the basis of input received from the input devices and the output generated by devices like relay and solenoids. Between these two, are the algorithms and APIs (Application Programming Interface) that define what the action would be and how it will be performed.*
 - o) *Further, it also functions as power distribution centre that supervise and controls functions related to car body such as lights, windows, security, door locks and access control and various comfort controls. It also operates as a gateway for bus and network interface to interact with remote electronic control units (ECU) for other systems*

p) *BCM communicate with other on-board computers via the car's vehicle bus, and its main application is controlling load drivers actuating relays that in tum perform actions in the vehicle such as locking the doors or dimming the interior lighting etc".*

From the above, especially bold ones, that the impugned products control the various features of an automobile. No where there is talk about the involvement of human interface in the operation viz.,a wiper, automatic head lights, etc. Therefore, it becomes obvious that the impugned products function namely control of the various features of the car without any human interface and thus automatic.

The functional description clearly states that the impugned goods are multi-faceted electronic components that supports multiple functions, the foremost being the monitoring, controlling and regulating a gamut of automotive body electronics. In a contrast Programmable Controller or Programmable Logic Controller of Heading 85.37 is generally seen in industrial automation, responsible for processing inputs, executing logic-based control programs, and generating outputs to control machinery and systems. From the examples of case study at para 9 of the impugned order it is seen that the impugned goods contains a measuring device which measure desired parameters with actuals and when found deficient it activates a warning on the dashboard or activate an appropriate response to set right the deficiency noticed. They are more than merely a communication device. They do not control any machines nor do their operations depends on set of predetermined operations or by a human interface. They automatically monitor and maintain the desired variable at pre-determined levels. Revenue has stated that the impugned goods work as per preprogrammed instructions stored in the memory. If the statement is referring to the verification of programmed pre-determined parameters, then it would continue to be a 'Programmable process controllers'.

7.2 Board has issued **Order No. 49/3/97-CX dated 09.05.1997** under section 37B of Central Excise Act, differentiating both Programmable Logic Controller and Programmable Process Controller. The same is reproduced below:-

"2 The following specific differences have been pointed out between two types of controllers

<i>Programmable Logic Controller</i>	<i>Programmable Process Controller</i>
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<i>These are for controlling various types of machines</i>	<i>These are for controlling various types of processes</i>
<i>Operations depends on set of pre-determined operations</i>	<i>Operations depend on factor to be controlled</i>
<i>Operations based on desired sequence of operations</i>	<i>Operation operates basically by continuously monitoring and maintain the variable to be controlled such as pressure, flow, temperature, level etc. with/at predetermined level</i>
<i>No regulatory function</i>	<i>Regulatory function by the continuously monitoring the desired value with actual value and bringing variable to be controlled to the desirable value</i>
<i>Conventionally it is relay based panel for electric control with timer and switches</i>	<i>Regulating apparatus for process control for continuous process governing</i>
<i>Relay based panel has been upgraded to programmable controller commonly known as programmable logic controller by using micro processor for storing and doing sequence of operations</i>	<i>Micro processors are used for doing complex storing and algorithms primarily for controlling. These are commonly known as controllers e.g. digital distributed control system, distributed control system</i>

3. The matter has been re-examined by the Board in consultation with the Dept. of Electronics. Their opinion is reproduced below:- (i) The programmable controllers covered under heading 85.37: They perform specific functions such as logic instruments timing etc. to control various types of machines in a plant.

(ii) The automatic regulating or controlling instruments and apparatus under heading No. 90.32: They may be considered as industrial process control systems satisfying criteria mentioned in No. 90.32. These are primarily used for controlling/maintaining the flow, level, pressure or variables of liquids or gases or for automatically controlling temperature of a process (may be refinery, steel, chemical industry) at the present level. They can perform functions both sequence logic and different control strategies like Proportionalintegral differential (PID) control and other forms of control.

The Ld. Commissioner has examined the functions of the impugned goods with the above circular at para 34 and 35 of the impugned order which is reproduced below.

“34. The impugned products do not control various types of machines. It controls various features of the car. Secondly, there are various features to be controlled for example automatic head light; automatic wiper control systems. Moreover, the desired factor to be controlled varies with the local situation. It is not at just one level that is predetermined. Thirdly, the impugned items gets inputs and compares them with the desired level and gives out put signals accordingly. This is a continuous one. Fourthly, the role of the impugned item as a regulatory one is beyond doubt. It compares the inputs received with the desired value and accordingly sends corrective signals. Fifthly, the impugned items are not just / more than the conventional relay based panel for electric control with timer and switches. Instead, its control /monitoring is a continuous one. Sixthly the impugned products use micro processors for storing the algorithms for control and is not just relay based panel. The availability of algorithm in the subject goods has been accepted by the show cause notice itself. It is obvious from the above referred order of the Board the PLC does not have algorithm. On the other hand the PPC uses zigorithm for controlling. Thus, it emerges that the impugned items fall under the category of "programmable process controller" only. They cannot be categorised as programmable logic controller.

35. The features of the impugned products have been brought out above in detail. Going by that and in line with the Order No.49/3/97CX dated 9.5.1997 stated above, it could be seen that the impugned items answer the requirements envisaged in Notes 7(a) and (b) of Chapter 90 specifically for the heading 9032.”

8. We find that the impugned order has given detailed reasons for the decision and has also followed the guidelines of the above Board’s Circular dated 09.05.1997 which is binding on departmental officers. [See: **Union of India & Others Vs Arviva Industries (I) Ltd & Others** [2007 -TMI - 1095 – (SUPREME COURT OF INDIA)]. Hence we do not find any merit in the appeal and the same is rejected. The appeal is disposed of accordingly. The cross-objection filed by the respondent stands disposed of accordingly.”

5.1 The Revenue has not placed on record any judgment or order of a superior judicial forum staying, reversing, modifying or setting aside the aforesaid Final Order. In the absence of any such contrary decision, judicial discipline requires us to follow the said order. Consequently, the classification of "Unit Assy – BCM" and "Unit Assy – I.B.U." stands concluded by the aforesaid Final Order.

6. The classification of the Tyre Pressure Monitoring System (**T.P.M.S.**) did not fall for consideration in the above Final Order No. 40800/2025. 6.1 We find that the said items has been grouped together with the Unit Assy – BCM (Body Control Module) and Unit Assy – I.B.U. (Integrated Body Unit), covered by the impugned order, and treated as a species of Electronic Control Unit (**ECU**). The appellant has classified the goods under Tariff Item 9032 8910.

6.1 We find that neither the show cause notice nor the impugned order sets out the functional characteristics of the T.P.M.S. as part of the foundational facts necessary to justify its proposed classification under Tariff Item 8708 9900. The description and functioning of the product appear only in the Appellant's reply dated 04.06.2024, referred to in paragraphs 11(xiii) to (xv) of the impugned order. Beyond describing the product in general terms as an ECU, the impugned order contains little independent analysis of its nature, functions or the basis for its classification. In **Hyundai Motors** (supra), the Tribunal speaking through one of us [Shri M. Ajit Kumar, Member (Technical)], after examining a Coordinate Bench order in **Continental Automotive Systems** (supra) held as under:

“12.26 . . . We find that ECU is a generic name. It is not unique to motor vehicles and is used in domestic machines like refrigerators, washing machine, dish washers etc. and also in industrial machines. Even in motor vehicles there are known to be between 1 to more than 70 ECU's. They include body control modules for the door, seat, power lock, airbag, air condition system etc. and powertrain control modules which includes anti-lock brake system (ABS), engine control unit, transmission control unit etc. Each ECU performs separate functions as per the machine and mechanism it is a part of and is not comparable to another. Hence the classification of each ECU for the purpose of assessment as per the Tariff must be considered separately.”

6.2 In the absence of any such discussion, and having regard to the principles laid down in Final Order No. 40800/2025, we are of the considered view that the Revenue has failed to discharge the burden of establishing the proposed classification under Tariff Item 8708 9900.

In **HPL Chemicals Ltd Vs Commissioner of Central Excise, Chandigarh** [2006 (197) ELT 324 (SC)] the Hon'ble Supreme Court held that:

'28. This apart, classification of goods is a matter relating to chargeability and the burden of proof is squarely upon the Revenue. **If the Department intends to classify the goods under a particular heading or sub- heading different from that claimed by the assessee, the Department has to adduce proper evidence and discharge the burden of proof.** In the present case the said burden has not been discharged at all by the Revenue.'
(emphasis added)

6.3 The above paragraph would also be applicable to this appeal. Consequently, the classification adopted by the appellant under Tariff Item 9032 8910 deserves to be accepted. The impugned order hence cannot be sustained and the demand with interest merits to be set aside.

Conclusion

Accordingly we set aside the impugned Order and allow the appeal. The appellant is eligible for consequential relief, if any, as per law. The appeal is disposed of accordingly.

(Order pronounced in open court on 11.08.2026)

Sd/-
(AJAYAN T.V.)
Member (Judicial)

Sd/-
(M. AJIT KUMAR)
Member (Technical)

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