CUSTOMS, EXCISE & SERVICE TAX APPELLATE TRIBUNAL

NEW DELHI

PRINCIPAL BENCH- COURT NO. I

Customs Appeal No. 50135 of 2024

(Arising out of Order-in-Original No. 01/SB/COMMR/ACE/2023 dated 02.06.2023 passed by Pr. Commissioner of Customs, Air Cargo Complex (Export), New Delhi.)

M/s. N.R. Computech **...... Appellant**

(Mr. Bharat Jain). Room No. 2D,
3rd Floor, Karanjia Building,
M.S. Ali Road, Grant Road
East, Opposite Mochi Showroom,
Mumbai-400007,
Maharashtra State,

Versus

Commissioner of Customs **...... Respondent**
(Air Cargo Complex(Export),
New Delhi

APPEARANCE:

Mr. S.K. Swaminathan, Consultant for the Appellant
Mr. Girijesh Kumar, Authorised Representative of the Department

CORAM:

HON'BLE DR. RACHNA GUPTA, OFFICIATING PRESIDENT
HON'BLE MS. HEMAMBIKA R. PRIYA, MEMBER (TECHNICAL)

DATE OF HEARING: 14.07.2026
DATE OF DECISION 19.08.2026

FINAL ORDER NO. 51341/2026

DR. RACHNA GUPTA

M/s N.R. Computech, the appellant herein is an importer. The intelligence was gathered that the appellant is importing goods by claiming wrong exemption benefit. While going through the import manifest filed by the authorised courier M/s DHL Express Ltd, New Courier Terminal, it was noticed that vide Airway Bill No. 2728987800, the importer has imported a consignment of 100 pieces describing the goods contained in it as "laptop, LCD Panel". The goods were imported by mis-classifying them under the tariff item 84733099 of the first schedule of Customs Tariff Act, 1975 so as to avail the inadmissible nil Basic Customs Duty[1]. Department formed an opinion that goods are classifiable under tariff item 85241100 attracting 15% BCD ad valorem. In view of these observations, the goods were kept on hold by the Special Intelligence and Investigation Branch[2] for examination thereof. The documents related to said airway bill that is commercial invoice dated 18.7.2022 was also called from the custodian from which the value of the goods was also found to be on lower side.

2. On being inquired, the importer vide letter dated 25.08.2022 submitted that he has imported goods to be used for resale to supply to dealers and retailers of laptop, so they could supply to end user for replacing faulty laptop LCD screens, it was also submitted that the goods were not equipped with the components for converting video signals example scalar IC, decoder IC or application processor. The importer also provided the product specifications of both the models of goods imported wherefrom department observed that the imported goods are with Light Emitting Diode[3] back light instead of fluorescent backlight. Thus the goods alleged to be LED/ Liquid Crystal Displays[4] with diode emitting backlight without equipment of any component or any converting video signals. Accordingly and also from the reading of note number 7 of Chapter 85 of Custom Tariff Act, 1975, the imported goods were proposed to be classifiable under tariff item 85241900 which attracts 15% BCD.

2.1 For the better clarity about the nature of goods, the goods were also examined by the customs approved chartered engineer who vide

1 BCD
2 SIIB
3 LED
4 LCD

report dated 04.11.2022 confirmed that the goods appear to be LED displays. Also keeping in view the admission of the appellant in his statement recorded under section 108 of Customs Act, 1962 about the admission of importing same goods in past also, the value of goods imported by the appellants and the duty payable thereon in respect of the live consignment in question plus in respect of the remaining 16 past consignments was proposed to be recalculated vide show cause notice 03/2022 dated 24.11.2022 @ Rs. 6000/- per piece with the total re-determined value of Rs. 2,70,60,000/-. Hence the short levied duty to the tune of Rs. 94,22,093/- was proposed to be recovered from the appellant. The goods of the live consignment were proposed confiscation in terms of Section 111(m) of the Customs Act, 1962.

2.2 The value of the live consignment was proposed to be re-determined at Rs. 60 lakhs, the amount of duty of Rs. 22,48,200/- was proposed to be recovered on the said re-determined value. Penalties were also proposed to be imposed on the importer appellant under section 112(a) (ii) and under section 114AA of the Customs Act, 1962. The aforesaid proposal has been confirmed vide the Order-in-original No. 01/2023 dated 02.06.2023, however, duty amounting to Rs. 7,75,865/- with respect to 16 past courier bills and of Rs. 5,83,801/- on the live consignment was confirmed with such amount of penalties as mentioned in the order. The bank guarantee of Rs. 25 lakh was ordered to be encashed for appropriation towards realization of duties and imposed penalties. Being aggrieved of the said order, the appellant is before this Tribunal.

3. We have heard Mr. S. K. Swaminathan, learned consultant for the appellant and Mr. Girijesh Kumar[5], learned authorised representative for the department.

4. Learned consultant for the appellant submitted that note 7 of Chapter 85 is wrongly considered as the basis for holding that the goods are classifiable under 85241900 instead of classification declared by the appellant under tariff item 84733099. It is submitted that the proprietor of appellant has categorically stated that the imported items are LCD panels with end use thereof in repair of faulty laptop, LCD screen. Thus the goods have wrongly been classified as flat panel displays. The imported goods are specifically made for laptop computers and are compatible with limited models of laptop of different brands. The same cannot be used for any other purpose or with any other device or apparatus.

4.1 Learned counsel further impressed upon that even the automatic data processing machines of CTH 8524 are eligible for duty exemption in terms of serial no. 29 of notification no. 24/2005-Cus dated 01.03.2005 however, the adjudicating authority has wrongly declined the said submission on a presumptive ground that the said exemption is available only on liquid crystal devices whereas the imported product is a Light Emitting Diode. The show cause notice para 6 & 9.2 thereof acknowledges that at the time of examination the goods were found to be laptop, LCD panels. The findings of the original authority are contrary to those observations. The Chartered Engineer report has wrongly been relied upon where a presumptive finding for the goods to be LED panels has wrongly been arrived upon. The report otherwise only state that the goods seem and appear to be LED displays. Such

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5 AR

report has wrongly been relied for re-determination and confirmation of differential duty demand. Learned counsel has also submitted about the physically verified properties of LCD and LED panels. The classification of imported LCD panels cannot be made separately but is required to be made according to section note 4 read with section note 5 of section XVI of customs tariff. Hence, the classification of impugned goods shall be under the same heading under which automatic data processing system/ computers/ laptops are classified i.e. 84713010.

4.2 The demand with respect to past consignments is also alleged to be merely presumptive demand and is rather objected as being barred by time. It is submitted that department had full knowledge of the fact about the impugned imported goods/ laptop, LCD panel being classified under 84733099 attracting nil BCD in terms of Notification No. 24/25 but still the department invoked extended period of limitation. There is no suppression of fact on part of the appellant, the impugned order is liable to be set aside for the said reason itself. For the same reason no question arises for imposition of any penalty on the appellant. With these submissions, the order under challenge is prayed to be set aside and appeal is prayed to be allowed.

5. While rebutting these submissions, Ld. DR submitted that the importer appellant has wrongly converted a specifically classified article i.e. the flat panel display into the mere part of the computer. It is submitted that the Hon'ble Supreme Court has repeatedly emphasized that the classification must depend upon the objective characteristic and properties of the imported goods and should not depend upon marketing description and intended application. CTH 8473 is mentioned to be a general heading covering parts and

accessories of the computers whereas CTH 8524 specifically covers flat panel display modules. Learned DR submitted that once the imported goods satisfied the description of flat panel display modules resort to the general heading of "parts is legally impermissible". The decision of Hon'ble Supreme Court in the case of **Commissioner of Customs (Import) vs. Welkin Food reported as 226 (38) CENTAX 104. S.C.** is relied upon wherein it has been held that the classification of the goods has to be based upon the identity of the goods at the time of import and not on their eventual use. Since the goods at the time of examination were the flat display panels which the chartered engineer has reported to be LED panels, the end use of those panels with computer cannot be the criteria for deciding the classification. With these submissions, the order under challenge is mentioned to be well reasoned order. The appeal is, accordingly, prayed to be dismissed.

6. Having heard both the parties perusing the entire record, the following issue is observed to be the point of contention for the present adjudication.

7. Whether the goods imported by the appellants i.e. Laptop, LCD panels (two models, both of INNOLUX brand) are classifiable under CTH 84733099 as is declared by the appellants which attracts nil BCD or the goods are classifiable under tariff item 85241100 as alleged by the department which attracts 15% BCD ad volerum.

8. To adjudicate the said issue we recognize that the classification disputes, particularly, in the harmonise nomenclature i.e. HSN era require careful consideration of set of notes and interpretational rules

which are referred to as General Rules of Interpretation[6]. The rules reads as follows:

> 27. The First Schedule of the Act, 1975, outlines the principles that govern the classification of goods under the schedule and are commonly referred to as the General Rules for Interpretation (hereinafter referred to as "GRI"). They are as follows:
>
> 1. The titles of Sections, Chapters and Sub-Chapters are provided for ease of reference only; for legal purposes, classification shall be determined according to the terms of the headings and any relative Section or Chapter Notes and, provided such headings or Notes do not otherwise require, according to the following provisions.
>
> 2. (a) Any reference in a heading to an article shall be taken to include a reference to that article incomplete or unfinished, provided that, as presented, the incomplete or unfinished article has the essential character of the complete or finished article. It shall also be taken to include a reference to that article complete or finished (or falling to be classified as complete or, finished by virtue of this rule), presented unassembled or disassembled.
>
> 2. (b) Any reference in a heading to a material or substance shall be taken to include a reference to mixtures or combinations of that material or substance with other materials or substances. Any reference to goods of a given material or substance shall be taken to include a reference to goods consisting wholly or partly of such material or substance. The classification of goods consisting of more than one material or substance shall be according to the principles of rule 3.
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> 3. When by application of rule 2(b) or for any other reason, goods are, prima facie, classifiable under two or more headings, classification shall be effected as follows:
>
> > (a) the heading which provides the most specific description shall be preferred to headings providing a more general description. However, when two or more headings each refer to part only of the materials or substances contained in mixed or composite goods or to part only of the items in a set put up for retail sale, those headings are to be regarded as equally specific in relation to those goods, even if one of them gives a more complete or precise description of the goods.
> >
> > (b) mixtures, composite goods consisting of different materials or made up of different components, and goods put up in sets for retail sale, which cannot be classified by reference to (a), shall be classified, as if they consisted of the material or component which gives them their essential character, insofar as this criterion is applicable.
> >
> > (c) when goods cannot be classified by reference to (a) or (b), they shall be classified under the heading which occurs last in numerical order among those which equally merit consideration.

6 GRI

> 4. Goods which cannot be classified in accordance with the above rules shall be classified under the heading appropriate to the goods to which they are most akin.
>
> 5. In addition to the foregoing provisions, the following rules shall apply in respect of the goods referred to therein:
>
> (a) camera cases, musical instrument cases, gun cases, drawing instrument cases, necklace cases and similar containers, specially shaped or fitted to contain a specific article or set of articles, suitable for long-term use and presented with the articles for which they are intended, shall be classified with such articles when of a kind normally sold therewith. This rule does not, however, apply to containers which give the whole its essential character;
>
> (b) subject to the provisions of (a) above, packing materials and packing containers presented with the goods therein shall be classified with the goods if they are of a kind normally used for packing such goods. However, this provision does not apply when such packing materials or packing containers are clearly suitable for repetitive use.
>
> 6. For legal purposes, the classification of goods in the sub-headings of a heading shall be determined according to the terms of those sub-headings and any related subheading Notes and, mutatis mutandis, to the above rules, on the understanding that only sub-headings at the same level are comparable. For the purposes of this rule the relative Section and Chapter Notes also apply, unless the context otherwise requires.

9. The Hon'ble Supreme Court has reportedly held that GRIs must be applied sequentially, we draw our support from the decision in the case of **Commissioner of Central Excise, Nagpur vs. Simplex Mills Committee Ltd reported in (2005) 3 SCC 51**. In another decision titled as **Secure Meters Ltd vs. Commissioner of Customs, New Delhi reported in (2015) 14 SCC 239** it was held:

> "GRI 1, which gives primacy to the headings and notes, is the non-negotiable starting point. GRI 2, which deals with incomplete, unassembled or composite goods or mixtures, often acts as an extension of GRI 1, by deeming the headings to include incomplete/unassembled goods or mixtures or combinations of a material or substance. GRI 3 is only invoked when the application of GRI 1 and/or GRI 2 results in a good being prima facie classifiable under two or more competing headings. GRI 3 exists solely to resolve this tie. GRI 4, the rule of last resort, is mutually exclusive to GRI 3 and is only invoked if GRI 1 and 2 have failed to find even one possible heading for the good."

10. We further recognize that the official interpretation of HSN as provided in the explanatory notes published by the World Customs

Organization form the foundation for interpreting the HSN. We draw our support from the decision in the case of **Commissioner of Central Excise, Salem vs Madhan Agro Industries (India) Pvt Ltd) reported as 2024 SCC OnLine SC 3775** wherein it was held as follows:

> "16. Ergo, in resolving disputes relating to tariff description and classification, a ready reckoner is the internationally accepted nomenclature in the HSN. That being said, we must hasten to reiterate what was pointed out in Wood Craft Products Ltd.. If the headings/entries in the First Schedule to the Act of 1985 are different from the headings/entries in the HSN or if they are not fully aligned, reliance cannot be placed upon the HSN for the purpose of classifying those goods under the Act of 1985.
> 17. To sum up, the First Schedule to the Act of 1985 is based on the HSN, which is an internationally standardized system developed and maintained by the World Customs Organization for classifying products, and unless the intention to the contrary is found within the Act of 1985 itself, the HSN and the Explanatory Notes thereto, being the official interpretation of the Harmonized System at the international level, would be of binding guidance in understanding and giving effect to the headings in the First Schedule.

11. Now we peruse the entries in question:

Tariff Item	Description of goods		Unit	Rate of Duty	
				Standard	Preferential Areas
(1)	(2)		(3)	(4)	(5)
8473		**Parts and accessories (other than covers, carrying cases and the like) suitable for use solely or principally with machines of headings 8470 to 8472**			
	-	Parts and accessories of the machines of heading 8470:			
8473 21 00	--	Of the electronic calculating machines of sub-heading 8470 10, 8470 21 or 8471 29	kg	Free	-
8473 29 00	--	Other	kg	Free	-
8473 30	-	Parts and accessories of the machines of heading 8471:			
8473 30 10	---	Microprocessors	[u]	Free	-
8473 30 20	---	Motherboards	[u]	Free	-
8473 30 30	---	Other mounted printed circuit boards	[u]	Free	-
8473 30 40	---	Head stack	[u]	Free	-
[8473 30 50		* * * *	*	*	*]
[8473 30 60		* * * *	*	*	*]
	---	Other:			
8473 30 91	---	Network access controllers	[u]	Free	-
8473 30 92	---	Graphic and intelligence based script technology (GIST) cards for multilingual computers	[u]	Free	-
8473 30 99	---	Other	[u]	Free	-

The bare perusal that for any article to be classified under CTH 847390 it has to be part or accessory of automatic data processing machines and units thereof or such other machines of heading 8471. Whereas under CTH 8524, the flat panel display modules whether or not incorporating touch sensitive screen get classified. This screen may be either of LCD or LED or even OLED display technologies.

12. The appellant has impressed upon his goods to be the Laptop monitors which admittedly are flat display modules still denied to be classifiable under 8524. The only reason for the denial is that the goods are specifically to be used with the computers as the computer display panel. The law now stands settled that when the tariff heading contains the specific (EO NOMINI) description of the good, the importer cannot rely upon the end use thereof to change the classification. Drawing our support from **Welkin Food (Supra)** case, we observe that the Co-nominee identity of the imported goods whether seen from the appellants own statement under 108 of the Customs Act or from the Chartered Engineer’s report continues to remain that of flat panel display module. The imported goods is not integrated into the computer and is capable of being presented separately for this sole reason it comes out of the scope of being called as part or accessory of the computer.

13. Further we observe that the Chapter Note ii of CTH 8524 reads as follows:

> “The articles of this heading are designed to be attached to or incorporated in a wide range of apparatus (e.g., refrigerators, automatic data processing machines, mobile phones and devices for transmission or reception of images or data, digital cameras and video camera recorders, monitors and reception apparatus for television and motor vehicles for the transport of persons).

> However, flat panel display modules that are not integrated into other apparatus and presented separately are classified in this heading rather than the heading in which the finished products with flat panel display modules are classified."

14. Further we observe that certain flat panels have been excluded from the scope of 8524 which are as follows:

> The heading excludes, inter alia:
>
> (a) Flat panel display modules with video-converting components (usually articles of headings 85.17, 85.28
>
> (b) Visual signaling apparatus (indicator panel) incorporating flat panel display modules (heading 85.31)."
>
> (c) Measuring or checking apparatus incorporating flat panel display modules (Generally Chapter 90).
>
> (d) Musical instruments, incorporating flat panel display modules (Chapter 92).
>
> (e) All goods of Chapter 95 incorporating flat panel display modules (e.g., video game consoles, toys, games, exercise equipment and sport requisites, etc.).

15. The bare perusal corroborates the findings that flat panel display when are not integrated with any other devices it has to be classified under CTH 8524 only. It is clear that the CTH declared by the appellant for the imported goods is not correct. The goods in question is none of these categories and hence cannot be considered as excluded from the category of flat panel display.

16. The Chapter Note 7 of Chapter 85 is most relevant as is also relied upon by the Adjudicating Authority below. It reads as follows:

> "For the purposes of heading 8524, "flat panel display modules" refer to devices or apparatus for the display of information, equipped at a minimum with a display screen, which are designed to be incorporated into articles of other heading prior to use. Display screens for flat panel display modules include, but are not limited to, those which are flat, curved, flexible, foldable or stretchable in form. Flat panel display Pixels on the display. However, heading 8524 does not include display modules which are equipped with components for

> converting video signals (e.g., a scaler IC, decoder IC or application processer) or have otherwise assumed the character of goods of other headings.
>
> For the classification of flat panel display modules defined in this Note, heading 8524 shall take precedence over any other heading in the Nomenclature."

It is appellant's own admission vide the statement as well as vide their letter dated 25.08.2022 that the imported goods are not equipped with the components for converting video signals like scalar IC, decoder IC processors etc. This observation is sufficient for us to hold that the more appropriate classification for the goods in question is under CTH 8524 and not under CTH 8473.

17. In the light of this discussion, GRI 1 stands satisfied in favour of 8425. GRI 2 is not applicable in the given facts and circumstances. GRI 3 is appropriate when appellant's own contention present in the case of overlapping entries. Rule 3(b) says that the heading which occurs last in the numerical order among those which equally merit consideration; CTH 8524 is thus applicable. Finally keeping in view that the display module/LCD Laptop display retains the independent identity as that of flat panel display module it's end use in the Laptop cannot be criteria. Support is drawn from **Welkin Foods (Supra)** case. Any classification based on the technical distinction between LCD or LED panels is also of no relevance at the point of import.

18. In the totality of entire discussion as above, we hold that the product imported by the appellant is the flat display panel classifiable under CTH 8524 which attracts BCD @ 15%. Since the appellant had taken the benefit of nil BCD while importing the impugned goods by wrongly classifying them under 8473, we find no infirmity in the impugned order demand of the differential duty of customs has been confirmed and is ordered to be recovered from the appellant. The

order as whole is, accordingly, upheld. Consequent thereto, the present appeal is dismissed.

(Order pronounced in the Open Court on 19.08.2026)

(RACHNA GUPTA)
OFFICIATING PRESIDENT

(HEMAMBIKA R. PRIYA)
MEMBER (TECHNICAL)

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