CUSTOMS, EXCISE AND SERVICE TAX APPELLATE TRIBUNAL
CHENNAI

REGIONAL BENCH – COURT No. I

Customs Appeal No. 40333 of 2023

(Arising out of Order-in-Original No. 101389/2023 dated 06.03.2023 passed by the Commissioner of Customs, No. 60, Rajaji Salai, Custom House, Chennai – 600 001)

M/s. Mobis India Module Private Ltd. **...Appellant**
Survey No. 142, Part 143, Part 194,
Erramanchi Village,
Penukonda,
Anantapur,
Andhra Pradesh – 515 110.

Versus

Commissioner of Customs **...Respondent**
Chennai II Commissionerate,
No. 60, Rajaji Salai,
Custom House,
Chennai – 600 001.

And

Customs Appeal No. 40477 of 2023

(Arising out of Order-in-Original No. 234/2023-AIR dated 15.04.2023 passed by the Commissioner of Customs (Air Cargo), New Custom House, Meenambakkam, Chennai – 600 016)

M/s. Mobis India Module Private Ltd. **...Appellant**
Survey No. 142, Part 143, Part 194,
Erramanchi Village,
Penukonda,
Anantapur,
Andhra Pradesh – 515 110.

Versus

Commissioner of Customs **...Respondent**
Chennai VII Commissionerate,
New Custom House,
Meenambakkam,
Chennai – 600 016.

APPEARANCE:

For the Appellant : Ms. Hema Muralikrishnan, Advocate
Ms. Niranjana N., Advocate
For the Respondents : Ms. O.M. Reena, Authorised Representative

CORAM:
HON'BLE MR. VASA SESHAGIRI RAO, MEMBER (TECHNICAL)
HON'BLE MR. AJAYAN T.V., MEMBER (JUDICIAL)

FINAL ORDER Nos. 41074-41075 / 2026

DATE OF HEARING : 13.04.2026
DATE OF DECISION : 09.10.2026

Per Mr. VASA SESHAGIRI RAO

These two appeals arise out of separate Orders-in-Original passed against M/s. Mobis India Module Private Limited (hereinafter referred to as "the appellant") and involve identical disputes relating to the classification of the imported goods described as "LOCK ASSY-STEERING, ELECTRIC (81900-F9700)", imported from Korea. Accordingly, both the appeals are taken up together for disposal by this common order. Appeal No. C/40477/2023 arises out of the Show Cause Notice dated 19.04.2022, covering the period from September 2019 to January 2020, and involves a differential duty demand of Rs. 63,50,511/- and a penalty of Rs. 3,00,000/-. Appeal No. C/40333/2023 arises out of the Show Cause Notice dated 21.11.2022, covering the period from November 2020 to November 2022, and involves a differential duty demand of Rs. 6,96,07,878/-, a redemption fine of Rs. 4,90,00,000/-, and a penalty of Rs. 35,00,000/-.

2. The brief facts, as borne out from the records, are that the appellant imported "LOCK ASSY-STEERING, ELECTRIC (81900-F9700)" from Korea through various Bills

of Entry and classified the same under CTH 8708 9900 as "other parts and accessories" of motor vehicles, while availing the benefit of concessional Basic Customs Duty under Sl. No. 896 of Notification No. 152/2009-Cus. dated 31.12.2009 under the India-Korea Department PTA. During post-clearance audit, the Department entertained a view that the goods were classifiable under CTH 8708 9400, covering "steering wheels, steering columns and steering boxes; parts thereof", attracting higher duty, and accordingly issued Show Cause Notices proposing reclassification, recovery of differential duty, confiscation, redemption fine, and penalties, which ultimately came to be confirmed by the adjudicating authority.

3.1 The Ld. Advocates Ms. Hema Muralikrishnan and Ms. Niranjana, appearing for the appellant, submitted that the imported goods were merely steering locks functioning as anti-theft devices and not steering components involved in the steering operation of the vehicle. They submitted that the steering wheel and steering columns remain fully functional even without the steering lock and, therefore, the imported goods cannot be regarded as "parts" of steering system falling under CTH 8708 9400. It was argued that the goods were correctly classifiable under the residual entry, CTH 8708 9900, covering other parts and accessories of

motor vehicles. Reliance was placed upon the decisions in *Commissioner v. Insulation Electrical (P) Ltd., 2008 (224) E.L.T. 512 (S.C.); State of Uttar Pradesh v. Kores (India) Ltd., AIR 1977 SC 132; United Cable Industries v. CCE, 2000 (119) E.L.T. 668 (Tri.),* affirmed in *2002 (141) E.L.T. A280 (S.C.); Nicco Corporation v. CCE, 2006 (203) E.L.T. 362 (S.C.); Calcutta Springs Ltd., 2008 (229) E.L.T. 161 (S.C.); Northern Plastics Ltd., 1998 (101) E.L.T. 549 (S.C.); Hindustan Ferodo Ltd., 1997 (89) E.L.T. 16 (S.C.);* and *Komal Trading Co., 2014 (301) E.L.T. 506 (Tri.-Mum.).* The Ld. Counsel further submitted that AIS-075 merely prescribes standards relating to anti-theft devices and does not render the steering lock as an integral component of the steering system. It was also argued that the burden of establishing classification under CTH 8708 9400 squarely lay upon the Department and that no technical evidence had been produced to establish that the imported goods constituted parts of the steering system.

3.2 The Ld. Counsel further submitted that the Show Cause Notices were vague and unsupported by technical evidence and were, therefore, violative of the principles of natural justice. Reliance was placed upon *Oudh Sugar Mills Ltd. v. UOI, 1978 (2) E.L.T. (J172) (S.C.); Brindavan Beverages Pvt. Ltd., 2007 (213) E.L.T. 487 (S.C.);* and *Auto*

Ignition Ltd., 2008 (226) E.L.T. 14 (S.C.). It was contended that mere availment of an exemption pursuant to a bona fide classification dispute cannot, by itself, amount to misdeclaration so as to attract confiscation or penalty under Sections 111 and 112 of the Customs Act. It was further argued that redemption fine could not have been imposed after the goods had already been cleared for home consumption.

4. *Per contra*, the Ld. Authorized Representative, Ms. O.M. Reena, appearing for the Revenue, reiterated the findings contained in the impugned orders and submitted that the steering lock forms an integral part of the steering assembly. It was argued that the lock physically immobilizes the steering column and, therefore, constitutes a part of the steering system itself. The Revenue strongly relied upon the AIS-075 standards prescribing mandatory anti-theft devices for passenger vehicles and argued that, once the vehicle manufacturer opts for a steering-lock mechanism, the steering column becomes incomplete without the lock assembly. The Revenue further contended that the appellant had itself earlier classified identical goods under CTH 8708 9400 in Bill of Entry No. 2709986 dated 04.04.2019 and, therefore, the subsequent classification under CTH 8708

9900 amounted to misclassification, attracting differential duty, confiscation and penalties.

5. We have heard both sides at length and perused the appeal records as well as the decisions relied upon. The following issues arise for our determination: -

i. Whether the imported goods described as "LOCK ASSY-STEERING, ELECTRIC" are appropriately classifiable under CTH 8708 9400, as parts of steering wheels, steering columns or steering boxes, or under CTH 8708 9900, as other parts and accessories of motor vehicles; and

ii. Whether, consequent upon the reclassification of the imported goods as determined by the Department, the denial of the benefit of the exemption notification, demand of differential duty, and the consequent action for confiscation, imposition of redemption fine and penalties are legally sustainable.

6. Since the first issue goes to the root of the proceedings and its determination bears upon the issues that follow, we take it up first. The settled legal position is that the burden of establishing a reclassification rest upon the Revenue. In *Hindustan Ferodo Ltd. v. Collector of Central Excise, Bombay, 1997 (89) E.L.T. 16 (S.C.),* the Supreme

Court held that the onus of establishing that the goods fall under a particular tariff entry rest upon the Revenue and, in the absence of evidence, the classification declared by the assessee cannot be displaced. The same principle stands iterated in *H.P.L. Chemicals Ltd., 2006 (197) E.L.T. 324 (S.C.),* wherein it was held that classification, being a matter of chargeability, must be established by the Revenue by adducing appropriate evidence. The principle has also been consistently applied in *CCE, Chennai vs Hindustan Lever Ltd., 2015 (323) E.L.T. 209 (S.C.); CCE, Amritsar vs D.L. Steels, 2022 (381) E.L.T. 289 (S.C.); CCE vs Calcutta Steel Industries, 1989 (39) E.L.T. 175 (S.C.);* and *UOI vs Garware Nylons Ltd., 1996 (87) E.L.T. 12 (S.C.).* The burden does not shift merely because the assessee responds to, or fails to rebut, the Department's case. The Revenue must first adduce cogent and reliable evidence sufficient to displace the classification declared by the assessee. We, therefore, find merit in the appellant's contention that the onus of establishing that the impugned goods merit classification under CTI 8708 94 00 rests squarely upon the Revenue, which is required to discharge such onus by placing appropriate evidence on record.

7.1 Before proceeding to examine the rival submissions on classification, it would be appropriate to set

out the relevant tariff entries. Chapter 87 of the Customs Tariff covers "Vehicles other than railway or tramway rolling-stock, and parts and accessories thereof." Heading 8708 specifically covers "Parts and accessories of the motor vehicles of headings 8701 to 8705." Within Heading 8708, the relevant competing tariff entries are as follows: -

8708	**PARTS AND ACCESSORIES OF THE MOTOR VEHICLES OF HEADINGS 8701 TO 8705**
	Other parts and accessories :
8708 91 00	Radiators and parts thereof
8708 92 00	Silencers (mufflers) and exhaust pipes; parts thereof
8708 93 00	Clutches and parts thereof
8708 94 00	**Steering wheels, steering columns and steering boxes; parts thereof**
8708 95 00	Safety airbags with inflater system; parts thereof
8708 99 00	**Other**

7.2 The dispute, therefore, is not as to whether the imported goods fall within Heading 8708. Both sides are ad idem that the imported goods are parts or accessories suitable for use solely or principally with motor vehicles falling under Headings 8701 to 8705. The controversy is confined to the appropriate sub-classification thereof—namely, whether the impugned goods are specifically classifiable as "parts of steering wheels, steering columns

and steering boxes" under CTH 8708 94 00, or whether they are appropriately classifiable under the residual entry covering "other" parts and accessories under CTH 8708 99 00.

8. At this stage, reference may appropriately be made to Section Note 3 to Section XVII, which assumes significance in determining the scope and ambit of the expressions "parts" and "parts and accessories". The said Note provides that the references in Chapters 86 to 88 to "parts" or "accessories" do not apply to parts or accessories which are not suitable for use solely or principally with the articles of those Chapters. A plain reading of Section Note 3 to Section XVII makes it evident that the statutory scheme draws a distinction between "parts" and "accessories", notwithstanding their inclusion within the same Section.

9. The imported goods are described in all the Bills of Entry and invoices as "LOCK ASSY-STEERING, ELECTRIC (81900-F9700)". The appellant has consistently contended that the goods are electronic anti-theft devices intended to immobilize the steering wheel when the engine is switched off and do not participate in the steering operation of the vehicle. The Department, on the other hand, contends that, since the lock physically engages with the steering column, it

constitutes a "part" of the steering system. The controversy, therefore, requires examination of the nature, function and commercial identity of the imported goods.

10.1 The appellant, in its detailed reply to the Show Cause Notice, consistently maintained that the imported "LOCK ASSY-STEERING, ELECTRIC" is an anti-theft locking mechanism and not a part of the steering wheel or steering columns or steering boxes. It was specifically contended that the steering lock operates only after the engine is switched off and functions solely to immobilize the steering wheel to prevent unauthorized use of the vehicle. The appellant submitted that the steering wheel and steering column remain complete and fully capable of performing their steering function in the absence of the lock assembly and, therefore, the impugned goods cannot be regarded as "parts" of the steering wheel or steering column. It was further submitted that the expression "Steering" in the product description merely denotes the location where the lock is fitted and does not determine its functional identity. Relying upon the dictionary meanings of "part" and "accessory", the appellant contended that a "part" is integral to the constitution or functioning of the finished article, whereas an "accessory" merely facilitates or enhances its utility without performing its principal function.

10.2 The appellant further submitted that the specific entry under CTH 8708 94 00, namely, “Steering wheels, steering columns and steering boxes; parts thereof”, is confined to parts of the articles expressly specified therein and does not extend to any other component associated with the steering system merely by reason of their location. According to the appellant, the expression “thereof” restricts the scope of the entry to parts constituting or forming part of the steering wheel, steering column or steering box themselves. Reliance was also placed upon analogous classifications adopted by the Department in respect of batteries, gaskets and switches which, though fitted in automobiles or within particular assemblies, are classified according to their own functional identity under the respective tariff headings. It was, therefore, submitted that the impugned goods, being anti-theft devices and not parts essential to the steering system, are appropriately classifiable under the residual entry CTH 8708 99 00 covering “other” parts and accessories of motor vehicles.

11. We find considerable force in the above submissions. Tariff Item 8708 94 00 specifically covers "Steering wheels, steering columns and steering boxes; parts thereof". The restrictive expression "thereof" confines the

scope of the entry only to parts integrally constituting or essential to the steering wheel, steering column or steering box themselves and not to accessories merely fitted in proximity thereto. The mere use of the expression "Steering" in the product description cannot determine classification when the functional character of the impugned goods remains that of an anti-theft locking device for automobiles. Classification must therefore be determined on the basis of the primary functional identity of the goods read with the tariff entry, Section Notes, Chapter Notes and General Rules for Interpretation.

12. In our considered view, this functional distinction is of decisive significance. CTH 8708 94 00 specifically covers parts of steering wheels, steering columns and steering boxes. These goods are directly involved in the directional control of the vehicle. A steering lock, on the other hand, merely immobilizes the steering wheel after the operation of the vehicle has ceased. The expression “parts thereof” occurring in CTH 8708 94 00 is of particular significance. The entry specifically covers “Steering wheels, steering columns and steering boxes; parts thereof.” The use of the expression “thereof” confines the scope of the entry to parts of the steering wheels, steering columns or steering boxes themselves. A steering lock, whose function commences only

after cessation of steering operation and is directed solely towards anti-theft immobilization, cannot, merely by reason of its location, be brought within the scope of the specific tariff entry covering steering wheels, steering columns and steering boxes and parts thereof. A broader interpretation would effectively enlarge the scope of the tariff entry beyond its express language, which cannot be countenanced.

13.1 We find that, on a plain reading of the two competing tariff entries reproduced above, CTH 87089900 covers other parts and accessories of motor vehicles falling under Headings 8701 to 8705 and is, therefore, wide enough in its scope to encompass both parts and accessories of such motor vehicles. In contrast, CTH 8708 94 00 specifically covers "Steering wheels, steering columns and steering boxes; parts thereof." The said entry does not extend to accessories of motor vehicles merely because they are fitted to, or used in conjunction with, the steering system. Neither does it extends to goods which are not parts of Steering wheels, steering columns and steering boxes. The distinction between "parts" and "accessories" has been recognized by the Hon'ble Supreme Court in *Pragati Silicons, 2007 (211) E.L.T. 534 (S.C.),* wherein it was held that an "accessory" is something supplementary or subordinate in nature and need not be essential to the actual

functioning of the principal article. CTH 8708 99 00, being the residual entry, covers other parts and accessories of motor vehicles. A steering wheel, steering column or steering box remains complete and capable of performing its essential function even in the absence of the steering lock assembly. The expression "parts thereof" occurring in CTH 8708 94 00 is also significant. The said entry covers parts of the steering wheel, steering column or steering box and not accessories to these components or accessories of motor vehicles generally. A "part", in its ordinary sense, is a component integral to the constitution or functioning of the whole. The impugned goods are merely fitted to the steering column and perform the distinct function of immobilizing the steering mechanism as an anti-theft device. They do not participate in the steering operation or contribute to the transmission of steering movement. The steering wheel and steering column remain capable of performing their essential steering function even in the absence of the steering lock assembly.

13.2 The Hon'ble Supreme Court, in *Commissioner v. Insulation Electrical (P) Ltd., 2008 (224) E.L.T. 512 (S.C.),* drew a distinction between a "part" and an "accessory", holding that while a part is essential to the constitution or functioning of the finished article, an accessory is supplementary and serves to enhance its convenience,

effectiveness or utility without being essential to its basic functioning. It is pertinent to note that the aforesaid decision of the Hon'ble Supreme Court specifically deals with the distinction between "parts" and "accessories" and also examines the scope of Heading 8708 in the context of the classification of rail assembly used in a motor vehicle, notwithstanding its use in conjunction with a car seat. The said decision is, therefore, of particular relevance to the controversy arising in the present appeals. Similar principles were enunciated in State of State of *Uttar Pradesh and Another Versus Kores (India) Ltd., AIR 1977 SC 132,* wherein an accessory was understood as an adjunct which adds to the convenience or effectiveness of the principal article but is not essential to its basic operation. Applying the above principles, the steering lock enhances the security of the vehicle but is not indispensable to its steering function. Its functional identity is, therefore, is not a part of the steering wheel, steering column or steering box. Accordingly, the impugned goods, fall within the scope of CTH 8708 99 00 rather than the specific entry under CTH 8708 94 00.

14. The Hon'ble Supreme Court, in *Atul Glass Industries Pvt. Ltd. v. Collector, 1986 (25) E.L.T. 473 (S.C.),* held that classification must be determined with reference to the primary functional identity and commercial

understanding of the goods. Applying the said principle, the impugned goods are commercially and functionally understood as anti-theft locking devices for automobiles, and not as components involved in steering transmission or as parts of the steering wheel/column/box. Likewise, in *United Cable Industries v. CCE, 2000 (119) E.L.T. 668 (Tri.),* affirmed by the Hon'ble Supreme Court in *2002 (141) E.L.T. A280 (S.C.),* it was held that where the principal article remains complete and functional without the disputed item, such item cannot, merely by reason of being connected with or used in conjunction with the principal article, automatically be regarded as a "part". Similarly, in *Nicco Corporation v. CCE, 2006 (203) E.L.T. 362 (S.C.),* affirmed by the Larger Bench of the Hon'ble Supreme Court in *2008 (225) E.L.T. A131 (S.C.)*, the principle was recognized that an item which is not indispensable to the constitution or functioning of the finished product cannot ordinarily be treated as a "part" thereof. Applying these principles, we find that the steering wheel/column/box remain complete and capable of performing their essential function independently of the steering lock. The imported goods merely immobilize the steering wheel when the vehicle is not in operation and serve the distinct purpose of preventing unauthorized use. The impugned goods, therefore, do not satisfy the

recognized tests for classification as a "part" of the steering wheel/steering column/steering box.

15. The Revenue has placed considerable reliance upon AIS-075 to contend that steering locks are mandatory components of the steering system. We are unable to accept this proposition. AIS-075 pertains to "Protection of Motor Vehicles against Unauthorized Use" and prescribes standards for anti-theft protection mechanisms. The relevant provisions specifically recognize that an anti-theft device may lock (i) the steering, (ii) the transmission, or (iii) the gearshift control. Thus, the standard itself contemplates multiple alternative anti-theft mechanisms. If the Revenue's interpretation were to be accepted, transmission locks and gearshift locks would likewise have to be treated as "parts" of the transmission or gearshift assemblies merely because they perform an anti-theft function. The scheme of AIS-075, therefore, indicates that these devices are security mechanisms and not components performing the underlying mechanical function of the respective systems. Clauses 5.4 and 5.5 merely prescribe requirements relating to tamper resistance and installation as original equipment. They do not provide that the steering column is incomplete or incapable of performing its steering function in the absence of a steering lock. Accordingly, AIS-075 cannot, by itself,

determine or enlarge the scope of the tariff entry. The classification must be determined with reference to the Customs Tariff, the applicable Section and Chapter Notes, Interpretative Rules and the nature and function of the imported goods.

16. The Revenue has also placed reliance upon the HSN Explanatory Notes. We have carefully perused the relevant HSN Notes relating to Heading 87.08. The HSN describes steering wheels, steering columns, steering boxes and related steering transmission mechanisms. However, the HSN nowhere specifically identifies anti-theft steering locks as parts of the steering system. On the contrary, the HSN emphasizes the functional identity of components participating in steering operations. The disputed goods do not perform any steering function and, therefore, do not naturally fall within the scope of the steering assemblies contemplated by the HSN. The HSN discussion relating to steering assemblies consistently refers to steering gears, steering linkages and transmission mechanisms involved in the directional control of vehicles. Since the impugned goods neither transmit steering force nor contribute to steering control, they lack the essential functional characteristics of steering parts contemplated by the HSN. The relevant extract of the HSN Explanatory Notes does not, in our

considered view, lend any support to the proposition that a steering lock assembly constitutes a part of a steering wheel, steering column, or steering box. The HSN Explanatory Notes, therefore, do not support the Revenue's contention that the subject goods are appropriately classifiable as parts of the steering system. Consequently, the reliance placed by the Revenue upon the HSN Explanatory Notes for reclassifying the subject goods under the tariff entry relating to steering components is wholly misplaced.

17. We also find merit in the appellant's contention that if the Revenue's interpretation is accepted, every anti-theft mechanism attached to a functional automobile component would automatically become a "part" of that component irrespective of its independent identity and function. Such interpretation would blur the well-recognized distinction between "parts" and "accessories" consistently maintained in tariff jurisprudence and would impermissibly enlarge the scope of Tariff Item 8708 94 00 beyond its express statutory language.

18. Another important aspect requiring consideration is the existence of a specific residual entry under CTH 8708 99 00. Residual entries in tariff classification are intended to cover goods which are identifiable as automobile

parts/accessories but are not specifically enumerated elsewhere. The appellant has consistently contended that the impugned goods are automobile accessories enhancing vehicle security. We find considerable merit in this submission. The impugned goods are clearly identifiable as accessories principally used with motor vehicles and are not specifically covered elsewhere under Heading 8708. Consequently, classification under the residual entry CTH 8708 99 00 becomes more appropriate.

19. It is also a settled principle that specific tariff entries cannot be enlarged by intendment or functional association beyond their clear language. Classification must proceed on the basis of the primary identity and essential function of the goods and not merely upon the location where the goods are fitted. The mere fact that the impugned goods are attached to the steering column cannot by itself convert an anti-theft locking mechanism into a steering system component.

20. In *Dunlop India Ltd. v. Union of India reported in 1983 (13) E.L.T. 1566 (S.C.),* the Hon'ble Supreme Court emphasized that tariff entries must be interpreted according to their popular, commercial and functional sense and not by over-expansive interpretation. The Revenue's attempt to

classify an anti-theft immobilization device as a steering system component merely because the device interfaces with the steering column amounts to an impermissibly broad interpretation of Tariff Item 8708 94 00 beyond its express statutory scope.

21. The Department has repeatedly relied upon the fact that in one earlier Bill of Entry dated 04.04.2019 the appellant had classified similar goods under CTH 8708 94 00. In our considered view, such earlier declaration cannot conclude the issue against the appellant. Classification disputes must be decided on the basis of tariff entries, technical characteristics and legal principles rather than isolated earlier assessments. A mistaken earlier declaration or assessment cannot operate as an estoppel against correct classification under the tax statute, particularly where the issue involves pure interpretation of tariff entries.

22.1 We also find considerable force in the appellant's contention that the Show Cause Notices proceed substantially on assumptions without adequate technical substantiation. Apart from asserting that the subject goods are connected with the steering column, no technical expert opinion or other cogent evidence has been brought on record to establish that the imported goods are recognised, either in

trade or engineering parlance, as parts of the steering system in general and the steering column in particular. The Hon'ble Supreme Court, in *Commissioner v. Brindavan Beverages Pvt. Ltd., 2007 (213) E.L.T. 487 (S.C.),* has held that the Show Cause Notice constitutes the foundation of the proceedings and that the allegations contained therein must be precise, specific, and supported by material evidence.

22.2 We also take note of the submission made by the Revenue at the Bar that the steering lock assembly is a mechanical component of the steering column, for which reliance was placed upon certain clauses of the Automotive Industry Standard (AIS)-075. However, we find no discussion whatsoever in the impugned SCNs or adjudication orders with regard to the said regulatory standard or its applicability to the classification dispute. It is also a matter of record that the said technical literature was neither relied upon nor placed before the appellant in the Show Cause Notices, thereby depriving the appellant of an adequate opportunity to meet the case sought to be advanced on the basis thereof.

22.3 The Revenue has further sought to emphasise that the subject goods are used in the manufacturing process and are fitted to the original equipment, and has attempted

to establish that the disputed goods constitute parts of the items covered under CTI 8708 9400, particularly steering wheel or steering columns. However, the mere fact that the goods are fitted to or used in conjunction with an original equipment component cannot, by itself, determine their tariff classification as a part of such component. The Revenue was required to establish, by cogent technical evidence, that the subject steering lock assembly is, in trade or engineering parlance, a part of the steering column or any other component specifically covered by CTI 8708 9400. In the absence of such evidence, the Revenue has failed to discharge the burden of substantiating the proposed classification.

23. Once we hold that the classification under CTH 8708 9400 is unsustainable, the consequential denial of the preferential duty benefit under Notification No. 152/2009-Cus. dated 31.12.2009 also cannot survive. We find that the reliance placed by the Revenue on the decisions in *Dilip Kumar & Company, 2018 (361) E.L.T. 577 (S.C.),* and *Novopan India, 1994 (73) E.L.T. 769 (S.C.),* is misplaced in the facts and circumstances of the present case. The said decisions primarily deal with the strict interpretation of exemption notifications where ambiguity arises with regard to the scope or applicability of the exemption. In the present

case, however, the dispute primarily concerns the classification of the imported goods, namely, whether the goods are classifiable under CTI 8708 9400 or CTI 8708 9900. The question of eligibility to the concessional rate of duty under the exemption notification is only consequential to the determination of the correct classification. The principles governing the strict interpretation of exemption notifications, therefore, cannot be invoked for determining the classification of the goods in the first instance.

24. We further find that the confiscation of the goods under Section 111(m) of the Customs Act, 1962, is wholly unwarranted in the facts and circumstances of the present case. The imported goods were consistently declared as "LOCK ASSY-STEERING, ELECTRIC" in the invoices as well as the Bills of Entry. There is no allegation of any concealment, suppression, or falsification of the description of the goods. The dispute is purely interpretational and concerns the appropriate classification of the goods under competing tariff entries. The Hon'ble Supreme Court, in *Northern Plastics Ltd. v. CCE, 1998 (101) E.L.T. 549 (S.C.),* has held that a claim for exemption or a concessional rate of duty based on a bona fide interpretation of the applicable provisions does not, by itself, amount to misdeclaration so as to attract confiscation. In the absence of any finding of deliberate misdeclaration or

suppression of the material particulars of the imported goods, the invocation of Section 111(m) is, therefore, not sustainable.

25. Equally unsustainable is the imposition of redemption fine. It is an admitted position that the goods had already been cleared for home consumption and that the Show Cause Notice for recovery of short-paid duty was issued under Section 28 of the Customs Act, 1962. The goods were, therefore, no longer available for confiscation. The Hon'ble Bombay High Court, in *Finesse Creation Inc., 2009 (248) E.L.T. 122 (Bom.),* as affirmed by the Hon'ble Supreme Court, held that redemption fine ordinarily cannot survive once the goods are no longer available for confiscation. The said legal position was also duly acknowledged and accepted by the learned adjudicating authority in the Order-in-Original dated 15.04.2023. However, in the other impugned order, namely, the Order-in-Original dated 27.03.2023, the Revenue has taken a contrary view by placing reliance upon the judgment of the Hon'ble Supreme Court in Weston Components Ltd., which dealt with a case where the goods had been released against execution of a bond. The said decision is clearly distinguishable on facts and, therefore, has no application to the facts of the present case, where the goods had already

been cleared for home consumption and were no longer available for confiscation. Accordingly, the redemption fine imposed under Section 125 of the Customs Act, 1962, is liable to be set aside. So, ordered accordingly.

26. The issue arising in the present case is one of bona fide tariff interpretation involving competing entries within the same heading. The appellant had duly disclosed the complete description of the imported goods and claimed classification under a tariff entry which, in our considered view, is legally tenable. No evidence of fraud, suppression of facts, or wilful misstatement has been brought on record. It is also pertinent to note that the Department had accepted the classification declared by the appellant in several assessments, and the dispute arose only during the course of post-clearance audit. This circumstance itself indicates that the issue involved an element of interpretational complexity and competing views as to the appropriate tariff classification, thereby negating any allegation of deliberate misdeclaration or contumacious conduct. In such circumstances, the invocation of the extended period of limitation and the imposition of penalties under Section 112(a) of the Customs Act, 1962, cannot be sustained. The imposition of penalty under Section 112(a) necessarily requires conscious involvement in an act or omission

rendering the goods liable to confiscation, accompanied by the requisite culpable conduct. The Hon'ble Gujarat High Court, in *Rama Nagappa Shetty v. Commissioner of Customs, 2020 (374) E.L.T. 683 (Guj.),* has held that penalty under Section 112(a) cannot be imposed in the absence of mens rea and conscious wrongdoing. In the facts of the present case, the requisite ingredients for invoking Section 112(a) are clearly absent.

27. The Revenue's interpretation, in substance, seeks to classify an anti-theft immobilisation device as a steering part merely on the ground that the device interfaces with the steering column. Such an approach, in our considered view, overlooks the distinction between the operational functionality of a component and its intended security function, as recognised in the tariff scheme, the relevant technical standards, and the judicial precedents relied upon by the parties. Having regard to the functional character of the imported goods, the distinction between "parts" and "accessories", the relevant HSN Explanatory Notes, the AIS-075 Standards, the burden of establishing the proposed classification resting upon the Revenue, the absence of cogent technical evidence, and the judicial precedents governing the issue, we are unable to sustain the

findings recorded in the impugned orders classifying the imported steering lock assemblies under CTH 8708 9400.

28. We therefore hold that the imported "LOCK ASSY-STEERING, ELECTRIC (81900-F9700)" are more appropriately classifiable under CTH 8708 99 00 as "other parts and accessories" of motor vehicles. Consequently, the differential duty demands, denial of Notification No.152/2009-Cus. benefit, confiscation under Section 111, redemption fine under Section 125 and penalties under Section 112(a) are liable to be set aside which we do so.

29. In the result, both appeals succeed and are allowed with consequential reliefs, if any, in accordance with law.

(Order pronounced in open court on 09.10.2026)

Sd/-
(AJAYAN T.V.)
MEMBER (JUDICIAL)

Sd/-
(VASA SESHAGIRI RAO)
MEMBER (TECHNICAL)

MK