CUSTOMS, EXCISE & SERVICE TAX APPELLATE TRIBUNAL BANGALORE

REGIONAL BENCH - COURT NO. 1

Customs Appeal No. 20244 of 2021

(Arising out of Order-in-Original No. 989/2020 dated 28.12.2020 passed by the Commissioner of Customs, Airport & Air Cargo Complex, Bengaluru)

M/s. Hyundai Transys (India) Pvt. Ltd.,
C/o KIA Plant, Block-4, SF No.146-2,
Erramanchi Village, Penukonda,
Andhra Pradesh – 515 164. **……Appellant(s)**

VERSUS

The Principal Commissioner of Customs,
Airport & Air Cargo Complex,
Air India SATS Airfreight Terminal, KIAL,
Devanahalli, Bengaluru – 560 300**.** **……Respondent(s)**

APPEARANCE:

Ms. A. Aruna, Advocate for the Appellant
Mr. Vikalp Jain, Superintendent (AR) for the Respondent

CORAM:
Hon'ble Mr P.A. Augustian, Member (Judicial)
Hon'ble Mr Pullela Nageswara Rao, Member (Technical)

Final Order No. 21261 /2026

Date of Hearing: 13.07.2026
Date of Decision: 23.10.2026

PER: PULLELA NAGESWARA RAO

This appeal is filed against of Order-in-Original No. 989/2020 dated 28.12.2020 passed by the Commissioner of Customs, Airport & Air Cargo Complex, Bengaluru.

2. The issue involved is classification of imported goods declared as 'Pave-PQG BR (GT-Venti) Polyurethane sheets- used for car seat', 'Pave-PQG BR (GT- Non Venti) Polyurethane sheets-used for car seat' and

'Pave-PG BR (TX- Non Venti) Polyurethane sheets- used for car seat' under Customs Tariff Item (CTI) 3926 9099 with benefit under Sl. No. 338 of Notification No. 152/2009-Cus dated 31.12.2009 claimed by the appellant as opposed to the re-classification by the Revenue under Customs Tariff Item (CTI) 3926 3090 as 'fittings for furniture, coachwork or the like:---Other' without benefit under Sl. No. 338 of Notification No. 152/2009-Cus dated 31.12.2009.

3. The brief facts of the case are the Appellant imported during November 2019 to January 2020 under twenty-two Bills of Entry goods declared in Bills of Entry and documents as 'Pave-PQG BR (GT-Venti) Polyurethane sheets- used for car seat', 'Pave-PQG BR (GT- Non Venti) Polyurethane sheets-used for car seat' and 'Pave-PG BR (TX- Non Venti) Polyurethane sheets- used for car seat', classified the impugned goods under Customs Tariff Item (CTI) 3926 9099 and claimed benefit of 'nil' BCD under Customs Notification No.152/2009 dated 31.12.2009 (Sl.No.338) issued under Indo-Korean PTA Preferential Trade Agreement. The department issued show cause notice (SCN) proposing to reclassify the goods under Customs Tariff Item (CTI) 3926 3090 considering the impugned goods as 'fittings for furniture, coachwork or the like:---Other'', which attracted BCD @ 15%. The appellant defended the original classification before Adjudicating authority explaining that the imported goods in the form and condition as imported, cannot be considered as fitting for the car seat to classify them under Customs Tariff Item (CTI) 3926 3090 and as there is no specific entry under Customs Tariff Heading (CTH) 3926, therefore they are rightly classified by the appellant under Customs Tariff Item (CTI) 3926 9099. The learned Adjudicating authority (AA) passed the impugned order re-classifying the goods under Customs Tariff Item (CTI) 3926 3090 with merit rate of BCD @ 15%.

4. The findings given by the learned Adjudicating Authority (AA), in Order-in-Original dated 28.12.2020 to classify the impugned goods under Customs Tariff Item (CTI) 3926 3090 are:

i. The goods imported are meant for use in car seat. The process that the imported goods will undergo during the assembly of

car seat is cutting, sewing which are end processes that has to be undergone to be fitted to the seat frame which are incidental to the whole process of making the car seat (para 15 of the Order-in-original).

ii. The Unit Quantity Code (UQC) of imported goods was 'Numbers'; the subject goods were not in running length of meters or in rolls, but in cut-sheets of specific sizes and were already perforated for ventilating properties.

iii. As per the entry under Customs Tariff Heading (CTH) 9401 the car seats are specifically covered under the category 'Furniture'. Accordingly, the polyurethane sheets for car sheets made of polyurethane gets covered under the sub-classification for 'fittings for furniture' under Customs Tariff Heading (CTH) 3926 3090. (para 21 of the Order- in-original).

iv. By virtue of Rule 2(a) of GRI, the subject goods in the form of incomplete or unfinished article, at the time of import, has essential character of the complete or finished article as a fitting to the furniture (para 23 of the Order-in-original).

v. The processes subsequent to import are supplementary in nature for the assembly of car seats and hence, the imported goods cannot be considered as 'raw material' merely for this reason and also whether the minor processes were completed by the importer himself or by way of job work is immaterial so far as the determination of classification of the imported goods are concerned.

5. The appellant aggrieved by the impugned order filed this appeal before the Tribunal.

6. Learned counsel for the appellant in the grounds of appeal and during the hearing submitted the following.

a. The impugned polyurethane sheet, as imported, cannot be used as a fitting to car seat and hence, cannot be held to be

polyurethane sheet fitting. These goods were imported in sheet form not in the form of a 'fitting', they are only raw materials used to make polyurethane foam seat cover for car seat. The imported goods were subjected to further processing and value addition and some process in their own factory before it is used in the assembly of the car seat. These processes on the imported goods are not done during the assembly of the car seat as assumed by the learned AA whereas they are done prior to the assembly of the car seat, some in the job worker place and some in the appellant's factory, which fact has been accepted by the learned AA (in para of 24 of Order-in-Original).

b. Goods cannot be classified based on the future use of the goods. An item has to be assessed to duty in the form and condition in which they are imported and not based on the form to which it will be modified after importation. Whereas the learned AA has classified the impugned goods under Customs Tariff Item (CTI) 3926 3090 solely based on its future use.

c. The learned AA's contention that the Unit Quantity Code (UQC) of imported goods was 'Numbers', the subject goods were not in running length of meters or in rolls and as such cannot be classified as a raw material, is a flawed and illogical reasoning. There is no rule or provision under Customs Act to favour this reasoning.

d. To classify goods under Customs Tariff Item (CTI) 3926 3090 it should be in a completely finished form of a 'fitting' for car seat when imported, without requiring any further processing. 'Fittings' is not defined by the Customs Tariff Act, 1975. Fittings generally refers to standardized parts, attachments or accessories used to connect, equip or adjust a larger system. In the context of 'hardware', small detachable parts like couplings, elbows and valves used to connect or fix equipment in place is considered as fittings. In any case 'fittings' are ready to use goods which doesn't require any further processing on it. In the

instant case the goods are 'sheets of polyurethane' which cannot be fitted into the car seat as such. It has to be cut to shape then various locally procured materials are stitched together with the imported goods to get the car seat cover which is used in the assembly of car seat.

e. The reliance placed by the AA on Rule 2(a) of GRI to classify the goods under Customs Tariff Item (CTI) 3926 3090 considering the goods as incomplete or unfinished article is misplaced. The impugned goods are neither in the form of incomplete or unfinished article nor a completed fitting for car seat.

f. If at all the imported item is considered as part of car seat, then they have to be classified under Customs Tariff Item (CTI) 9401 9000 since car seats are specifically covered under Customs Tariff Item (CTI) 9401 2000. Goods of Customs Tariff Item (CTI) 9401 9000 are eligible for "Nil" rate of Basic Customs Duty (BCD) under Notification No. 152/2009-Cus dated 31.12.2009 (Sl. No. 961).

7. Learned counsel for the appellant further relied on the following case laws:

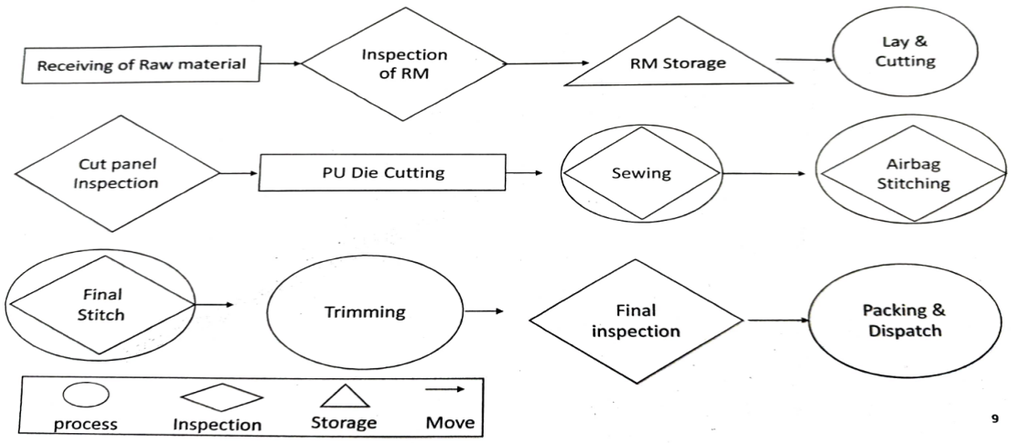
(i) CC, New Delhi Vs. Sony India Ltd. 2008 (231) ELT 385 (SC)

(ii) Dunlop India Ltd. & Madras Rubber Factory Ltd. Vs. UOI 1983 (13) ELT 1566 (SC)

(iii) CCE Vs. Sanghi Polyesters Ltd. 2003 (155) ELT 381 (Tri. Bang)

8. The appellant in the Appeal Memorandum has also submitted the process-flow diagram of the processes involved in the assembly of the car seat using the impugned imported goods i.e., 'Polyurethane sheets' along with the pictures, which are reproduced below.

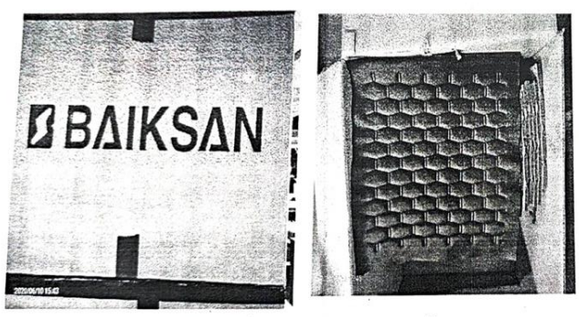
Process Flow diagram



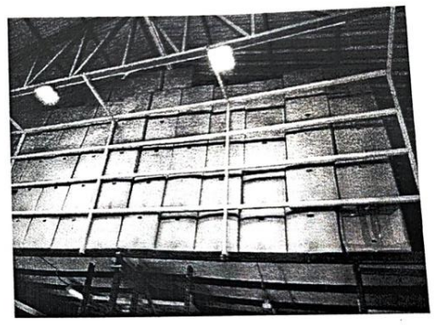
9

IATF: 16949:2016
CERTIFIED COMPANY
ENVIRONMENTAL MANAGEMENT SYSTEM – ISO 14001:2015
SADDLERS

1.Material receipt at vendor



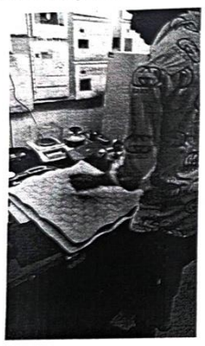
PU Material receive in corrugated box



PU material Storage

IATF: 16949:2016
CERTIFIED COMPANY
ENVIRONMENTAL MANAGEMENT SYSTEM – ISO 14001:2015
SADDLERS

2. Incoming Inspection



Check for the Visual defects



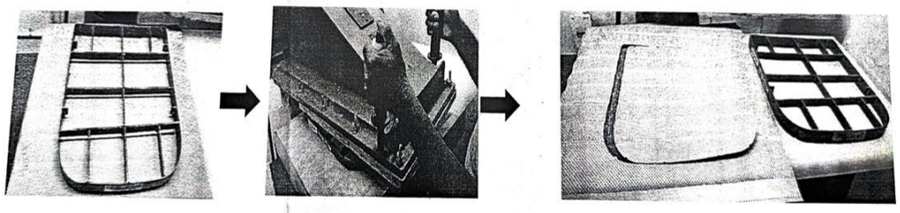
Check for the thickness



Check for the Hole Size

IATF: 16949:2016
CERTIFIED COMPANY
ENVIRONMENTAL MANAGEMENT SYSTEM – ISO 14001:2015
SADDLERS

2.Cutting process



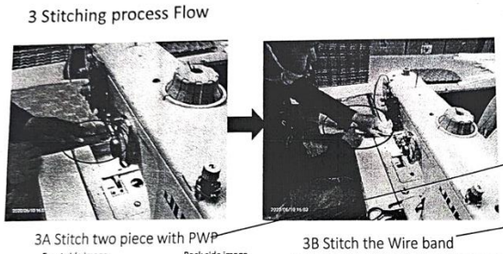
Place the die on the Pu Material

Use two hand and press the button – As per the Image

After Clicking send to next Operation

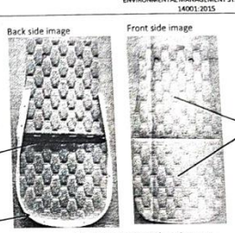
IATF: 16949:2016
CERTIFIED COMPANY
ENVIRONMENTAL MANAGEMENT SYSTEM – ISO 14001:2015
SADDLERS

3 Stitching process Flow

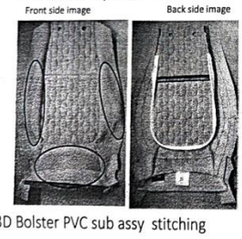


3A Stitch two piece with PWP

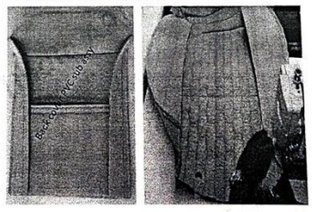
3B Stitch the Wire band



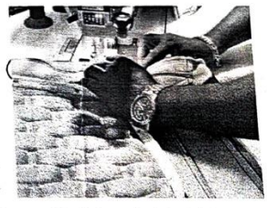
3C Semi Finished Part



3D Bolster PVC sub assy stitching



3E back cover stitching



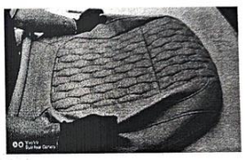
3F Air bag cloth stitching

IATF: 16949:2016
CERTIFIED COMPANY
ENVIRONMENTAL MANAGEMENT SYSTEM – ISO 14001:2015
SADDLERS

3 Stitching process Flow



3G Skirt assy stitching



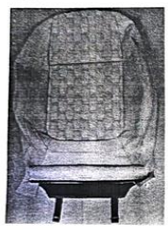
3H final covering

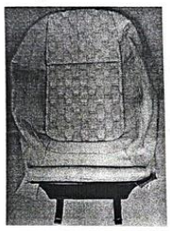


3I final Inspection

4.List of Finished covering part Image

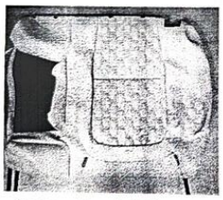
IATF:16949:2016
CERTIFIED COMPANY
ENVIRONMENTAL MANAGEMENT SYSTEM – ISO 14001:2015


Front seat back -LH

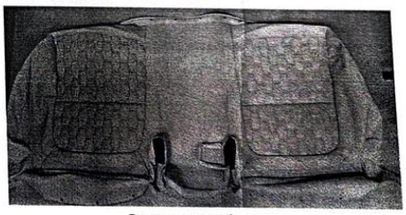

Front seat back -RH


Front seat cushion -RH


Front seat cushion -LH

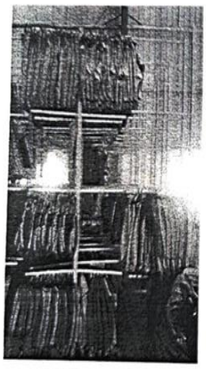

Rear seat back-60%


Rear seat back-40%

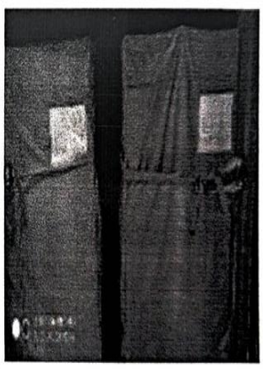

Rear seat cushion

7

5.Finished Goods – Storage

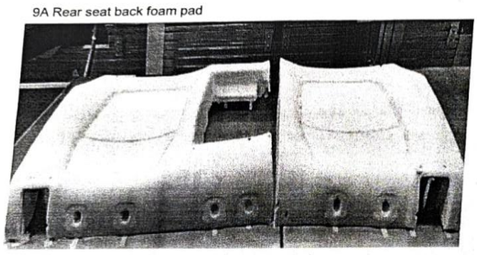

Finished Goods Storage




Packing Standard

9. Rear seat back assembly

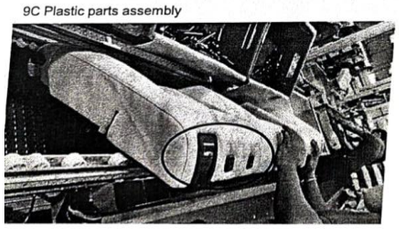
9A Rear seat back foam pad



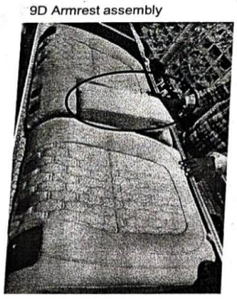
9B Rear seat back covering & foam pad hogring



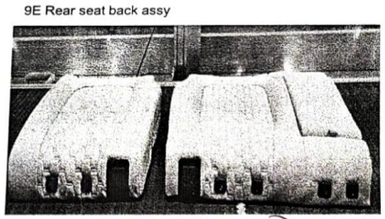
9C Plastic parts assembly



9D Armrest assembly



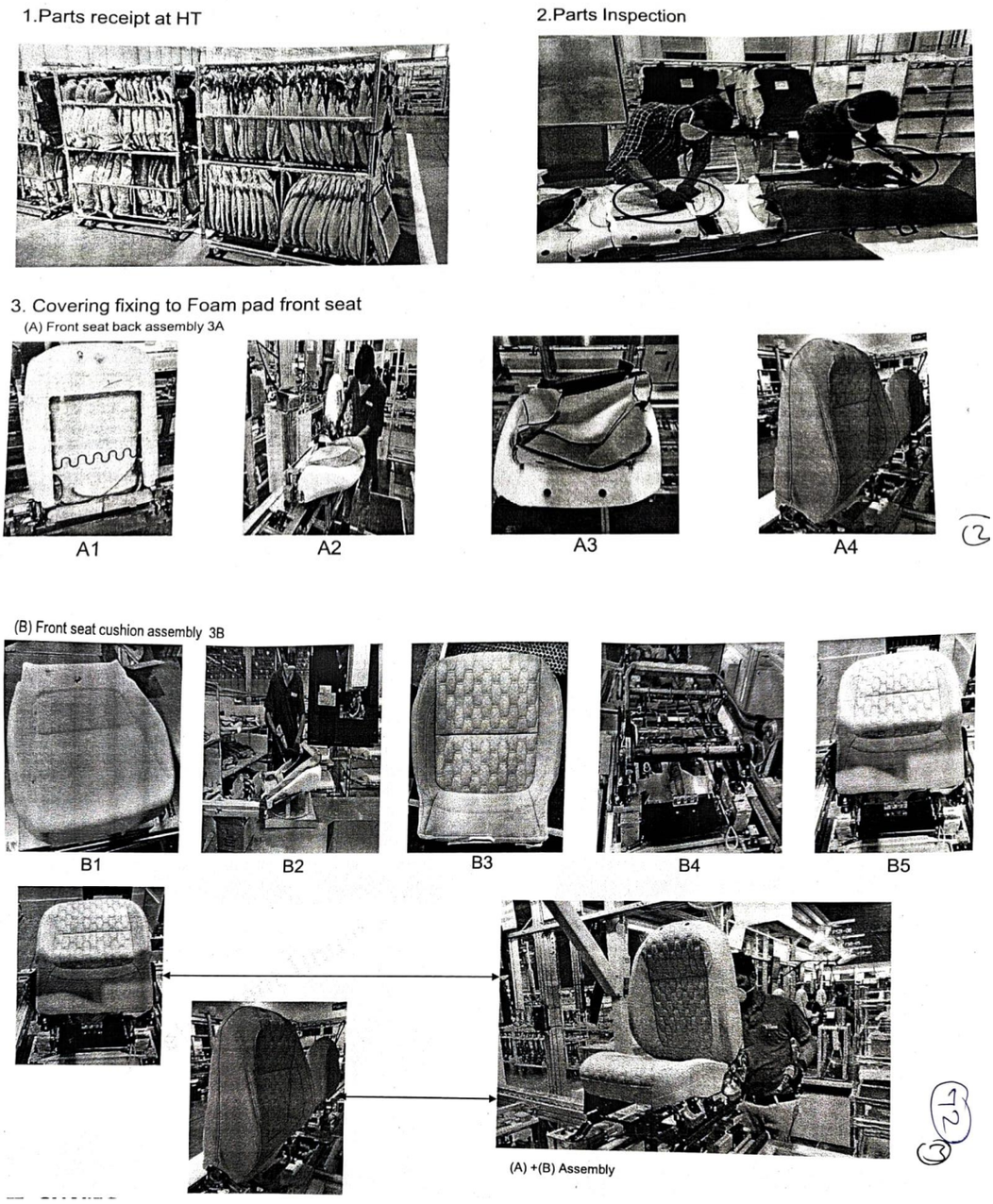
9E Rear seat back assy



(7) (1/5)

CHAING

HYUNDAI TRANSYS



9. The learned Authorised Representative (AR) for the Revenue filed *inter alia* the following written submissions on behalf of the Respondent-Department.

9.1 The present appeal is against the Order-in-Original No. 989/2020 dated 28.12.2020 passed by the learned Principal Commissioner of Customs, whereby the imported goods described as "Polyurethane Sheets for Car Seats" were reclassified from Customs Tariff Item (CTI) 3926 9099 to Customs Tariff Item (CTI) 3926 3090 as "Fittings for furniture, coachwork or the like" denying the benefit of Notification No.

152/2009-Cus dated 31.12.2009, claimed under the India-Korea Comprehensive Economic Partnership Agreement. Investigation by the Special Intelligence and Investigation Branch, however, revealed that the imported goods were not 'generic polyurethane sheets' but specially engineered composite articles manufactured exclusively to Hyundai's specifications for use in motor vehicle seat assemblies. The statement recorded under Section 108 of the Customs Act, 1962, together with the physical examination of representative samples, established that the goods were laminated, perforated, stitched, imported in predetermined dimensions and possessed no independent commercial use apart from their incorporation into specific motor vehicle seat models.

9.2 The issue involved is not the classification of complete motor vehicle seats or seat assemblies, but the correct tariff classification of the imported goods described as "Polyurethane Sheets for Car Seats" in the condition in which they were imported. The issue is whether the goods are classifiable under the Customs Tariff Item (CTI) 3926 3090 as "Fittings for furniture, coachwork or the like", as held by the adjudicating authority, or under the residuary Customs Tariff Item (CTI) 3926 9099, as claimed by the appellant.

9.3 The determination of this issue involves examining whether the imported goods had already acquired the commercial identity of a seat-cover components at the time of importation, whether the post-import operations relied upon by the appellant alter that identity, whether the residuary entry can be invoked in the presence of a specific tariff description, whether the General Rules for Interpretation support the Department's classification, and whether the appellant's reliance on judicial precedents and its alternative claim under Customs Tariff Heading (CTH) 9401 are legally sustainable.

9.4 The entire appeal proceeds on the erroneous assumption that the imported goods are merely "raw materials" or generic polyurethane sheets. This assumption is inconsistent with the physical characteristics of the goods, the documentary evidence, the appellant's own statement recorded under Section 108 of the Customs Act, and their commercial

identity as established during investigation. The issue involved is not whether the imported goods undergo certain manufacturing operations after importation or ultimately become part of a motor vehicle seat. The issue is whether, in the condition in which they were imported, the goods had already acquired the identity of dedicated seat-cover components. The Department's case is founded not on the eventual end use of the goods but on their objective characteristics at the time of importation, namely their composite construction, model-specific engineering, predetermined dimensions, lamination, perforation, stitching and exclusive manufacture to Hyundai's specifications. The appellant's attempt to equate "raw material" with "anything requiring further processing" is contrary to settled principles of tariff classification. Numerous industrial components require trimming, fastening or integration before their final use, yet they continue to be classified according to their own objective characteristics and commercial identity. The imported goods had already crossed the stage of generic polyurethane material before importation and had acquired the identity of dedicated plastic fittings for motor vehicle seats.

9.5 Classification is governed primarily by Rule 1 of the General Rules for Interpretation (GRI). The present dispute is one of tariff classification governed by the Customs Tariff Act, 1975, the General Rules for Interpretation ("GRI"), the relevant Section Notes, Chapter Notes and the Harmonised System of Nomenclature ("HSN"), on which the Indian Customs Tariff is based. The General Rules are applied sequentially, commencing with Rule 1, which requires classification to be determined according to the terms of the headings read with the relevant Section and Chapter Notes. Resort to Rule 2(a) or Rule 3(a) arises only where classification cannot be resolved under Rule 1. In the present case, the imported goods are, by their objective characteristics and commercial identity, appropriately described by the specific tariff entry "Fittings for furniture, coachwork or the like" under Customs Tariff Item (CTI) 3926 3090. Accordingly, the Department's primary case rests on Rule 1 itself, while Rule 2(a) is relied upon only in the alternative. The tariff structure recognises any preceding specific description. The appellant's approach

of directly invoking the residuary entry without first establishing the inapplicability of the specific heading is contrary to the structure of the tariff and the settled principles governing classification.

9.6 Motor vehicle seats are treated as furniture for tariff purposes. Chapter 94 of the Customs Tariff specifically classifies motor vehicle seats under Heading 9401. The HSN Explanatory Notes to Heading 94.01, read with the General Explanatory Notes to Chapter 94, indicate that, for tariff purposes, seats designed for motor vehicles fall within the scope of furniture. Once the tariff recognises motor vehicle seats in this manner, plastic articles specifically engineered for incorporation into such seats naturally fall for consideration under the specific tariff entry relating to "fittings for furniture, coachwork or the like." The appellant cannot accept the tariff treatment of motor vehicle seats while simultaneously denying the applicability of the corresponding entry relating to fittings for such furniture.

9.7 HSN Explanatory Notes are a recognised guide to interpretation. It is well settled that the Indian Customs Tariff, being based on the HSN, must ordinarily be interpreted in the light of the HSN Explanatory Notes unless the statute expressly provides otherwise. In Collector of Central Excise Vs. Wood Craft Products Ltd., 1995 (77) E.L.T. 23 (S.C.), the Hon'ble Supreme Court held that the HSN Explanatory Notes constitute a safe and reliable guide for resolving classification disputes. Accordingly, the scope of Heading 392630 must be understood with reference to the HSN and not by importing limitations which find no place either in the tariff or in the HSN.

9.8 The appellant seeks to introduce restrictions not found in the tariff. A submission in the appeal is that Heading 392630 applies only to articles that are fully finished and capable of immediate installation. Parliament has used the expression "Fittings for furniture, coachwork or the like" without qualifying it by words such as "finished", "ready-to-use" or "requiring no further processing". It is a settled principle of statutory interpretation that courts cannot read into a tariff entry words which the legislature has deliberately omitted. Many commercially recognised

fittings require minor operations such as trimming, fastening or stitching before final installation, yet they do not lose their identity as fittings. The relevant enquiry is whether the article has acquired the commercial identity of a fitting, not whether every manufacturing operation has been completed.

9.9 The issue is one of commercial identity, not manufacturing stage. The appellant describes the imported goods as "raw materials". The Customs Tariff classifies goods according to their objective characteristics and commercial identity at the time of importation, and not merely by reference to the stage of manufacture. The existence of certain post-import operations neither determines nor excludes classification under a specific tariff entry. The real question is whether the imported goods, in the condition in which they were presented before Customs, had already acquired the commercial identity of dedicated polyurethane seat fittings. The imported goods had already acquired a distinct commercial identity before importation. The appellant has consistently described the imported goods as "Polyurethane Sheets" and, on that basis, seeks to portray them as ordinary raw materials. This approach overlooks the settled principle that tariff classification is determined by the objective characteristics and commercial identity of the goods as presented for assessment, and not merely by the description adopted in invoices or Bills of Entry. The expression "Polyurethane Sheets" is only a trade description. The investigation has conclusively established that the imported goods were specially engineered composite articles manufactured exclusively according to the appellant's own technical specifications.

9.10 The appellant's own admissions establish the true nature of the goods. The most compelling evidence in the present case is the appellant's own statement recorded under Section 108 of the Customs Act from its Deputy General Manager (Seat Purchase & Development). The appellant admitted that the imported goods comprised laminated composite articles consisting of non-woven fabric, polyurethane material and polyurethane foam, manufactured exclusively according to Hyundai's

specifications for use in motor vehicle seats. It was further admitted that the design, dimensions, softness, durability, ventilation characteristics and quality standards were all predetermined by the appellant and varied according to specific vehicle models. These admissions clearly establish that the imported goods were not generic polyurethane material but specially engineered articles manufactured for one identified commercial purpose.

9.11 The physical characteristics of the imported goods confirm their commercial identity. The above admissions stand independently corroborated by the findings recorded by the learned Principal Commissioner after personally conducting a visual examination of representative samples of the imported goods during adjudication. The Order-in-Original records that the goods were imported in predetermined dimensions, comprised laminated layers of polyurethane sheet, polyurethane foam and poly fabric, were already perforated for ventilation and stitched in specified patterns, and exhibited the appearance of dedicated seat-cover components rather than ordinary polyurethane sheets. These objective findings, based on direct examination of the imported goods, further reinforce the commercial identity established by the appellant's own admissions under Section 108.

9.12 Subsequent processing does not alter the identity of the imported goods. The appellant relies upon the post-import operations undertaken in its factory to contend that the imported goods are merely raw materials. The subsequent operations of trimming, stitching, mounting or assembly do not alter the commercial identity of the imported articles. They merely facilitate the integration of an already identifiable component into the completed seat assembly. It is well settled that the requirement of further processing does not deprive an article of its existing commercial identity for the purposes of tariff classification. The goods are dedicated engineering components and not generic materials. There is a clear distinction between a generic raw material and a dedicated engineering component. A generic material derives its identity from its constituent substance and is capable of multiple commercial

applications. A dedicated engineering component derives its identity from its specialised design, dimensions, engineering characteristics and exclusive function. The imported goods fall squarely within the latter category. They were manufactured exclusively to Hyundai's specifications, imported in predetermined dimensions, subjected to specialised quality standards and were incapable of any independent commercial use. They had therefore ceased to be ordinary polyurethane sheets and had acquired a distinct commercial identity prior to importation.

9.13 Commercial identity governs tariff classification. The Hon'ble Supreme Court has consistently held that tariff classification must be determined according to the commercial identity and trade understanding of the goods. In Atul Glass Industries Ltd. Vs. Collector of Central Excise, the Hon'ble Supreme Court reiterated that where tariff entries are not specifically defined, goods should ordinarily be understood in the sense in which they are known in the trade and commerce. Applying this principle, the imported goods cannot be regarded as ordinary polyurethane sheets. Their objective characteristics, specialised engineering and exclusive application establish their commercial identity as dedicated seat-cover components manufactured for specific motor vehicle seats.

9.14 The appellant has produced no evidence to support its characterisation. Significantly, the appellant has not produced any technical literature, trade catalogue, expert opinion or market evidence to demonstrate that goods of the kind imported are commercially bought and sold as generic polyurethane sheets or are capable of diverse industrial applications. The appellant's repeated description of the imported goods as "raw materials" is therefore a bare assertion unsupported by any technical or commercial evidence and deserves to be rejected.

9.15 The appellant's interpretation of the expression "fittings" is contrary to the tariff, the HSN and settled principles of interpretation. The principal contention of the appellant is that the imported goods cannot fall under

Tariff Item 3926 3090 because they are not fully finished articles capable of immediate installation. This contention has no basis either in the Customs Tariff, the HSN Explanatory Notes or any binding judicial precedent. The tariff simply describes the goods as "Fittings for furniture, coachwork or the like" and does not qualify the expression by using words such as "finished", "ready for installation" or "requiring no further processing". The expression "fittings" must be understood in its ordinary commercial sense in the absence of a statutory definition, the expression "fittings" must be understood in its ordinary commercial parlance. A fitting is ordinarily understood as an article specially designed to be attached to or incorporated into another article for a specific purpose. Its identity depends upon its dedicated design and function rather than upon whether every operation necessary for final installation has already been completed. In commercial practice, numerous automotive and furniture fittings require fastening, trimming or minor assembly before installation, yet they are recognised throughout as fittings. The decisive consideration is the commercial identity of the article and not the extent of post-import processing.

9.16 The appellant has produced no material to support its interpretation apart from making a bare assertion that only articles capable of immediate installation can qualify as fittings, the appellant has not produced any HSN Explanatory Note, WCO Classification Opinion, judicial precedent, technical literature or trade material supporting such a restrictive interpretation. On the contrary, the language of the tariff, the HSN, the objective characteristics of the imported goods and the settled principles governing tariff classification all point to the conclusion that the imported goods are appropriately classifiable under Tariff Item 3926 3090. Once the Department has demonstrated that the goods answer the description of the specific tariff entry, the appellant cannot succeed merely by asserting that the residuary entry should apply without establishing why the specific heading is inapplicable.

9.17 The legislature has created a specific tariff entry for "fittings for furniture, coachwork or the like" which cannot be defeated by resort to

the residuary entry. The Customs Tariff is a structured classification code in which every heading and tariff item has been consciously enacted to operate within its own field. Heading 3926 covers "Other articles of plastics", but within that heading Parliament has carved out specific categories, including Tariff Item 3926 3090 covering "Fittings for furniture, coachwork or the like", while retaining Tariff Item 3926 9099 as the residuary entry. The appellant's interpretation, which confines Heading 392630 only to articles capable of immediate installation, finds no support in the language of the tariff and would substantially diminish the scope of the specific entry by pushing numerous dedicated plastic fittings into the residuary heading merely because some minor fastening or assembly remains. It is a settled principle of statutory interpretation that every tariff entry must be given meaningful effect and that courts cannot introduce restrictions which Parliament has consciously omitted. Heading 392630 must therefore receive a commercially realistic interpretation consistent with its language and legislative purpose.

9.18 The imported goods are dedicated engineered components whose commercial identity is unaffected by post-import processing. The appellant places considerable reliance on the fact that, after importation, the goods undergo certain operations such as trimming, stitching, mounting and integration with other materials before being incorporated into completed motor vehicle seats. The relevant enquiry is not whether further manufacturing operations remain, but whether the imported goods had already acquired a distinct commercial identity at the time of importation. It is well settled that Customs classification is determined according to the objective characteristics and commercial identity of the goods as presented for assessment, and not by reference to subsequent manufacturing operations. The evidence on record conclusively establishes that the imported goods had ceased to be generic polyurethane material long before importation.

9.19 The goods are correctly classifiable under tariff item 3926 3090 by application of Rule 1 of GRI. Once the true nature and commercial identity of the imported goods are appreciated, the classification follows under

Rule 1 of the General Rules for Interpretation itself. The goods are dedicated plastic components manufactured exclusively for incorporation into motor vehicle seats. Since motor vehicle seats are recognised under Chapter 94 and the HSN as furniture for tariff purposes, plastic components specifically engineered for attachment to such seats appropriately answer the description "Fittings for furniture, coachwork or the like." Consequently, the goods are squarely covered by the specific Tariff Item 3926 3090, leaving no occasion to resort to the residuary Tariff Item 3926 9099.

9.20 The residuary entry under Customs Tariff Item 3926 9099 is not available once the goods are covered by the specific entry under Customs Tariff Item (CTI) 3926 3090. The appellant seeks classification under Tariff Item 3926 9099, which is the residuary entry under Heading 3926. Such a claim is contrary to the very structure of the Customs Tariff. While Heading 3926 broadly covers "Other articles of plastics", Parliament has consciously carved out several specific categories within the heading, including Tariff Item 3926 3090 covering "Fittings for furniture, coachwork or the like", before providing the residuary entry for "Other" plastic articles. Consequently, the residuary entry can be invoked only where the goods cannot reasonably be brought within any of the preceding specific descriptions. This principle has been consistently affirmed by the Hon'ble Supreme Court. In Bharat Forge this principle has been consistently affirmed by the Hon'ble Supreme Court. In Bharat Forge & Press Industries (P) Ltd. Vs. Collector of Central Excise, 1990 (45) E.L.T. 525 (S.C.), the Court held that a residuary entry can be resorted to only when the goods cannot, by any reasonable process of construction, be brought within a specific tariff entry. The same principle was reiterated in HPL Chemicals Ltd. Vs. Commissioner of Central Excise, 2006 (197) E.L.T. 324 (S.C.), and again in Mauri Yeast India Pvt. Ltd. Vs. State of Uttar Pradesh, 2008 (225) E.L.T. 321 (S.C.), where the Court reaffirmed that residuary entries are provisions of last resort and cannot displace a specific tariff description. In the present case, the appellant has not demonstrated why the imported goods fall outside the scope of Tariff Item 3926 3090. Its entire case rests on the contention that the

goods are not fully finished or immediately installable. However, neither the Customs Tariff, the HSN Explanatory Notes nor any binding judicial precedent prescribes immediate installability as a condition for classification under Heading 392630. The appellant has also not produced any HSN Explanatory Note, WCO Classification Opinion, judicial precedent, technical literature or trade material supporting such a restrictive interpretation. In the absence of any such authority, the appellant cannot bypass the specific tariff entry and seek classification under the residuary heading. The appellant's interpretation would also substantially diminish the scope of Heading 392630. In modern manufacturing, specialised furniture and automotive components frequently require minor operations such as fastening, trimming or integration before final installation. If every such component were excluded from Heading 392630 merely because some further processing remained, the specific tariff entry would be deprived of much of its practical operation and a large class of dedicated fittings would be pushed into the residuary entry. Such a construction is contrary to the settled principle that statutory provisions must be interpreted so as to give meaningful effect to every tariff entry rather than render a specific entry redundant. The Department's primary case is that the imported goods are classifiable under Tariff Item 3926 3090 by application of Rule 1 itself, as they answer the description of "Fittings for furniture, coachwork or the like." Without prejudice, even if it were assumed that both Tariff Items 3926 3090 and 3926 9099 were prima facie applicable, Rule 3(a) of the General Rules would require preference to be given to the more specific description over the residuary entry. Accordingly, the appellant's claim under Tariff Item 3926 9099 is legally unsustainable.

9.21 The decision of the Hyderabad Bench in Commissioner Vs. Select Foam products directly supports the department's case. The decision of the Hyderabad Bench of this Hon'ble Tribunal in Commissioner of Customs, Central Excise & Service Tax Vs. Select Foam Products, 2019 (366) EL.T. 1057 (Tri-Hyd.). is the closest and most directly applicable precedent governing the present dispute. Unlike the decisions relied upon by the appellant, the Tribunal in Select Foam Products was required to

interpret the very same tariff entry, namely Heading 392630, and determine whether polyurethane articles manufactured exclusively for use in seats were classifiable as seats under Heading 9401 or as polyurethane fittings for furniture and coachwork under Heading 3926 3010. In that case, the assessee manufactured polyurethane foam cushions in moulds designed according to customer specifications for use in motor vehicle and furniture seats. Although the articles were moulded to the shape of seat cushions, they were not complete seats and required attachment to the seat frame and upholstery before becoming functional. Rejecting the claim for classification as seats, the Tribunal held that the goods were more specifically described as polyurethane fittings for furniture and coachwork under Heading 3926 3010. The Tribunal observed that the articles were specifically manufactured for fitting on furniture or coach seats and that this constituted a more specific description than "seats". In arriving at this conclusion. the Tribunal resolved the competing headings by applying Rule 3(a) of the General Rules for Interpretation, and not Rule 2(a). The ratio of Select Foam Products squarely applies to the present case. The imported goods are not ordinary polyurethane sheets but specially engineered, laminated, perforated and stitched articles manufactured exclusively to Hyundai's specifications for use in particular motor vehicle seat models. Like the goods in Select Foam Products, they possess no independent commercial identity apart from their dedicated function as seat components. The appellant's attempt to distinguish the decision on the ground that the goods there were polyurethane cushions whereas the present goods are polyurethane seat cover assemblies is misconceived. The principle laid down by the Tribunal is not confined to a particular form of polyurethane article, rather, it is that articles specifically manufactured for fitting on furniture or coach seats are more specifically covered by Heading 392630 than by a competing or more general entry. Indeed, the Department's case stands on an even stronger footing than in Select Foam Products. The Order-in-Original records that the imported goods were visually examined and found to be pre-cut to specific dimensions, perforated for ventilation, stitched to a predetermined design and composed of

integrated layers of polyurethane sheet, polyurethane foam and poly fabric. These findings, coupled with the appellant's own admissions under Section 108 of the Customs Act regarding their exclusive use in Hyundai seat assemblies, establish that the goods are dedicated plastic fittings for motor vehicle seats. Applying the ratio of Select Foam Products, they are correctly classifiable under Tariff Item 3926 3090.

9.22 The appellant has relied upon decisions rendered in entirely different statutory and factual contexts, appellant has placed reliance upon the decisions of the Hon'ble Supreme Court in Commissioner of Customs Vs. Sony India Ltd., Dunlop India Ltd. Vs. Union of India, the decision of the Bombay High Court in Glaxo Laboratories Ltd., and the decision of this Tribunal in CCE Vs. Sanghi Polyesters Ltd.. The reliance is misplaced. None of these decisions considers the scope of Tariff Item 392630, interprets the expression "Fittings for furniture, coachwork or the like", concerns specially engineered polyurethane components manufactured exclusively for motor vehicle seats. Above all, none addresses the precise issue that has been authoritatively decided by this Tribunal in Select Foam Products, namely whether dedicated polyurethane seat components are more specifically described under Heading 392630 than under competing headings.

9.23 The appellant has also placed reliance on the judgment of the Hon'ble Supreme Court in Dunlop India Ltd. Vs. Union of India, 1983 (13) ELT. 1566 (S.C.), to contend that classification must be determined with reference to the condition of the goods at the time of importation and not on the basis of their subsequent use. The Department respectfully accepts this proposition, as it constitutes the very foundation of its case. The appellant erroneously proceeds on the assumption that the Department seeks to classify the imported goods as fittings solely because they are ultimately used in motor vehicle seats. This is a complete mischaracterisation of the Department's case. The classification proposed by the Department is based entirely on the objective characteristics of the goods as presented for import. At the time of importation, the goods were already laminated composite articles,

perforated for ventilation, stitched in predetermined patterns, manufactured to model-specific dimensions, engineered exclusively to Hyundai's specifications, and incapable of any independent commercial use. These characteristics existed prior to importation and unmistakably established the commercial identity of the goods as dedicated plastic seat fittings. The appellant has relied upon the decision in Glaxo Laboratories Ltd. to contend that goods must be classified in the form and condition in which they are imported.. The appellant has also relied upon CCE vs. Sanghi Polyesters Ltd., 2003 (155) E.L.T. 381 (Tri.-Bang.), wherein the Tribunal observed that goods are to be classified in the condition in which they are presented for assessment. Indeed, the present classification is founded entirely on the condition and identity of the goods as imported. However, Sanghi Polyesters neither interprets Heading 392630 nor concerns specially engineered automotive seat components. It merely reiterates the general principle governing tariff classification and does not address the scope of the expression "fittings for furniture, coachwork or the like" or the interplay between a specific tariff entry and a residuary entry. Consequently, it does not assist the appellant and cannot detract from the application of GRI 1, the settled principles governing specific and residuary entries, or the directly applicable ratio of Select Foam Products.

9.24 The appellant's alternative plea is self-contradictory without prejudice to its principal contention that the imported goods are merely polyurethane sheets classifiable under Customs Tariff Item 3926 9099, the appellant alternatively contends that they are classifiable as "parts of seats" under Heading 9401. These two pleas are inherently inconsistent. If the goods are merely raw materials lacking the identity of any identifiable article, they cannot simultaneously qualify as identifiable parts of seats. Conversely, if they have acquired a distinct identity as dedicated seat components, the proper question is whether they are more specifically covered by another tariff entry, namely "Fittings for furniture, coachwork or the like" under Heading 392630. The appellant cannot adopt mutually destructive classifications merely to preserve the benefit of the preferential notification. Heading 392630 is more specific

than Heading 9401. Even assuming, without admitting, that the imported goods may prima facie answer the description of "parts of seats" under Heading 9401, classification cannot end there. The General Rules for Interpretation require preference to be given to the heading providing the more specific description. Heading 9401 broadly covers seats and parts thereof, whereas Heading 392630 specifically identifies plastic fittings for furniture, coachwork or the like. The imported goods are specially engineered plastic composite articles manufactured exclusively for incorporation into motor vehicle seats and are therefore more specifically described by Heading 3926 3090.

9.25 The appellant's reliance on the expression "parts of seats" overlooks the structure of the Customs Tariff. An article may answer both a general description as a "part" and a more specific description elsewhere in the tariff. In such cases, the General Rules require preference to be given to the specific heading. If every dedicated plastic fitting used in motor vehicle seats were classified under Heading 9401 merely because it ultimately forms part of a seat, Heading 392630 would be rendered largely redundant in its application to automotive seating. Such an interpretation would defeat the legislative scheme and violate the settled principle that every tariff entry should be given meaningful effect.

9.26 Classification cannot be driven by the exemption notification. The appellant's alternative plea under Heading 9401 appears to be motivated principally by the availability of the benefit under the India-Korea Preferential Trade Agreement. This approach reverses the settled legal sequence. Classification must first be determined independently on the basis of the Customs Tariff, the relevant Chapter Notes and the General Rules for Interpretation. Only after the correct tariff classification has been determined can the applicability of any exemption or preferential notification be examined. A notification cannot dictate or alter the proper tariff classification. Accordingly, the appellant's alternative plea under Heading 9401 is legally unsustainable.

9.27 The notification operates strictly with reference to tariff classification. Notification No. 152/2009-Cus. dated 31.12.2009 grants preferential tariff treatment to specified goods originating in the Republic of Korea under the India-Korea Comprehensive Economic Partnership Agreement. The notification does not determine tariff classification; it merely extends the prescribed concessional rate to goods falling under the tariff entries specified therein. While the benefit is available to goods classifiable under Heading 392690, it does not extend to goods classifiable under Heading 392630. Accordingly, once the imported goods are correctly classified under Tariff Item 3926 3090, the benefit of the notification becomes unavailable as a direct and inevitable consequence of the correct tariff classification.

9.28 Exemption notifications are to be construed strictly. The Hon'ble Supreme Court in Commissioner of Customs (Import), Mumbai vs. Dilip Kumar & Co., (2018) 9 SCC 1, authoritatively held that exemption notifications must be construed strictly and that the burden lies on the claimant to establish that the goods clearly satisfy the conditions for availing the exemption. Applying this settled principle, once the imported goods are held to fall under Tariff Item 3926 3090, the appellant cannot claim the concessional rate prescribed for goods classifiable under Heading 3926 90. Any such interpretation would amount to extending the scope of the notification beyond its express terms, which is impermissible in law.

10. Heard both sides and perused the records and the submissions of the learned counsel for the appellant and the detailed written submissions of the learned Authorised Representative for the Respondent.

11. The issues involved in this case are:

a. whether the impugned imported goods are classifiable under Customs Tariff Item (CTI) 3926 3090 as "Fittings for furniture, coachwork or the like", as held by the adjudicating authority, or under the residuary Customs Tariff Item (CTI) 3926 9099, as claimed by the appellant;

b. whether the appellant is eligible for the benefit at Sl.No.338 of Notification No. 152/2009-Cus dated 31.12.2009;

c. whether the alternative plea for classification under Customs Tariff Heading (CTH) 9401 is contrary to the General Rules for Interpretation (GRI) and the ratio of decision in Commissioner of Customs, Central Excise & Service Tax vs. Select Foam Products,

12. M/s. Hyundai Transys (India)-Appellant, described the impugned imported goods in the Bills of Entry and relevant documents as 'Pave-PQG BR (GT-Venti) Polyurethane sheets- used for car seat', 'Pave-PQG BR (GT- Non Venti) Polyurethane sheets-used for car seat' and 'Pave-PG BR (TX- Non Venti) Polyurethane sheets- used for car seat', imported during November 2019 to January 2020 under 22(twenty two) Bills of Entry and classified the imported goods under the Customs Tariff Item (CTI) 3926 9099 of the First Schedule of the Customs Tariff Act, 1975 and availed benefit of 'Nil' rate of Basic Customs Duty under Sl. No. 338 of Notification No. 152/2009-Cus, dated 31.12.2009, issued in the context of the India-Korea Preferential Trade Agreement. The Department, on investigation, proposed classification under Customs Tariff Item(CTI) 3926 3090, as "Fittings for furniture, coach work or the like;---Other" and consequently proposed denial of the preferential benefit under Notification No. 152/2009-Cus, dated 31.12.2009 and recovery of differential customs duty. The adjudicating authority accepted the Department's classification, rejected the Appellant's classification under Customs Tariff Item (CTI) 3926 9099, re-classified the goods under Customs Tariff Item (CTI) 3926 3090, denied benefit under Sl. No. 338 of Notification No. 152/2009-Cus dated 31.12.2009, confirmed differential customs duty of Rs. 2,50,33,781/- under Section 28(1) of the Customs Act, 1962, together with applicable interest under Section 28AA, and refrained from imposing penalty under Section 117 of the Customs Act, 1962.

13. We find that it is the contention of the appellant that the goods were only raw material in sheet form; that they could not be fitted to a car seat in the condition in which they were imported, that substantial

processing and value addition took place after import, partly at a job worker's premises and partly at the Appellant's premises, that classification has to be determined of the goods as presented at the time of import and not on their subsequent use, that the use of the UQC "Nos." is irrelevant; that Rule 2(a) of the General Rules for the Interpretation of the Import Tariff ("GRI") was incorrectly invoked; that Customs Tariff Item (CTI) 3926 3090 applies only to a completely finished fitting, and, alternatively, that if the goods are regarded as parts of car seats, they should fall under Customs Tariff Item (CTI) 9401 9000.

14. In order to understand the scheme of Customs Tariff Classification, it is relevant to examine Notes to Section VII, Notes to Chapter 39, relevant headings of Chapter 39 of the First Schedule to Custom Tariff Act, 1975. Further, it is relevant to also examine the scope of Notification No. 152/2009-Cus dated 31.12.2009, the benefit of which was claimed by the appellant. The relevant extracts of Chapter 39 and Notification No. 152/2009-Cus dated 31.12.2009 are as below.

SECTION VII

Plastics and articles thereof; rubber and articles thereof

CHAPTER 39

Plastics and articles thereof;

Tariff item	Description of goods	Unit	Standard	Preferential
3926 3926 10	**Other articles of plastics and articles of other materials of headings 3901 to 3914** - Office or school supplies ---office supplies of a kind classified as stationery other than pins, clips and writing instruments:			
3926 10 11	---- Of polyurethane foam	kg.	[15%]	-
3926 10 19	---- Other ---Other:	kg.	[15%]	-
3926 10 91	---- Of polyurethane foam	kg.	[15%]	-
3926 10 99	---- Other	kg.	[15%]	-

Tariff item	Description of goods	Unit	Standard	Preferential
3926 20	- Articles of apparel and clothing accessories (including gloves, mittens and mitts) : ---Gloves:			
3926 20 11	---- Disposable	kg.	[15%]	-
3926 20 19	---- Non-disposable ---Aprons:	kg.	[15%]	-
3926 20 21	---- Of polyurethane foam	kg.	[15%]	-
3926 20 29	---- Other ---Plastic stickers for garments:	kg.	[15%]	-
3926 20 31	---- Of polyurethane foam	kg.	[15%]	-
3926 20 39	---- Other ---Collar stays, patties, butterfly, shoulder-pads and other stays:	kg.	[15%]	-
3926 20 41	---- Of polyurethane foam	kg.	[15%]	-
3926 20 49	---- Other ---Other:	kg.	[15%]	-
3926 20 91	---- Of polyurethane foam	kg.	[15%]	-
3926 20 99	---- Other	kg.	[15%]	-
3926 30	**- Fittings for furniture, coach work or the like**			
3926 30 10	--- Of polyurethane foam	kg.	[15%]	-
3926 30 90	**--- Other**	kg.	[15%]	-
3926 40	- Statuettes and other ornamental articles: ---Bangles:			
3926 40 11	---- Of polyurethane foam	kg.	[15%]	-
3926 40 19	---- Other ---Beads:	kg.	[15%]	-
3926 40 21	---- Of polyurethane foam	kg.	[15%]	-
3926 40 29	---- Other ---Statuettes:	kg.	[15%]	-
3926 40 31	---- Of polyurethane foam	kg.	[15%]	-

Tariff item	Description of goods	Unit	Standard	Preferential
3926 40 39	---- Other ---Table and other household articles (including hotel and restaurant) for decoration:	kg.	[15%]	-
3926 40 41	---- Of polyurethane foam	kg.	[15%]	-
3926 40 49	---- Other ---Decorative sheet:	kg.	[15%]	-
3926 40 51	---- Of polyurethane foam	kg.	[15%]	-
3926 40 59	---- Other	kg.	[15%]	-
3926 40 60	--- Sequine --- Other:	kg.	[15%]	-
3926 40 91	---- Of polyurethane foam	kg.	[15%]	-
3926 40 99	---- Other	kg.	[15%]	-
3926 90	- Other			
3926 90 10	--- PVC belt conveyor ---Couplers, packing rings, O rings and the like:	kg.	[15%]	-
3926 90 21	---- Of polyurethane foam	kg.	[15%]	-
3926 90 29	---- Other ---Lasts, with or without steel hinges; EVA and grape sheets for soles and heels; welts:	kg.	[15%]	-
3926 90 31	---- Of polyurethane foam	kg.	[15%]	-
3926 90 39	---- Other --- Rings, buckles, tacks, washers and other decorative fittings made of plastic used as trimmings and embellishments for leather products; patterns for leather foot wear, leather garments and leather goods:	kg.	[15%]	-
3926 90 41	---- Of polyurethane foam	kg.	[15%]	-
3926 90 49	---- Other ---Retroreflective sheeting of other than of heading 3920:	kg.	[15%]	-
3926 90 51	---- Of polyurethane foam	kg.	[15%]	-
3926 90 59	---- Other --- Hangers:	kg.	[15%]	-

Tariff item	Description of goods	Unit	Standard	Preferential
3926 90 61	---- Of polyurethane foam	kg.	[15%]	-
3926 90 69	---- Other --- Plastic or nylon tipped hammers; insulating liner of nylon, HDPE:	kg.	[15%]	-
3926 90 71	---- Of polyurethane foam	kg.	[15%]	-
3926 90 79	---- Other	kg.	[15%]	-
3926 90 80	--- Polypropylene articles, not elsewhere specified or included ---Other:	kg.	[15%]	-
3926 90 91	---- Of polyurethane foam	kg.	[15%]	-
3926 90 99	**---- Other**	kg.	[15%]	-

Notification No. 152/2009-Cus dated 31.12.2009. Import from Republic of Korea under PTA between India and Korea Rules, 2009,

Sl. No.	Chapter, Heading, Sub Heading and Tariff Item	Description of goods	Rate
338	392690	All Goods	0.00
961	Chapter 94 (except 940120 and 940370)	All Goods	0.00

15. The Appellant is engaged in manufacture of automobile seats. The imported goods were described as "Polyurethane Sheets for Car Seats" and were imported from Korea. The Appellant's own correspondence states that the goods consisted of polyester/ polyamide/ nylon non-woven material laminated with PU-based material on one side and PU foam on the other side, and that they were imported exclusively for producing car seats. As per the show cause notice (SCN) the specifications were prescribed keeping in view softness, firmness, durability, comfort and ventilating properties required for car seats. The Appellant's Deputy General Manager, Seat Purchase & Development, in

his statement stated that the goods were subject to standards relating to air permeability and foam thickness and that different designs were associated with different vehicle models. The goods were described as articles of plastics, more specifically ‘polyurethane’, for use in car seats. Further stated that steel frames, plastic parts, polyurethane pads, seat covers, PVC covers and electrical items were assembled to make a complete car seat.

16. The adjudicating authority personally examined representative samples. As per the Order-in-Original dated 28.12.2020 the goods were cut to specific dimensions of approximately 60 cm x 50 cm, perforated for ventilation/ air permeability, stitched to give a distinct distended or puffed design and comprised three layers, namely polyurethane sheet, polyurethane foam and poly fabric. We find that as per the process-flow furnished by the Appellant it shows receipt of the impugned 'Polyurethane Sheets' and assembly up to a finished seat. The process-flow describes the material at the vendor as PU raw material; the material is received, inspected, stored and then subjected to lay-and-cut/ die-cutting operations, sewing, airbag stitching, final stitching, trimming, final inspection, packing and dispatch. We find that only upon lay-and-cut/ die cutting operation on the 'Polyurethane Sheets' as per to required dimensions of the car seat of a particular car model the subsequent operations to complete the ‘covering sub assembly’ are taken up. The process at Hyundai Transys-Appellant begins with receipt of ‘covering sub-assembly’ from the vendor, inspection, assembly of PU foam pads with the covering, cushion/ back assembly, assembly of plastic parts, head-rest and safety-buckle assembly, ironing, inspection and final seat assembly.

17. The process-flow is relevant as it demonstrates what the imported goods were in commercial and manufacturing terms at the time of import. It shows a manufacturing chain in which the imported material is an input into the production of a ‘covering sub-assembly’ and not, in the condition imported, a finished fitting ready for attachment to a seat frame.

18. As per the Appellant's statement of facts the imported goods underwent substantial further processing through its vendor, followed by further processing at the Appellant's factory before the resulting finished article was fitted to the car-seat frame. It is the contention of the Appellant that; the goods were imported in sheet form and were further processed and value-added before being used in assembly of the car seat; the imported goods cannot be called "fittings" because they were not ready-to-use articles; the goods were sheets/ raw materials and not polyurethane seat fittings; they had to be cut, stitched and subjected to other processes, including processes carried out at a job worker's premises and thereafter at the Appellant's factory; therefore the finished fitting comes into existence only after such processes; classification must be based on the form and condition in which the goods are imported and not on their future use. Reliance is placed upon Dunlop India Ltd. & Madras Rubber Factory Ltd. Vs. Union of India, 1983 (13) ELT. 1566 (S.C.). The Appellant also disputes the evidentiary significance of the UQC "Nos." and the fact that the goods were imported in cut sheets rather than rolls or running lengths and that there is no statutory rule making UQC determinative of tariff classification.

19. As regards invocation of Rule 2(a) of General Rules of Interpretation (GRI) the appellant relied upon the decision in Commissioner of Customs, New Delhi Vs. Sony India Ltd., 2008 (231) EL.T. 385 (S.C.), and contended that the imported goods required substantial working and therefore could not possess the essential character of a finished fitting. The Department, on the other hand, submits that the goods were specially engineered, model-specific, laminated, perforated, stitched and manufactured exclusively for car seats and therefore had already acquired the identity of dedicated fittings. The Department relied on the specific Customs Tariff sub-heading 3926 30, and on the principle that a specific entry prevails over a residuary entry, Rule 3(a),Rule 2(a) in the alternative, and decisions in Commissioner of Customs, Central Excise & Service Tax, Hyderabad-III Vs. Select Foam Products, 2019 (366) E.L.T. 1057 (Tri.-Hyd.), Bharat Forge & Press Industries (P) Ltd., H.P.L. Chemicals Ltd. and Mauri Yeast

India Pvt. Ltd. for the proposition that a residuary entry should be the last resort.

20. We find that issues for determination are:

i. The appropriate classification of the impugned imported goods in the condition in which they were imported;

ii. whether the impugned imported goods answer the tariff description "Fittings for furniture, coach work or the like" under Customs Tariff Heading (CTH) 3926 30;

iii. whether Rule 2(a) can independently sustain classification of the impugned imported goods under Customs Tariff Item(CTI) 3926 3090;

iv. whether Rule 3(a) can be invoked to prefer classification of the impugned goods 'Polyurethane Sheets for Car Seats' under Customs Tariff Item(CTI) 3926 3090 over Customs Tariff Item(CTI) 3926 9099;

v. whether the decision in the case of M/s. Select Foam Products covers the impugned goods;

vi. whether the alternative claim under Customs Tariff Item (CTI) 9401 90 00 can be accepted; and

vii. whether the impugned goods are eligible for the benefit of Notification No. 152/2009-Cus., and whether the demand of differential duty along with interest is sustainable.

21. We find that it is settled law that classification begins with Rule 1 of the General Rules of Interpretation (GRI) and the terms of the headings, read with the relevant Section and Chapter Notes. Rules 2 and 3 are applied in the circumstances specified therein. The classification must therefore first be determined by examining what the imported goods actually are and whether the description of a specific tariff entry covers them. Hon'ble Supreme Court in Dunlop India Ltd. Vs. Union of India, 1983 (13) E.L.T. 1566 (S.C.), laid down, inter alia, that end-use is not ordinarily determinative where the tariff entry itself contains no

reference to use or adaptation. The principle is directly relevant here because the Department's case is that the goods are eventually used in car seats. The decisive question remains whether the goods, as imported, answer the description of 'fittings for furniture, coachwork or the like'. In Glaxo Laboratories Ltd. Vs. Union of India, 1985 (21) E.L.T. 72, it was held that the article is to be judged on its nature at the time of importation where the tariff entry does not make end-use the basis of classification. Likewise, in CCE Vs. Sanghi Polyesters Ltd., 2003 (155) E.L.T. 381 (Tri.-Bang.), it reiterated the basic proposition that the goods are to be classified in the condition in which they are presented for assessment. As per these decisions if the imported article is itself a finished or identifiable fitting, its use may reinforce that identity. On the contrary, if the article is still a sheet/ raw material which requires manufacturing processes to acquire the identity of a fitting, its future use cannot make it into a fitting at the time of import.

22. The Customs Tariff Heading (CTH) 3926 under Chapter 39 is a heading for 'Other articles of plastics and articles of other materials of headings 3901 to 3914', within that heading, Customs Tariff Heading (CTH) 3926 30 specifically covers "Fittings for furniture, coach work or the like", with Customs Tariff Item(CTI) 3926 3010 for "Of polyurethane foam" and Customs Tariff Item(CTI) 3926 3090 for "Other". Customs Tariff Item (CTH) 3926 90 91 is the residual "Other" entry for 'of polyurethane' and Customs Tariff Item (CTI) 3926 90 99 for 'other', that covers other articles of plastics.

23. Further there is no dispute that a car seat is covered under Heading 9401, which contains the Customs Tariff Item(CTI) 9401 20 00 for seats of a kind used for motor vehicles. HSN also treats such seats as falling within the meaning of furniture for Chapter 94 purposes. Therefore car seats may constitute furniture for tariff purposes, however, it does not automatically establish that every plastic material used in manufacturing a car seat is a "Fittings for furniture, coach work or the like". The expression "fitting" has to be applied to the goods actually imported. The ordinary and commercial understanding of a fitting is an identifiable

article intended to be attached to, incorporated into, equip or complete another article. The question therefore is whether the imported polyurethane sheet/ composite material had already acquired that identity at the time of import.

24. We find that Revenue has classified the impugned goods "Polyurethane sheet' under Customs Tariff sub-heading (CTSH) 392690 under 'fittings for furniture, coachwork or like' and further under Customs Tariff Item (CTI) 3926 9030 as 'other'. Customs Tariff Item (CTI) 3926 9010 covers 'fittings for furniture, coachwork or like' of Polyurethane foam. Therefore, Customs Tariff Heading (CTH) 392690 covers 'fittings for furniture', 'fittings for coachwork' and 'fittings for the like'. The fittings meant for motor cars are covered under 'fittings for coach work'. The examples of coachwork fittings for car/bus body are: Grab handles for car roof , Coat hooks in car Door handles (interior plastic part), Armrest hinge /adjuster Luggage hooks, Sun visor clip (PU foam + plastic) Seat adjustment knob, Door trim clips / plastic rivets, etc. The examples for fittings for coach work which are made out of Polyurethane are: Moulded Armrest-Left/Right, Headrest / Head Restraint , Grab Handle / Hand Grip - Near door entry, Sun Visor - Driver cabin, Gear Knob Cover, Steering Wheel Grip Cover, Dashboard Infill Pad / Corner Pad, Window Sill / Side Wall Cushion Pad, AC Louver Housing / AC Duct Padding, Door Handle Recess / Door Trim Insert, Bump Stop / Door Stopper, etc.

25. In the present case, the evidence does not establish that the impugned goods have acquired that stage of manufacture for classification under the specific entry "Fittings for furniture, coach work or the like". The goods were admittedly described as sheets; the process-flow itself mentions the incoming material as "PU raw materials"; and the vendor process begins with receiving the raw material, inspection, lay-and-cut/ die cutting, sewing, airbag stitching, final stitching. trimming and final inspection. The output of that process is a finished ‘covering sub-assembly’. The vendor process does not show a simple act of attaching an already finished fitting to a seat, it shows manufacturing

operations that alter the imported material into differently configured covering parts. The process-flow photographs depict cutting, sewing, wire-band stitching, sub-assembly stitching, airbag-cloth stitching, skirt assembly stitching, final covering and final inspection, followed by identified front-seat back, front-seat cushion and rear-seat cushion coverings. The subsequent process at Hyundai Transys is combining the 'covering sub-assembly' received from the vendor with PU foam pads, frames and other components, followed by cushion/ back assembly, plastic-parts assembly, head-rest and safety-buckle assembly, ironing and inspection, culminating in the completed seat. The process therefore has identifiable stages, and the imported goods are an input to an intermediate article 'covering sub-assembly' rather than a finished fitting merely awaiting attachment.

26. We therefore find force in the contention of the Appellant, basis Dunlop India, Glaxo Laboratories and Sanghi Polyesters, that classification must be determined with reference to the goods in the condition in which they are imported. As per these decisions, it leads to the inference that the classification declared by the appellant is justifiable. The material imported "polyurethane" is the actual sheet/ composite material as presented to Customs. The fact that the samples were cut to approximately 60 cm x 50 cm, perforated and stitched cannot by itself make them fittings. Those features are relevant evidence of their intended engineering application, but they do not answer the separate legal question as to whether they had already become a finished fitting. The process-flow shows that cutting, shaping, sewing and other operations continued to be performed after receipt of the raw material and before the covering part was produced. We find that revenue has not adduced any evidence to show that the impugned imported material, 'Polyurethane sheets for car seats' cannot be used by other car manufacturers and that it is exclusively used as fittings for car seats of the cars manufactured by M/s. Hyundai.

27. The Department contended that the subsequent operations were merely supplementary. The distinction between a minor operation and a

manufacturing operation is material, where an imported sheet must be cut into the required configuration, joined with other materials, stitched in specified locations, subjected to airbag stitching, trimmed and inspected before a distinct covering part emerges, it cannot be assumed that the finished identity of the fitting already existed at import. The adjudicating authority observed that the processes after import were cutting and sewing and treated them as end processes incidental to assembly of the car seat. However, as per the process-flow it shows the incoming material as raw material and shows die cutting, sewing, airbag stitching, final stitching, trimming and inspection before dispatch of finished covering sub assembly.

28. The correct test would be after considering the objective characteristics and the extent and nature of process remaining, whether the goods had already acquired the identity contemplated by the tariff entry. In this case, the imported sheets are inputs into the manufacture of the covering sub-assembly. The process is not merely fastening a finished fitting to a seat. It involves transforming the sheet into a shaped and stitched covering sub-assembly.

29. The Appellant's description of the goods as "raw material" is not, by itself, determinative. But the description is supported by the process-flow, which independently uses the expression "PU raw materials" at the receiving stage and then the operations required to obtain finished covering sub assembly. The Department's reliance on the fact that the UQC was "Nos." rather than metres or rolls does not make UQC determinative of classification. A sheet can be raw material whether imported in rolls, metres, pieces or numbers. The fact that the goods were cut to specified sizes is not conclusive proof that a fitting had already emerged.

30. The adjudicating authority invoked Rule 2(a) on the reasoning that the imported goods, though incomplete or unfinished, possessed the essential character of the finished fitting. Rule 2(a) operates where an article is incomplete or unfinished but, as presented, possesses the essential character of the complete or finished article. The rule does not

dispense with the essential-character test. It cannot be applied merely because the importer intends to use an article in making a finished product. The essential character of a finished fitting must be examined with reference to the specific fitting claimed. Here the imported goods were not the completed seat-cover/ covering assembly. The process-flow shows that the material was still to undergo many processes before the finished covering parts emerged. The subsequent processes at Hyundai Transys further combine those covering sub-assemblies with polyurethane (PU) foam pads and seat frames. On these facts, the imported goods cannot be said to possess the essential character of the finished fitting merely because their ultimate use is in a car seat. As per the Hon'ble Supreme Court decision in Sony India Ltd., 2008 (231) E.L.T. 385 (S.C.), treating a collection or incomplete state as the finished article where the essential character is not present is not proper. In the present case, the essential-character test is not satisfied because many manufacturing operations are necessary to convert the sheet into the covering sub-assembly/ component. The imported goods had characteristics designed for car-seat use, but "designed for use is not synonymous with "already possessing the essential character of the finished fitting". The distinction is particularly important where the remaining process creates the shape, configuration, stitching and finished covering sub assembly.

31. The Department states the general legal proposition that a specific entry prevails over a residuary entry. The decisions in Bharat Forge, H.P.L. Chemicals and Mauri Yeast held that the residuary entry is a last resort. However, Rule 3(a) applies only where the goods are prima facie classifiable under two or more headings. It cannot be used to classify goods into an entry whose description they do not satisfy. The question is therefore not whether Customs Tariff Item(CTI) 3926 3090 is more specific than Customs Tariff Item(CTI) 3426 9099. The question is whether the imported goods are "fittings for furniture, coach work or the like", if they are not fittings at the time of import, there is no comparison between the fitting entry and the residuary entry. The Hon'ble Supreme Court's in Bharat Forge held that the Department must establish that the

goods can be brought within a specific entry before resorting to the residuary entry. Conversely, where the specific entry cannot reasonably be applied to the goods in the condition presented, the residuary entry remains available. Thus, the mere existence of a specific tariff description cannot displace the residual entry if the factual description of the goods does not answer the specific description. Since the imported goods were still sheets/ raw material requiring manufacturing operations to emerge as a finished seat-covering sub assembly, they do not fall within the specific "fittings" description at the time of import. Once Customs Tariff Heading (CTH) 392630 is found inapplicable, the classification proceeds within Chapter Heading 3926 to the residual Customs Tariff Heading (CTH) 3926 90. At the eight-digit level, Customs Tariff Item(CTI) 3926 90 99 is the appropriate residual entry for other articles of plastics not elsewhere specifically provided for. Department and the appellant accept that the goods are within Chapter Heading 3926; the dispute is confined to the sub-classification.

32. The Department and the adjudicating authority have placed considerable reliance on **Commissioner of Customs, Central Excise & Service Tax. Hyderabad-III Vs. Select Foam Products, 2019 (366) E.LT. 1057 (Tri.-Hyd.)**. In Select Foam Products, the goods were polyurethane foam articles/ cushions made in moulds according to customer specifications for use on seats. The Tribunal found that the articles were not seats by themselves but were polyurethane articles specifically made as fitting for seats. The Tribunal preferred the fitting description under Customs Tariff Item(CTI) 3926 3010 over the heading parts of seats under Customs Tariff Heading (CTH) 9401. The impugned goods, however, are materially different. The dispute in Select Foam concerned the choice between a specific polyurethane article/ fitting entry and a heading for parts of seats. The goods in that case were ‘moulded polyurethane’ articles having the shape and identity of seat cushions and requiring attachment to a frame and upholstery. In the present case, the goods are composite sheets/ raw material that enter a manufacturing sequence involving cutting, sewing, airbag stitching, final stitching, trimming and inspection before the finished covering sub

assembly emerge. The distinction is therefore not merely one of degree of processing, it goes to the identity of the imported goods. In Select Foam, the article was itself polyurethane cushion article made specifically for fitting. In the present case, the imported sheet is an input from which the ‘covering sub-assembly’ is subsequently manufactured. The process-flow furnished by the Appellant is decisive on this point. Further, Select Foam was not a decision holding that all polyurethane material is ultimately used on seats. Its ratio must be confined to the factual description of polyurethane articles which themselves possessed the identity of articles made specifically for fitting on furniture or coach seats.

33. The fact that the Appellant's representative, when confronted during investigation with Select Foam stated that the goods were covered under Customs Tariff Heading (CTH) 392630, is evidentiary but not conclusive. Classification is a question of law to be determined based on the tariff and the facts. A confession or admission cannot override the statutory tariff, if the objective evidence points to a different classification.

34. The Department has emphasised that the goods consist of polyurethane sheet, polyurethane foam and poly fabric and has treated this composite material as a fitting. The Appellant, on the other hand, submits that the combination of materials itself shows that the goods cannot be described simply as "of polyurethane foam". For the present classification, the precise essential-character analysis under Rule 3(b) need not be undertaken because the dispute is resolved at the level of whether the goods answer the description of a fitting. The important point is that the composite character does not establish a finished fitting. Rather, it confirms that the imported item is a composite input designed for subsequent conversion into a ‘covering sub-assembly’. The description under Customs Tariff Item(CTI) 3926 3010, "Of polyurethane foam", also cannot be treated as automatically applicable merely because polyurethane (PU) foam forms one of the layers. The Department itself classified the goods under Customs Tariff Item(CTI) 3926 3090, under "Other", this classification presupposes that the goods first satisfy the

main description "Fittings for furniture, coach work or the like". Since we find that threshold is not satisfied, the question whether the goods are "of polyurethane foam" or "other" within the fitting does not arise.

35. The impugned goods undisputedly were exclusively intended for car seats and the Appellant itself stated so. The specifications were prescribed with reference to comfort, softness, firmness, durability and ventilation. The goods were not generic polyurethane sheets capable of general use. This evidence is relevant and it demonstrates the commercial purpose and explains why the goods were manufactured to particular specifications. However it does not, by itself, determine the tariff classification. Dunlop India and Mannampalakkal Rubber make clear that where the tariff entry does not make end-use the criterion, use cannot be substituted for the statutory description. In the present case, the Department's approach gives weight to the words "for car seats" in the description and to the eventual assembly of the goods into seats. One has to first identify the article as imported and then determine whether its objective characteristics answer the tariff description. The present goods are therefore best understood as specially specified plastic/ polyurethane composite sheets or material used as an input in manufacture of car-seat 'covering sub-assembly'. The fact that they are meant for a particular manufacturing application does not convert them into finished fittings.

36. The Appellant has alternatively contended that, if the goods are treated as parts of car seats, they should fall under Customs Tariff Item(CTI) 9401 9000. Heading 9401 covers seats and parts thereof, including seats of a kind used for motor vehicles. However, the imported goods, in the condition in which they were presented, are not identifiable finished parts of a seat merely because they ultimately form part of the seat. They are inputs to a 'covering sub-assembly' and require the manufacturing processes described above. Therefore the alternative classification under Customs Tariff Heading (CTH) 9401 is not acceptable.

37. We find that the Chennai bench of Hon'ble CESTAT considered the appeal filed by the appellant-M/s. Hyundai Transys in Appeal No.

40036/2024, wherein the dispute is with regard to the classification of "polyurethane sheet for car seat", as in the case of the subject appeal. The appellant had claimed classification under Custom Tariff Item (CTI) 3926 9099 whereas the department has proposed classification of the goods under Customs Tariff Item (CTI) 3921 1390 as '*Other plates, sheets, film, foil, and strip of plastics: - - - other'* without the benefit of Notification No. 152/2009 dated 31.12.2009. On adjudication, the classification as proposed by the Revenue has been confirmed by the adjudicating authority, and the differential duty was confirmed along with interest and imposed redemption fine of Rs. 2.50 crores and equal penalty under 114A of the Customs Act, 1962. Aggrieved by the order, the appellant filed appeal before Hon'ble Tribunal Chennai. The Hon'ble Tribunal, Chennai considered the case of the appellant and records that the goods were tested by CIPET and reported that the goods are "polyester sheets used for car seats pave PQG BR(GT Non- Vent)". During the hearing, Learned counsel for the appellant had submitted that; "the subject item is specifically made article of PU and are exclusively used in the manufacture of car seat, they cannot be classified as under CTI 3921 1390 as they are not falling under the scope of Note 10 of Chapter 39. Further CTI 3921 1390 covers other than flexible PU sheets, whereas the subject item is flexible sheet as evidenced by the CRL test report. Hence the classification ordered in the impugned order is not correct".

38. In this regard note 10 to Chapter 39 is extracted which reads as, '*In headings 3920 and 3921, the expression "plates, sheets, film foil and strip" applies only to plates, sheets, film, foil and strip (other than those of Chapter 54) and to blocks of regular geometric shape, whether or not printed or otherwise surface-worked, uncut or cut into rectangles (including squares) but not further worked (even if when so cut they become articles ready for use)'.*

39. The Hon'ble Tribunal Chennai vide Final Order No. 40805/2025 dated 08.08.2025 held that;

> *"10. For the reasons discussed, we set aside the impugned order as it was based on a SCN which was barred by limitation. The appellant*

is eligible for consequential relief, if any, as per law. We clarify that we have not examined the issue of classification and the eligibility or otherwise of the goods for duty exemption as proposed in the impugned order since it has been set aside on limitation itself. The appeal is disposed of accordingly."

40. Therefore, the issue of classification involved in the above appeal has not been adjudicated/ decided on merits but on limitation. We find that in that case the department has adopted classification under Customs Tariff Item (CTI) 3921 1390, since this tariff heading is not covered by Notification No. 152/2009 dated 31.12.2009 the benefit of notification was also denied. The classification claimed by the appellant in the case before Hon'ble Tribunal Chennai was under Custom Tariff Item (CTI) 3926 9099 as "Polyurethane sheets" under the residual entry which reads as, 'Other articles of plastics and articles of other materials of headings 3901 to 3914 under, ---Other, ----Other'.

41. We find that the appellant has been consistently, classifying the impugned goods under Customs Tariff Item (CTI) 3629 9099 and was claiming the benefit at Sl. No. 338 of Notification No. 152/2009 dated 31.12.2009. We find that the impugned goods are a composite material consisting of poly fabric coated on one side with polyurethane form and the other side with polythene sheet. Therefore, the impugned goods are not simpliciter polyurethane sheets, but are composite material consisting of Poly fabric with Polyurethane form sheet on one side and polythene sheet on the other, therefore, we find that the item is not an article of polyurethane but an article of a composite material consisting of the above three materials. We also find that the department has not analysed the composition of the three materials used in these sheets and whether the polyurethane is predominant. Therefore, in the absence of such test the impugned goods gets classified under the heading other plastic items under Chapter 39. As regards to the specific tariff item entry under Chapter 39 considering the composite nature of the impugned goods, they are not classifiable under Customs Tariff Item (CTI) 3926 3090 as 'fittings for furniture, coachwork, or the like ', in view of the above detailed discussion. Further, the impugned goods are not articles

of 'polyurethane' to be classified under Custom Tariff Item (CTI) 3926 3010. The Revenue has classified the goods under Customs Tariff Item(CTI) 3926 3090, which is the heading for 'others' under Customs Tariff sub-heading (CTSH) 3926 30 which is for 'fittings for furniture, coachwork, or the like.' The classification adopted by the department under Customs Tariff Item(CTI) 3926 3090 is not appropriate due to the fact that the entry 'others' under Customs Tariff Item(CTI) 3926 3090 covers 'other', which means that it covers articles of plastic which are other than made of polyurethane, the other articles of plastic other than polyurethane are made of out plastic materials, namely ABS, PP, PVC, HDPE, Nylon, Rubber, FRP , etc. Undisputedly the impugned goods are not made of any of these material nor they are made exclusively out of polyurethane material. Therefore, I find the classification of the impugned goods under Customs Tariff sub Heading (CTSH) 3629 30 is not appropriate since they are not covered either under Customs Tariff Item(CTI) 3629 3010 or under Customs Tariff Item(CTI) 3926 3090.

42. In view of the above discussion the classification of the impugned goods as confirmed by the Revenue under the Customs Tariff Item(CTI) 3629 3090 is not appropriate and therefore the classification confirmed by the department is unsustainable. Now coming to the actual classification of the impugned imported goods, we find that the Chennai Customs have classified the same goods imported at Chennai by the appellant under Customs Tariff Item (CTI) 3921 1390 as 'Other plates, sheets, film, foil and strip of plastics --- other', which points out to the fact that the department has considered the imported goods, which are imported at Chennai Customs as sheets. However, for the imports at Bangalore, Revenue has classified the same goods under Customs Tariff Item(CTI) 3629 3090. Therefore we find that there is a different practice of classification by the Revenue at these two ports. The appellant for the imports at Chennai and Bangalore, ports have classified the impugned goods under Customs Tariff Item(CTI) 3926 9099, which is the residual entry under Chapter heading 3926, which covers other articles of plastic ---Other ----Other. We find that the impugned goods consist of composite materials namely, polyfabric, polyurethane sheet and polyurethane foam,

wherein the plastic material is predominant. We find that the two competing classifications in this case are Customs Tariff Item(CTI) 3926 9099 and as claimed by the appellant and Customs Tariff Item(CTI) 3926 3090 as confirmed by the department, we have given reasons why the classification under Customs Tariff Item(CTI) 3926 3090 is not proper and therefore unsustainable. The impugned goods being articles of plastic the classification adopted by the appellant under Customs Tariff Item (CTI) 3926 9099 is held to be appropriate. Therefore, in view of the above discussion and in the facts of the case, the classification of the impugned goods under Customs Tariff Item(CTI) 3926 9099 is upheld and the classification adopted by the department under Customs Tariff Item(CTI) 3926 3090 is set aside. Consequently, the differential duty demand along with interest, arising on classification of the impugned goods under Customs Tariff Item (CTI) 3926 3090 without the benefit of Notification No. 152/2009 dated 31.12.2009 is set aside. Since the impugned goods are held to be classifiable under Customs Tariff Item(CTI) 3926 9099, the appellant is eligible for benefit at Sl. No. 338 of Notification No. 152/2009 dated 31.12.2009.

43. Accordingly, the impugned order is set aside and the appeal is allowed with consequential relief, if any, as per law.

44. The appeal is disposed in the above terms.

(Order pronounced in open court on 23.10.2026)

(P.A. AUGUSTIAN)
MEMBER (JUDICIAL)

(PULLELA NAGESWARA RAO)
MEMBER (TECHINICAL)

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