
	सीमा शुल्क के आयुक्त का कार्यालय सीमा शुल्क सदन, मुंद्रा, कच्छ, गुजरात OFFICE OF THE COMMISSIONER OF CUSTOMS CUSTOMS HOUSE, MUNDRA, KUTCH, GUJARAT Phone No.02838-271165/66/67/68 FAX.No.02838-271169/62, Email-adj-mundra@gov.in	
A. File No.	: GEN/ADJ/COMM/77/2025-Adjn-O/o Pr. Commr- Cus-Mundra	
B. Order-in-Original No.	: MUN-CUSTM-000-COM- 018 -25-26	
C. Passed by	: Nitin Saini, Commissioner of Customs, Customs House, AP & SEZ, Mundra.	
D. Date of order and Date of issue:	: 31.07.2025; 31.07.2025	
E. SCN No. & Date	: SCN F. No. GEN/ADJ/COMM/77/2025-Adjn-O/o Pr. Commr-Cus-Mundra, dated 05.02.2025.	
F. Noticee(s) / Party / Importer	: M/s. Reliance Syngas Limited (IEC- AALCR4138A), Village Padana/Kanalus, Taluka - Lalpur, Jamnagar – 361280	
G. DIN	: 20250771MO0000818318	

1. यह अपील आदेश संबंधित को निःशुल्क प्रदान किया जाता है।

This Order - in - Original is granted to the concerned free of charge.

2. यदि कोई व्यक्ति इस अपील आदेश से असंतुष्ट है तो वह सीमा शुल्क अपील नियमावली 1982 के नियम 6(1) के साथ पठित सीमा शुल्क अधिनियम 1962 की धारा 129A(1) के अंतर्गत प्रपत्र सीए3-में चार प्रतियों में नीचे बताए गए पते पर अपील कर सकता है-

Any person aggrieved by this Order - in - Original may file an appeal under Section 129 A (1) (a) of Customs Act, 1962 read with Rule 6 (1) of the Customs (Appeals) Rules, 1982 in quadruplicate in Form C. A. -3 to:

“केन्द्रीय उत्पाद एवं सीमा शुल्क और सेवाकर अपीलीय प्राधिकरण, पश्चिम जोनल पीठ, 2nd फ्लोर, बहुमाली भवन, मंजुश्री मील कंपाउंड, गिर्धनगर ब्रिज के पास, गिर्धनगर पोस्ट ऑफिस, अहमदाबाद-380 004”

“Customs Excise & Service Tax Appellate Tribunal, West Zonal Bench, 2nd floor, Bahumali Bhavan, Manjushri Mill Compound, Near Girdharnagar Bridge, Girdharnagar PO, Ahmedabad 380 004.”

3. उक्त अपील यह आदेश भेजने की दिनांक से तीन माह के भीतर दाखिल की जानी चाहिए।

Appeal shall be filed within three months from the date of communication of this order.

4. उक्त अपील के साथ -/ 1000रूपये का शुल्क टिकट लगा होना चाहिए जहाँ शुल्क, व्याज, दंड या शास्ति रूपये पाँच लाख या कम माँगा हो 5000/- रुपये का शुल्क टिकट लगा होना चाहिए जहाँ शुल्क, व्याज, शास्ति या दंड पाँच लाख रूपये से अधिक किंतु पचास लाख रूपये से कम माँगा हो 10,000/- रुपये का शुल्क टिकट लगा होना चाहिए जहाँ शुल्क, दंड व्याज या शास्ति पचास लाख रूपये से अधिक माँगा हो। शुल्क का भुगतान खण्ड पीठ बेंच आहरित ट्रिब्यूनल के सहायक रजिस्ट्रार के पक्ष में खण्डपीठ स्थित जगह पर स्थित किसी भी राष्ट्रीयकृत बैंक की एक शाखा पर बैंक ड्राफ्ट के माध्यम से भुगतान किया जाएगा।

Appeal should be accompanied by a fee of Rs. 1000/- in cases where duty, interest, fine or penalty demanded is Rs. 5 lakh (Rupees Five lakh) or less, Rs. 5000/- in cases where duty, interest, fine or penalty demanded is more than Rs. 5 lakh (Rupees Five lakh) but less than Rs. 50 lakh (Rupees Fifty lakhs) and Rs. 10,000/- in cases where duty, interest, fine or penalty demanded is more than Rs. 50 lakhs (Rupees Fifty lakhs). This fee shall be paid through Bank Draft in favour of the Assistant Registrar of the bench of the Tribunal drawn on a branch of any nationalized bank located at the place where the Bench is situated.

5. उक्त अपील पर न्यायालय शुल्क अधिनियम के तहत 5/- रूपये कोर्ट फीस स्टाम्प जबकि इसके साथ संलग्न आदेश की प्रति पर अनुसूची- 1, न्यायालय शुल्क अधिनियम, 1870 के मद सं-6 के तहत निर्धारित 0.50 पैसे की एक न्यायालय शुल्क स्टाम्प वहन करना चाहिए।

The appeal should bear Court Fee Stamp of Rs. 5/- under Court Fee Act whereas the copy of this order attached with the appeal should bear a Court Fee stamp of Rs. 0.50 (Fifty paise only) as prescribed under Schedule-I, Item 6 of the Court Fees Act, 1870.

6. अपील ज्ञापन के साथ ड्यूटी/ दण्ड/ जुर्माना आदि के भुगतान का प्रमाण संलग्न किया जाना चाहिये। Proof of payment of duty/fine/penalty etc. should be attached with the appeal memo.
7. अपील प्रस्तुत करते समय, सीमाशुल्क (अपील) नियम, 1982 और CESTAT (प्रक्रिया) नियम, 1982 सभी मामलों में पालन किया जाना चाहिए।

While submitting the appeal, the Customs (Appeals) Rules, 1982 and the CESTAT (Procedure) Rules 1982 should be adhered to in all respects.

8. इस आदेश के विरुद्ध अपील हेतु जहाँ शुल्क या शुल्क और जुर्माना विवाद में हो, अथवा दण्ड में, जहाँ केवल जुर्माना विवाद में हो, न्यायाधिकरण के समक्ष मांग शुल्क का 7.5% भुगतान करना होगा।

An appeal against this order shall lie before the Tribunal on payment of 7.5% of the duty demanded where duty or duty and penalty are in dispute, or penalty, where penalty alone is in dispute.

BRIEF FACTS OF THE CASE:

M/s. Reliance Syngas Limited (IEC- AALCR4138A), Village Padana/Kanalus, Taluka - Lalpur, Jamnagar - 361280 had filed following Bill of entry for import of “TRIPLE FILTER ELEMENTS (60X2450MM)” through their CHA- M/s. Om Namah Shivay Logistics International Pvt Ltd; for declaring the goods under Chapter 84219900.

The details of the Bill of entry are as under:-

TABLE-A						
Bill of entry No. & Date	Description of Goods	Weight (in Kgs)	Declared Assessable Value (in Rs.)	BCD@7.5 % Amount (in Rs.)	SWS Amount (in Rs.)	IGST Amount @18% (in Rs.)
4461634 dated 02.02.2023	Triple Filter Elements (60X2450MM)	20969	176335943 /-	13225196 /-	1322520 /-	34359059 /-

2. Issue in Brief:

M/s Reliance Syngas Limited (hereinafter referred to as ‘importer’ for the sake of brevity) has filed a Bill of entry No. 4461634 dated 02.02.2023 (**RUD-1**) for the import of “TRIPLE FILTER ELEMENTS (60X2450MM)” under CTH-84219900 and the same were put on hold for SIIB examination as it had been identified to be a risky consignment in relation to potential mis-declaration /misclassification.

3. Investigation:

3.1 During examination, it was noticed that the Containers were stuffed with Jumbo wooden boxes and the said boxes were de-stuffed. On opening the boxes, it was found that the goods were wrapped in plastic film packaging of grey Colour. On opening the package, the goods appeared to be some Machinery Parts (03 Cylindrical Shape elements banded together). The quantity of goods was found same as declared in the Bill of Entry. However, it could not be ascertained merely by seeing that the goods were Triple Filter Elements or not. Therefore, the technical opinion of Empanelled Chartered Engineer was sought.

3.2 Whereas, a letter dated 20.02.2023 (**RUD-2**) was received from the importer, wherein they inter-alia mentioned that “these are specially designed Filters & cost is also very high. “The gas carries corrosive components like Hydrogen Sulphide, Hydrogen Cyanide and water so there's a high potential for sulfidation which is a form of rapid corrosion. When sulphides form, they block the filter medium whilst simultaneously reducing the tensile strength of the metal through loss of mass,”. However, these imported items are not independent filter rather spare for Char Filtration Equipment and a Triple Filter element which has been designed for the specific purpose of gasification plant. These items will not fall under the condition of MOC for deciding the classification of imported product as per the CBEC CIR. 24/13-CUS DT. 27.06.13, Even the cost of the filter is Rs. 16.03 Crore.” They also sent the material composition for Triple Filter Element along with above said letter, wherein element material of the said goods are mentioned as Iron-aluminium intermetallic compound sintered metal powder.

3.3 Whereas, the Empanelled Chartered Engineer Shri Tushar Zankat has submitted his report vide report no. CE/TZ/MUN/585/2022-23 dated 22.02.2023 (**RUD-3**), the relevant portion of the same are reproduced hereunder:

"The consignment consists of new triple filter elements which was packed in a carton boxes.

TECHNICAL DETAILS:

(a) DETAILED APPLICATION OF THE ITEM:

Char filter element is the spare of the Char filtration equipment, which can be used for filtering process in the gasification process. Gasification is a process by which carbonaceous materials are thermally converted through high temperature reaction with a controlled oxygen content to produce syngas. Syngas produced through gasification process will undergo filtration process by metallic filter elements as the syngas produced with char particulates. A periodic back pulse removes the Char deposited on the filter surface and then collected in the conical section of the char filter vessel and then ejected from the char filter ejector. After the ejection, the filtered char is recycled back to the Gasifier reactor. These filter vessels have of cluster of filter elements. Each cluster further divided into groups of three filter elements called as triple element filter.

(b) ELEMENT MATERIAL:

As per our inspection and gathered details, it was identified that the element material is made of Iron-aluminium intermetallic compound sintered metal powder.

VALUATION:

Based on the market details gathered from various sources and as per our knowledge, we hereby providing our opinion that the price 5,406.44 USD per each triple filter element declared in the invoice seems fair and reasonable.

In view of the above, it appears that the constituent material of the imported goods, i.e. Triple Filter Elements, are Iron-aluminium intermetallic compound sintered metal powder. Further, the value of the imported goods appears to be correctly declared as per said CE report.

3.4 NOC (no objection certificate) for release of the consignment pertaining to the said bill of entry no. 4461634 dated 02.02.2023 was issued vide F. No. S/15-135/Reliance Syngas/SIIB-G/CHM/22-23 dated 24.02.2023 (**RUD-4**) .

3.5 A letter dated 01.03.2023 (**RUD-5**) has been received from the Additional Director General, NCTC-DGARM, Mumbai , wherein they have inter-alia mentioned that:

"5. NCTC analysis indicates the following:

- As per Circular No. 24/2013-Customs dated 27.06.2013, it appears that Board examined the matter and referred to World Customs Organization's Harmonized Commodity Description and Coding System Explanatory Notes. This clarification was necessary to ensure that the classification of Filter elements is consistent and accurate under the Customs Tariff Act, 1975. As per Para 3 of the circular, it has been clarified that the filter*

elements made of different materials are to be classified as per their constituent materials.

- As per the images found on the internet of filter element, the importer has imported the same type of goods in the said B/E.
- Furthermore, as per the definition of filter element, given at www.lawinsider.com as mentioned above, the imported goods in this consignment are filter elements. Hence, the imported goods are elements of filter (not filter itself), and accordingly not classifiable under 8421.
- The classification of elements should be based on its constituent material; for example, if made of paper then possibly under Headings 4812 or 4823, if made of textile material then possibly under Heading 59.11, if made of Fiber glass then possibly under Heading 70.19, if made of metal then possibly under Heading 73.26.

3.6 Circular No. 24/2013-Customs dated 27.06.2013 (**RUD-6**) was issued by the Central Board of Excise & Customs, Department of Revenue, regarding Classification of Elements of Filters of Heading 8421 - reg. The relevant portions of the said circular are reproduced hereunder:

"2. Heading 8421 of the Customs Tariff applies to, "Centrifuges, including centrifugal dryers; filtering or purifying machinery and apparatus, for liquids or gases". The scope of parts of articles covered by the said Heading 8421 is explained in the World Customs Organization's Harmonized Commodity Description and Coding System Explanatory Notes. These Explanatory Notes present an internationally accepted view of the scope of each Heading of the Customs Tariff. In this context, the Explanatory Note to Heading 84.21 provides that:

"Subject to the general provisions regarding the classification of parts (see the General Explanatory Note to Section XVI), the heading covers parts for the above-mentioned types of filters and purifiers. Such parts include, inter alia:

Leaves for intermittent vacuum filters; chassis, frames and plates for filter presses; rotary drums for liquid or gas filters; baffles and perforated plates, for gas filters.

It should be noted, however, that filter blocks of paper pulp fall in heading 48.12 and that many other filtering elements (ceramics, textiles, felts, etc.) are classified according to their constituent material."

3. Thus, it emerges that elements of Filters are to be classified as per their constituent material. For instance, elements (of Filters) that are made up of paper would be classified in Headings 4812 or 4823; if made up of textile material for technical use then in Heading 59.11; if made up of glass then in Heading 70.19; etc. Filters by themselves would be classified under Heading 84.21."

3.7 During the course of investigation, Summons dated 26.04.2023 (**RUD-7**) and 20.06.2023 (**RUD-8**) were issued to the importer, i.e. M/s. Reliance Syngas Limited, to produce the documents pertaining to the bill of entry no. 4461634 dated 02.02.2023 and to give statement but, no one appeared for statement. However, a letter RIL/TFE/Summons/RSL/23-24/11-01 dated 19.07.2023 (**RUD-9**) was received from the importer, wherein, they have inter-alia mentioned that:

- The Triple Element Filter are made of Iron-aluminium intermetallic compound sintered metal powder.

- *The Triple Filter Element imported by them vide BE no. 4461634 dated 02.02.2023 are specifically designed parts of Char Filtration Equipment which can be directly fitted into the equipment and does not have any independent function.*
- *It is specifically designed to separate Char from the Syngas which is produced during gasification process.*
- *Since, this product is a very specialized and high precision item, it is suitable only for the specific purpose. As per the note 2(b) of the Section Notes of section XVI which covers chapter 84 and 85, parts, if suitable for use solely or principally with a particular kind of machine, or with a number of machines of the same heading are to be classified with the machines of that kind.*
- *The product triple filter element is an essential part of the Char filtration equipment and can be used solely or principally and only as part of this equipment for filtering the synthetic gas or syngas, classifiable under heading 842139.*
- *They further stated that the imported item i.e. Triple Element Filter is correctly classifiable under CTH 84219900.*

3.8 Whereas, another Summons dated 10.05.2024 **(RUD-10)** was issued to the importer, i.e. M/s. Reliance Syngas Limited, to provide clarification regarding classification of goods imported vide bill of entry no. 4461634 dated 02.02.2023 and to tender statement but no one appeared for the statement. However, a letter RIL/TFE/Summons/RSL/23-24/11-01 dated 16.05.2024 **(RUD-11)** was received from the importer, vide which they informed that they have submitted their clarification vide their letter RIL/TFE/Summons/RSL/23-24/11-01 dated 19.07.2023 and sent the copy of the said letter.

3.9 From the forgoing paras, it appears that the goods, i.e. Triple Filter Elements under CTH-84219900, have been imported under the bill of entry no. 4461634 dated 02.02.2023. The element material of the said goods are Iron-aluminium intermetallic compound sintered metal powder and the same have also been confirmed by the importer in their letter dated 20.02.2023 and 19.07.2023. Therefore, it appears that the imported goods are liable to be classified based on their constituent material, i.e. Iron-aluminium intermetallic compound sintered metal powder. Accordingly, it appears that the imported goods have been mis-classified to evade the applicable higher Customs duty and the same appears liable to be classifiable under Chapter 73 of the Customs Tariff. Thus, by the act of omission and commission at the level of importer, it appears that, these goods are liable for confiscation under section 111 (m) of the Customs Act, 1962.

4. Classification of the goods to be imported:

4.1 The importer has classified the goods as “Triple Filter Elements (60X2450MM)” under Bill of entry No. 4461634 dated 02.02.2023 in CTH 84219900. The import policy is free for the import of goods falling under CTH 84219900. The description of CTH 84219900 is as under:

Chapter Number	ITC-HS Codes	Description
84	8421	Centrifuges, including centrifugal dryers; filtering or purifying machinery and apparatus, for liquids or gases.

		-Parts
84	84219900	-- Other

4.2 As per Circular No. 24/2013-Customs dated 27.06.2013, the filter blocks of paper pulp fall in heading 48.12 and that many other filtering elements (ceramics, textiles, felts, etc.) are classified according to their constituent material. Thus, it appears that elements of Filters are to be classified as per their constituent material. For instance, elements (of Filters) that are made up of paper would be classified in Headings 4812 or 4823; if made up of textile material for technical use then in Heading 59.11; if made up of glass then in Heading 70.19; etc. Filters by themselves would be classified under Heading 84.21.”

The element material of imported goods, i.e. Triple Filter Elements (60X2450MM), under Bill of entry No. 4461634 dated 02.02.2023 is made of Iron-aluminium intermetallic compound sintered metal powder. Therefore, it appears that the importer has mis-classified the imported goods, as the constituent material of the said goods falls under Chapter 73 of the Customs Tariff. Therefore, the correct Classification of the goods is required to be ascertained.

4.3 The World Customs Organization's Harmonized Commodity Description and Coding System has provided Explanatory Notes. These Explanatory Notes provide a commentary on the scope of each heading, giving a list of the main products included and excluded, together with technical descriptions of the goods concerned (their appearance, properties, method of production and uses) and practical guidance for their identification. In this context, the Explanatory Note to Heading 84.21 provides that:

"Subject to the general provisions regarding the classification of parts (see the General Explanatory Note to Section XVI), the heading covers parts for the above-mentioned types of filters and purifiers. Such parts include, inter alia:

Leaves for intermittent vacuum filters; chassis, frames and plates for filter presses; rotary drums for liquid or gas filters; baffles and perforated plates, for gas filters.

It should be noted, however, that filter blocks of paper pulp fall in heading 48.12 and that many other filtering elements (ceramics, textiles, felts, etc.) are classified according to their constituent material."

Therefore, it appears that the imported goods are liable to be classified based on their constituent material, i.e. Iron-aluminium intermetallic compound sintered metal powder and the same appears liable to be classifiable under Chapter 73 of the Customs Tariff.

4.4 The heading 7326 of the Import Tariff covers “other articles of iron or steel”. The said Heading covers goods classifiable under the following sub-headings at the single dash (-) level:

- i. Forged or stamped, but not further worked;
- ii. Articles of iron or steel wire;
- iii. Other;

All the subheading from (i) to (ii) above has been ruled out as their composition/specifications do not meet the goods description found during examination and therefore, the merit subheading of the impugned goods appear to be under (iii), i.e. “Other”. The relevant Tariff item at the triple dash (---) level:

- (i) Belt lacing of steel;

- (ii) *Belt fasteners for machinery belts;*
- (iii) *Drain covers, plates, and frames for sewages, water or similar system;*
- (iv) *Enamelled iron ware;*
- (v) *Grinding media balls and cylpebs;*
- (vi) *Manufactures of stainless steel;*
- (vii) *Articles of clad metal;*
- (viii) *Parts of ships, floating structure and vessels (excluding hull, propellers and paddle-wheels);*
- (ix) *Other;*

The sub-headings from (i) to (viii) above have been ruled out, as their composition/specifications do not meet the goods description found during examination and therefore, the merit subheading of the impugned goods appear to be under (ix), i.e. "(ix) Other". The relevant Tariff item at the four dash (----) level:

- (i) *Shanks;*
- (ii) *Other;*

The sub-heading (i) has been ruled out, as their composition/specifications do not meet the goods description found during examination. Therefore, the merit subheading of the impugned goods appear to be under 73269099, i.e. "Other". Accordingly impugned goods "Triple Filter Elements (60X2450MM)" are appropriately classifiable under the heading 73269099, wherein the applicable rate of duty is 10% (BCD) + 1.0% (SWS) + 18% (IGST) per Kg.

4.5 In view of the above, it appears that, the importer has mis-classified the imported goods classified under CTH-84219900 instead of correct CTH-73269099 as detailed above with an intention to evade payment of the applicable higher customs duty. Consequently, the imported goods are found liable to be re-classified as discussed at para-supra and are also appear liable to be re-assessed. Accordingly, the goods appear to be liable for confiscation under Section 111 (m) of the Customs Act, 1962.

5. Short payment of duty:-

5.1 In view of the foregoing paras, the goods imported by the importer under bill of entry no. 4461634 dated 02.02.2023 are Triple Filter Elements (60X2450MM) which falls under CTH- 73269099 of the First Schedule of Import Tariff, wherein the applicable rate of duty is 10% BCD, 1 % SWS and 18 % IGST per Kg.

5.2 Whereas, the technical opinion of Empanelled Chartered Engineer was sought in respect of goods imported under said bill of entry. The Chartered Engineer Shri Tushar Zankat submitted his report no. CE/TZ/MUN/585/2022-23 dated 22.02.2023, vide which he also provided valuation of the goods along with technical details. He submitted that based on the market details gathered from various sources and as per their knowledge, the price 5,406.44 USD per each triple filter element declared in the invoice seems fair and reasonable. Therefore, the assessable value of **Rs.17,63,35,943/-** appears to be correctly declared by the importer.

5.3 The importer has classified the impugned goods under CTH-84219900, wherein the applicable rate of duty is 7.5% (BCD) + 0.75% (SWS) + 18% (IGST) per Kg and therefore, the importer has self-assessed the duty of **Rs. 4,89,06,774/-** in the said BE. However, the goods appears to be classifiable under CTH- 73269099 as discussed at para- supra, wherein the applicable rate of duty is 10% BCD + 1 % SWS + 18 % IGST per Kg. Therefore, it appears that the importer was liable to pay the duty (BCD

+ SWS + IGST) of **Rs. 5,46,28,875/-** on the import of declared goods i.e. Triple Filter Elements (60X2450MM) as detailed below:

TABLE-B

Bill of Entry no. & date	Assessable Value (in Rs.)	Tax Paid (in Rs.)			Tax Payable (in Rs.)		
		BCD @7.5%	SWS @ 0.75%	IGST @18%	BCD @10%	SWS @ 1%	IGST @18%
4461634 dated 02.02.2023	176335943	13225196	1322520	34359058	17633594	1763359	35231921

In continuation of Table-B

Bill of Entry no. & date	Assessable Value (in Rs.)	Tax Short Paid (in Rs.)			
		BCD	SWS	IGST	Total
4461634 dated 02.02.2023	176335943	4408399	440840	872863	57,22,101/-

Thus, the total duty on these declared imported goods comes to tune of **Rs. 5,46,28,875/-** instead of **Rs. 4,89,06,774/-** as self-assessed by the importer in the said BE, thus there appears non/short levy of Customs duty amounting to **Rs. 57,22,101/-** [**Rs. 5,46,28,875/-** (minus) **Rs. 4,89,06,774/-**]. Thus, by the act of omission and commission at the level of importer, it appears that, these goods are liable for confiscation under section 111 (m) of the Customs Act, 1962.

6. Relevant Legal Provisions of Customs Act, 1962:

6.1. Section 2(25) of Customs act, 1962 defined the terms "Imported Goods":
"imported goods" means any goods brought into India from a place outside India but does not include goods which have been cleared for home consumption;"

6.2. Section 17. Assessment of duty. –

- (1) An importer entering any imported goods under section 46, or an exporter entering any export goods under section 50, shall, save as otherwise provided in section 85, self-assess the duty, if any, leviable on such goods.
- ..
- (4) Where it is found on verification, examination or testing of the goods or otherwise that the self-assessment is not done correctly, the proper officer may, without prejudice to any other action which may be taken under this Act, re-assess the duty leviable on such goods.

6.3. Section 46: Entry of goods on importation.-

"(1) The importer of any goods, other than goods intended for transit or transshipment, shall make entry thereof by presenting electronically on the customs automated system to the proper officer a bill of entry for home consumption or warehousing in such form and manner as may be prescribed :

(4) The importer while presenting a bill of entry shall make and subscribe to a declaration as to the truth of the contents of such bill of entry and shall, in support of such declaration, produce to the proper officer the invoice, if any, and such other documents relating to the imported goods as may be prescribed.

(4A) The importer who presents a bill of entry shall ensure the following, namely:-

- (a) the accuracy and completeness of the information given therein;
- (b) the authenticity and validity of any document supporting it; and
- (c) compliance with the restriction or prohibition, if any, relating to the goods under this Act or under any other law for the time being in force."

6.4. Section 28(1) of the Customs Act, 1962

[Recovery of [duties not levied or not paid or short-levied or short- paid] or erroneously refunded.

1) Where any duty has not been levied or not paid or short-levied or short-paid or erroneously refunded, or any interest payable has not been paid, part-paid or erroneously refunded, for any reason other than the reasons of collusion or nay willful mis-statement or suppression of facts-

a) The proper officer shall, within two years from the relevant date, serve notice on the person chargeable with the duty or interest which has not been so levied or paid or which has been short-levied or short-paid or to whom the refund has erroneously been made, requiring him to show cause why he should not pay the amount specified in the notice.

6.5. Section 111 of Customs act, 1962: Confiscation of improperly imported goods etc.-

The following goods brought from a place outside India shall be liable to confiscation: -

(m) any goods which do not correspond in respect of value or in any other particular with the entry made under this Act or in the case of baggage with the declaration made under section 77 in respect thereof, or in the case of goods under trans-shipment, with the declaration for trans-shipment referred to in the proviso to sub-section (1) of section 54;

6.6. Section 112 of the Customs Act, 1962; Penalty for improper importation of goods etc.-

Any person,-

- a) who, in relation to any goods, does or omits to do any act which act or omission would render such goods liable to confiscation under section 111, or abets the doing or omission of such an act, or,

shall be liable, -

(ii) in the case of dutiable goods, other than prohibited goods, subject to the provisions of section 114A, to a penalty not exceeding ten per cent of the duty sought to be evaded or five thousand rupees, whichever is higher;

6.7. Section 117 of Customs Act, 1962. Penalties for contravention, etc., not expressly mentioned

Any person who contravenes any provision of this Act or abets any such contravention or who fails to comply with any provision of this Act with which it was his duty to comply, where no express penalty is elsewhere provided for such contravention or failure, shall be liable to a penalty not exceeding ten thousand rupees.

7. SUMMARY OF INVESTIGATION:

7.1 Whereas, M/s Reliance Syngas Limited, had filed Bill of Entry No. 4461634 dated 02.02.2023 for import of goods viz. 'Triple Filter Elements (60X2450MM).

7.2 Whereas, on the basis of the examination report and investigation carried out in this regard, the importer has mis-classified the goods i.e. "Triple Filter Elements" under CTH - 84219900 as discussed at para-supra. However, as per Explanatory Notes to Heading 84.21 of the World Customs Organization's Harmonized Commodity Description and Coding System, the goods appears liable to be classifiable according to their constituent material. In the instant case, the constituent material of the imported goods are Iron-aluminium intermetallic compound sintered metal powder. Accordingly, it appears that the same are liable to be classified under Chapter 73 of the Customs Tariff. Accordingly, it appears that, the importer has failed to declare true and correct CTH of the goods imported vide the said BE and hence, the cargo is liable for confiscation under section 111 (m) of the Customs Act, 1962.

7.3 Whereas, the importer has classified the impugned goods under CTH- 84219900, wherein the applicable rate of duty is 7.5% (BCD) + 0.75% (SWS) + 18% (IGST) per Kg. However, the goods appears to be classifiable under CTH- 73269099 as discussed at para- supra, wherein the applicable rate of duty is 10% BCD + 1 % SWS + 18 % IGST per Kg. Therefore, it appears that the importer was liable to pay the duty (BCD + SWS + IGST) of Rs. 5,46,28,875/- Rs. 5,46,28,875/- as discussed at para-supra instead of Rs. 4,89,06,774/- as self-assessed by the importer in the said BE, thus there appears non/short levy of Customs duty amounting to Rs. 57,22,101/- [Rs. 5,46,28,875/- (minus) Rs. 4,89,06,774/-]. The same appears to be recoverable under section 28 (1) of the Customs Act, 1962. Thus, by these act of omission and commission at the level of importer, it appears that, the importer has contravened the provisions of Section 46 and Section 17 of the Customs Act, 1962, in as much as, they failed to make correct and true declaration and information to the Customs Officer in the form of Bill of Entry and also failed to assess their duty liability correctly, hence rendered the goods liable for confiscation under Section 111 (m) of the Customs Act, 1962. Further, it also appears that they are liable for penalty under section 112(a)(ii) and section 117 of the Customs Act, 1962.

8. Now, therefore, M/s. Reliance Syngas Limited (IEC- AALCR4138A), Branch 38, Mega Mall, Surendra nagar, Gujarat (the importer) is hereby called upon to show cause to the Principal Commissioner of Customs, Mundra having his office at 5B,

Port User Building, Mundra, within 30 days of the receipt of this Notice as to why:

- i) the classification of the goods in CTH 84219900 covered under impugned Bill of entry bearing no. 4461634 dated 02.02.2023 should not be rejected and re-classified in CTH 73269099.
- ii) The mis-declared goods covered under impugned Bill of entry attempted to be imported as mentioned at (i) above, should not be confiscated under **Section 111(m)** of the Customs Act, 1962.
- iii) The Short paid duty of **Rs. 57,22,101/-**, (*Rupees Fifty Seven Lakh Twenty Two Thousand One Hundred and One Only*) as discussed at para supra, should not be recovered under the provisions of **Section 28(1)** of the Customs Act, 1962.
- iv) Interest on the short payment of duty, as mentioned at (iii) above, should not be recovered under the provisions of Section 28AA of the Customs Act, 1962.
- v) Penalty should not be imposed upon the importer under the provisions of Sections 112 (a) (ii) of the Customs Act, 1962.
- vi) Penalty should not be imposed upon the importer under the provisions of Sections 117 of the Customs Act, 1962.

WRITTEN SUBMISSIONS AND PERSONAL HEARING:

9. I observe that '*Audi alteram partem*', is an important principle of natural justice that dictates to hear the other side before passing any order. Therefore, personal hearing in the matter was granted to the noticee on 12.06.2025, 03.07.2025 and 21.07.2025. Accordingly, Advocate Jaydeep Patel alongwith Shri Nikhil V. Shanbhag, authorized representative of the noticee, appeared on behalf of the Noticee on 21.07.2025 and during PH they have interalia stated that:

9.1 Since the assessment made under CTSN 8421 99 00 after examination of goods, obtaining of technical opinion and accepting our explanation, has not been appealed against by the department under Section 129D of the Customs Act 1962, the said assessment attained finality and consequently the Notice issued under Section 28 contrary to the said assessment which attained finality, is without jurisdiction and not maintainable in law:

9.2 The Show Cause Notice accepts and does not dispute that the goods had been subjected to examination by SIIB and found to be machinery parts and that as per the Technical Opinion obtained by SIIB from empaneled Chartered Engineer, the imported goods are Spares of Char Filtration Equipment. The Show Cause Notice also accepts that after such examination and obtaining of technical opinion and after considering our explanation regarding inapplicability of Board Circular No.24/2013-CUS to the imported goods, the SIIB gave its no objection to the assessment and clearance of the goods under CTSN 8421 99 00 as Parts of filtering machine/apparatus.

9.3 The goods have accordingly been assessed under CTSN 8421 99 00 as Parts of filtering machine/ apparatus after examination, obtaining technical opinion and considering our written explanation.

9.4 It is not the case in the Show Cause Notice that the said assessment made after examination, obtaining of technical opinion and considering our said explanation, was appealed against by the department under Section 129D of the Customs Act 1962. Accordingly, the fact that the said assessment attained finality is not in dispute.

9.5 The said assessment under CTSN 8421 99 00, which was made after examination of the goods, obtaining of technical opinion and considering our explanation, having attained finality, the present Show Cause Notice under Section 28 (1) of the Customs Act 1962, contrary to the said assessment is without jurisdiction and not maintainable in law. In support of this submission, we place reliance on the decision of the Hon'ble Tribunal in the case of Reliance Industries Ltd v CC – 2024 (11) TMI 752, in which the Hon'ble Tribunal has by following the decision of the Hon'ble Supreme Court in the case of ITC Ltd v CCE- 2019 (368) ELT 216 (SC), held that when the assessment order passed on the Bill of Entry is not challenged in appeal by the department, any subsequent proceedings contrary to such assessment by issuance of Show Cause Notice are not maintainable in law. To the same effect is the decision in CC v Jindal Vijaya Nagar Steel Ltd -2007 (207) ELT 47 (Kar).

9.6 Without prejudice to the aforesaid submissions, the following submissions are made.

In any event, the imported "Triple Filter Element" being undisputedly Parts/ Spares which are specifically designed for use solely as Parts of Filtering Machinery/ Apparatus are clearly classifiable under CTSN 8421 99 00 as Parts of Filtering machinery/ Apparatus:

9.7 The Show Cause Notice itself in Para 3.1 accepts that upon examination, the imported goods were found to be Machinery **Parts** and further it accepts in Para 3.3 that as per the Technical opinion obtained by the department from Empaneled Chartered Engineer, the imported goods are **Spares** of the Char Filtration equipment used for filtering process in the gasification process. The Show Cause Notice also does not dispute the submission made by our letter dated 19-7-2023 that the said Triple Filter Element is manufactured by the foreign manufacturer as per the Technical specification/drawing provided with our purchase Order and is specially designed for use solely as part of the Char Filtration Machine/ Apparatus. The Show Cause Notice also does not dispute the submission made by our letter dated 19-7-2023, that, as evident from the Manufacturer's Operation and Maintenance Manual, each Filter element is in cylindrical form with surface filtration membrane and that the three Filter elements are grouped together. Ten Groups of Triple Filter Elements are assembled on Sub-tube sheet by using filter element gasket and connector. The Sub-tube sheets are then assembled on Master tube sheet.

9.8 It would be evident from the **Patent** of the Triple Filter Elements, that the same consists of Three Filter element Parts (Tubes) made of Iron-aluminum intermetallic compound sintered metal powder, which are connected transversely and held together by a rebar, by means of welding. Each Filter Element Part (Tube) has a sub-strate framework and a surface filtration membrane on the exterior of the sub-strate framework. The Sub-strate framework consists of Segments, which are welded

together end-to-end through a connector, which has an upper connecting ring, a lower connecting ring, a bottom sealing ring and a bottom cover. The Surface filtration membrane is a mixture of binder, water and pre-alloyed Fe-Al intermetallic compound powder that has been secondarily sintered after being coated on the sub-strate framework. The bottoms of the three filter elements are connected together by one common positioning pin.

9.9 It would be evident from the “**Installation-Operation Maintenance Manual**” of the Triple Filter Element in the Char Filter that Ten Groups of Triple Filter Elements are assembled on one Sub-tube sheet by using filter element gasket and connector. Thereafter Eighteen Sub-tube sheets are assembled on Master tube sheet. Two such Master Tube Sheets are installed respectively in two parallel vessels of the Char Filter. It is thus clear that the Triple Filter Element is a Part of the Char Filter.

9.10 Since as discussed hereinabove, unquestionably, the Triple Filter Elements imported by us are Part of the Char Filtration Machine/ Apparatus and are used solely as Part of Filtration Machine/ Apparatus, the same are clearly classifiable under CTSH 8421 99 00 which is specifically for Parts of Filtering Machinery/ Apparatus. Further, Note 2(b) of Section XVI provides that Parts which are suitable for use solely or principally with a particular kind of machine of any heading of Chapter 84 have to be classified in the same heading as such machine. Since the Filtering Machine/ Apparatus falls under Heading 84 21 and since the imported Triple Filter elements are Parts suitable for use solely with the Char Filtration machine/ apparatus of Heading 84 21, the said Triple Filter elements must necessarily be classified under Heading 84 21 by virtue of the said Note 2(b) and the question of classifying the same as per the constituent material under Heading 73 26 does not arise.

9.11 As per Note 1(g) of Section XVI, only Parts of general use as defined in Note 2 to Section XV are excluded from Chapter 84. As per Note 2 to Section XV, Parts of General use means articles of heading 7307, 7312, 7315, 7317 or 7318. It is not the case of the department in the Show Cause Notice that the imported Filter Elements are articles of heading 7307, 7312, 7315, 7317 or 7318. The same are therefore not Parts of General use and cannot therefore be excluded from Chapter 84 and cannot be classified under Chapter 73 as per the constituent material viz. iron and steel.

9.12 When the Show Cause Notice itself accepts that on examination, the goods were found to be Machinery Parts and when it is not the case in the Show Cause Notice that the said Parts are Parts of General use falling under heading 7307, 7312, 7315, 7317 or 7318, there is no question of classifying the said parts under Chapter 73 as per the constituent material viz. iron and steel. On the contrary, the imported goods being Parts meant for use solely with Filtering machinery/ apparatus of Heading 84 21, they have to be necessarily classified under Heading 84 21 as per Note 2(b) of Section XVI.

9.13. In support of the submission that Filter Elements which consist of a sub-strate framework and a surface filtration membrane on the exterior of the sub-strate framework and which are designed for and used solely as a Part fitted in Filtering Machinery/apparatus, are correctly classifiable as Parts under Heading 8421 99 00 we place reliance on the following judgments:

- a) **CC v Spic Ltd – 1997 (96) ELT 702:** In this decision the Tribunal has held that Filter Element has to be classified as Part of Filtering machine. The Tribunal has further held that the BTN Notes which provide for classification

of filtering elements according to the constituent material apply only to the filtering material which are meant to be made into filtering element and not the finished filter element.

- b) **Hindustan Motors Ltd v CC – 2003 (156) ELT 120:** In this decision the Tribunal has held that Cartridge Element specifically designed as part of filtering apparatus is classifiable under Heading 84.21 and not under Heading 70.19 as Article of glass based on the constituent material-glass of the filtering media contained in the Cartridge element.
- c) **CC v Titanium Equipments & Anode Mfg Co. Ltd – 1999 (107) ELT 112:** In this decision the Tribunal has held that Filter element in which the filtering media is made of Polyamide and which is not a one time use consumable and without which the filtering machine/ apparatus cannot work is to be classified as Part of Filtering machine/ apparatus under Heading 8421.99 and not as per the constituent material under Heading 3926.90.

Reliance placed on the HSN Notes for Heading 84.21 under “Parts” and on CBEC Circular No. 24/2013-Cus., dated 27-6-2013 in letter dated 1-3-2023 of Additional Director General, NCTC-DGARM and in the Show Cause Notice based on the said letter, is totally misconceived:

9.14 Despite the fact that after physical examination of the goods, obtaining Technical Opinion and considering our explanation regarding inapplicability of CBEC Circular No.24/2013-CUS, the SIIB and the proper officer of customs were fully satisfied that the imported goods are specifically designed for use solely as Parts of the Char Filtration machine/ apparatus and are accordingly classifiable under CTSH 8421 99 00, the present Show Cause Notice has been issued solely on the basis of letter dated 1-3-2023 of Additional Director General, NCTC-DGRAM, which has incorrectly placed reliance on the said CBEC Circular No.24/2013-CUS and on the HSN notes for Heading 84.21 under “Parts” referred to in the said Circular.

9.15. The HSN Explanatory notes for Heading 84.21 under “Parts”, state that Filter Blocks of paper pulp fall under Heading 48.12 and that many other filtering elements (ceramics, textiles, felts, etc) are classified according to their constituent material. We submit that the said Notes have been totally misread and misapplied in the Show Cause Notice. The said Notes do not speak of Filter elements but speak of Filtering elements. The Filtering elements such as ceramics, textiles, felts, etc referred to in the HSN notes are the filtering media per se by themselves. In other words, if one were to import, for example, the filtering media such as Textile or Felts in Rolls, the same would get classified according to its constituent material i.e textile. The said Notes do not apply when what is imported is an assembly of the filtering media on a framework, which is called a Filter Element and which assembly is specifically designed for as Part of Filtering Machine/ Apparatus. This is clear from the aforesaid decisions in CC v Spic Ltd – 1997 (96) ELT 702 and Hindustan Motors Ltd v CC – 2003 (156) ELT 120. The said decisions have after examining the HSN Notes categorically held that the same apply to filtering material which are meant to be made into filtering element and not to the finished filter element. To the same effect is Memorandum D-10-14-43 of Canada Border Services Agency which explains the Filter Media are the materials used in a filter element and such filter media by themselves are to be classified according to the constituent material. On the other hand, when the filter media is incorporated onto a frame, casing or similar support, the resultant Filter element or cartridge is to be classified as part of the Filtering apparatus under Heading 84.21. Copy of the said Memorandum of Canada Border Services Agency is hereto annexed as **Annexure “K”**.

9.16. For the same reasons, the CBEC Circular relied upon in the Notice cannot apply to the present case. The imported goods being specifically designed parts of Char Filtering machine/ apparatus for use solely with the Char Filtration machine/apparatus, are not general purpose or independent filtering media such as Blocks of paper pulp or textile, ceramic, felt, etc which are considered in Board's Circular No. 24/2013-CUS dated 27-6-2013 as being classifiable according to their constituent material.

9.17. The Show cause notice does not dispute that the goods on examination were found to be Machinery Parts and as per the technical opinion obtained by the department, the same are Spares of Char Filtration equipment. The same are therefore not just the filtering media such as Textile, felt, etc. In Spite of this, the Notice has placed reliance on the said CBEC Circular and the HSN Notes which are not in respect of Filter elements which are specially designed parts of Filtering Machines/ Apparatus. The Show Cause notice has completely mis-read the said HSN notes in a manner which is contrary to the aforesaid decisions of the Hon'ble Tribunal. Further, the very fact that Sr. No.454 of Notification No. 50/2017 speaks of All goods of Heading 8421 99 00 other than Reverse Osmosis (RO) membrane element for household type filters, clearly shows that Filter elements are covered under Heading 8421 99 00. The very fact that the said Sr. No.454 which applies to goods of Heading 8421 99 00, excludes RO Membrane Element, itself shows that Filter elements are covered under Heading 8421 99 00 and out of the various Filter elements the exemption is denied only to RO Membrane Element. If Filter elements are not covered by Heading 8421 99 00 as contended in the Notice there was no question of excluding RO Membrane Element.

Goods not liable to confiscation under Section 111(m) of the Customs Act 1962:

9.18 Without prejudice to the aforesaid submissions, in any event, it is submitted that the contention in the Show Cause Notice that we mis-classified the goods under CTSN 8421 99 00 instead of CTSN 7326 90 99 with an intention to evade duty and consequently the goods are liable to confiscation under Section 111(m) of the Customs Act 1962, is totally misconceived and untenable in law.

36. The very fact that after examination of the goods and obtaining of technical opinion, the SIIB and the proper officer of customs accepted the classification claimed by us, rules out the applicability of Section 111(m) of the Customs Act 1962. Even the letter dated 1st March 2023 of the Additional Director General, NCTC-DGRAM, Mumbai, on the basis of which the present Show Cause Notice is issued, records in Para 2, that Mundra customs has found the classification claimed by us to be correct. It further states that the issue involved is not of misdeclaration of the goods. That being so, Section 111(m) can have no application whatever.

9.19. It is settled law that claiming of a particular classification or Notification is a matter of belief on the part of the importer and so long as the goods are correctly described in the Bill of Entry, the claiming of a particular classification or exemption Notification does not attract Section 111(m) of the Customs Act 1962, merely because subsequently then department takes a different view on classification. We have correctly the described the goods in the Bills of Entry. Upon examination of the goods and obtaining of technical opinion, the department even agreed with the classification claimed by us. Therefore, as laid down in the following judgments, the goods cannot be held liable to confiscation under Section 111(m) merely because the department subsequently entertains a different view on the classification:

- Northern Plastic Ltd v Collector – 1998 (101) ELT 549 (SC)

- C. Natwarlal & Co v CC-2012-TIOL-2171-CESTAT-MUM
- S. Rajiv & Co. v CC – 2014 (302) ELT 412.

9.20. As laid down in the aforesaid decisions, Section 111(m) is attracted only where the goods do not correspond to any particular mentioned in the Bill of Entry and claiming of a particular classification or Exemption notification is not a statement of any particular of the goods.

9.21. Even after 8-4-2011, Section 111(m) is attracted only where the goods do not correspond to any particular mentioned in the Bill of Entry and claiming of a particular classification or Exemption notification is not a statement of any particular of the goods. The aforesaid decision of the Supreme Court in the case of Northern Plastic Ltd which relates to the period prior to 8-4-2011 has been followed and applied by the Tribunal in the aforesaid cases of C.Natwarlal & Co and S. Rajiv & Co to imports after 8-4-2011.

9.22 We also place reliance on the decision of the Honourable CESTAT in the case of Lewek Altair Shipping Pvt. Ltd. v CC -2019(366) ELT 318 (Tri- Hyd) in which it is held that the Custom Tariff Heading indicated by the importer in the Bill of Entry is only a self- assessment by the importer as per his understanding which is subject to reassessment by the officers if necessary and that the claim to an alleged wrong tariff or ineligible exemption does not amount to making a false or incorrect statement when the goods have been correctly described in the Bill of Entry. The said decision has been upheld in the Hon'ble Supreme Court as reported in 2019 (367) ELT A328 (SC). In the present case, in fact the self-assessment by us was accepted and agreed to by the department after examination of the goods and obtaining of technical opinion. Section 111(m), therefore, can have no application.

9.23 Without prejudice to the aforesaid submissions, in any event, the goods are not available for confiscation and consequently no redemption fine can be imposed in view of the law laid down in the following decisions:

- CC v Raja Impex P. Ltd – 2008 (229) ELT 185
- Shiv Kripa Ispat P. Ltd v CC- 2009 (235) ELT 623
- CC v Finesse Creation Inc – 2009 (248) ELT 122 (Bom) Upheld in 2010 (255) ELT A120(SC).
- Commissioner v Sudarshan Cargo P. Ltd 2010 (258) ELT 197 (Bom)
- Chinku Exports v CC 1999 (112) ELT 400 Upheld in Commissioner v Chinku Exports 2005 (184) ELT A36 (SC)
- Commissioner of Customs v Air India Ltd. 2023 (386) E.L.T. 236 (Bom.)

Penalty not imposable:

9.24 Since as submitted herein above, the goods are not liable to confiscation and there is no contravention of any provision of the Customs Act 1962 on our part, no penalty is imposable on us under Section 112 or Section 117 of the said Act. It is settled law as laid down in the following judgments that claiming of a particular classification with which the department subsequently does not agree does not justify imposition of penalty:

- C. Natwarlal & Co v CC-2012-TIOL-2171-CESTAT-MUM

- S. Rajiv & Co. v CC – 2014 (302) ELT 412
- Kores (India) Ltd. 2019 (5) TMI 922.

9.25 In the circumstances, the Show Cause Notice is liable to be discharged and dropped and Your Honour is requested so to do.

9.26 During hearing, the authorized representative confirmed that the goods imported in the present case i.e Triple Filter Elements, are covered under Patent No. US 12,226,855 B2 dated 18.02.2025 of AT & M Environmental Engineering Technology Co. Ltd, Beijing, who is the manufacturer-supplier of the said imported goods. The imported Triple Filter Element comprises three Filter element parts which are connected transversely by a rebar by means of welding. The Show Cause Notice in Para 3 accepts that the goods on examination were found to be 3 Cylindrical shape elements banded together. This is also evident from the Patent.

9.27 He further stated that, it can be seen from the Patent under the heading “Detailed Description” read with Figure 1, that each of the said Three element Parts is a two Segment Structure formed by means of welding two segments. Each of the three Filter elements consists of the following components:

- i. Connection head at the top of the filter element, which is item 1 in Figure 1,
- ii. Upper Connecting ring (item 3) and Lower Connecting Ring (item 4) which connect the Two Segments,
- iii. The lower Segment has a Bottom Sealing Ring (Item 5) and Bottom Cover (Item 6).
- iv. At the bottom of the lower segment is the Positioning Pin, which is shown at item 10 in Figure 3.

The Rebar which transversely connects the Three Filter elements by welding is Item No.9 shown in Figure 3.

Each of the two segments in each Filter element Part has Tube which comprises the following:

- a. Substrate Framework and
- b. Surface Filtration Membrane which is coated on the exterior of the substrate Framework. (See para 3 under “Detailed Description” in the Patent)

It can be seen from Column 3 under “Summary” in the Patent, that each of the three Filter element Parts has Asymmetric composite Structure made up of Substrate Framework + Surface Filtration Membrane and the mode of filtration is Surface Filtration. Accordingly, the filtration i.e. separating of the Solid Char Particles from the Gas takes place in the Surface Filtration Membrane and not in the Substrate Framework. This follows from the fact that while the Pore Size of the Surface Filtration Membrane is relatively smaller, the Pore Size of the Substrate Framework is larger (See Column 3 under “Summary” and Column 7 under “Detailed Description”). Accordingly, when the gas passes from the outside to inside, the solid char particles are separated from the gas by the smaller pore size of the Surface Filtration Membrane. Since the pore size of the Substrate framework is larger than the Pore Size of Surface Filtration membrane, the filtration is surface-filtration in Surface filtration membrane and not ‘Depth Filtration’ in the Substrate framework. In fact, as appears from Column 2 of the Patent, the technology of the present Patent is an improvement on the earlier Sintered-Metal-Fibre filter element which had Depth Filtration.

DISCUSSION AND FINDINGS

10. I have gone through the facts of the case, records and documents placed before me. Personal hearing was attended by Authorized Representatives of the Noticee on the scheduled date i.e. 15.05.2025 and written submissions dated 06.02.2025 were made for the noticee.

10.1 After carefully considering the facts of the case, written submissions made by the Noticee and record of Personal Hearing, the issues to be decided before me are:-

- i. Whether the classification of the goods in CTH 84219900 covered under impugned Bill of entry bearing no. 4461634 dated 02.02.2023 be rejected and re-classified in CTH 73269099.
- ii) Whether the mis-declared goods covered under impugned Bill of entry attempted to be imported as mentioned at (i) above, be confiscated under **Section 111(m)** of the Customs Act, 1962.
- iii) Whether the Short paid duty of **Rs. 57,22,101/-**, (*Rupees Fifty Seven Lakh Twenty Two Thousand One Hundred and One Only*) as discussed at para supra, be recovered under the provisions of **Section 28(1)** of the Customs Act, 1962.
- iv) Whether the Interest on the short payment of duty, as mentioned at (iii) above, be recovered under the provisions of Section 28AA of the Customs Act, 1962.
- v) Whether the penalty be imposed upon the importer under the provisions of Sections 112 (a) (ii) of the Customs Act, 1962.
- vi) Whether the penalty be imposed upon the importer under the provisions of Sections 117 of the Customs Act, 1962.

11. I have carefully examined the allegations made in the Show Cause Notice (SCN) and the written submissions made by the Noticee. The central issue for determination is the appropriate classification of the impugned goods, namely the "Triple Element Filter"—whether they fall under Customs Tariff Item (CTI) 8421 9900 as parts of filtering or purifying machinery, or under CTI 7326 9099, as articles of iron or steel, based solely on their constituent material.

11.1 The SCN relies heavily on Circular No. 24/2013-Customs dated 27.06.2013, which provides interpretive clarification on classification of filtering elements. The circular distinguishes between:

- Filter media (such as paper pulp, textiles, ceramics, etc.)—to be classified according to their constituent material, and
- Complete filters or parts thereof—to be classified under Heading 84.21, if they are identifiable as components of filtering apparatus.

The circular opined that the filter blocks of paper pulp fall in heading 48.12 and similarly many other filtering elements (ceramics, textiles, felts, etc.) should be classified according to their constituent material. Another example being if elements (of Filters) are made up of textile material for technical use, then in Heading 59.11; if made up of glass, then in Heading 70.19; etc. The circular finally clarified that the

filters by themselves would be classified under Heading 84.21. Relying on this clarification, the SCN argues that since the element material of the imported goods—Fe-Al intermetallic compound sintered metal powder—is of iron-based composition, the goods should be classified under CTI 7326 9099 as "other articles of iron or steel."

12. To examine the above allegations in the SCN, it is first necessary to determine the precise identity and function of the imported goods. The "Triple Filter Element" consists of three filter tubes made of Fe-Al intermetallic compound sintered metal powder. These tubes are welded together and supported by a central rebar. Each tube contains:

- A substrate framework, comprising multiple segments joined by a connector unit with structural rings and a bottom cover.
- A surface filtration membrane, which is a separately formed layer sintered onto the substrate framework using a binder and the same Fe-Al powder.

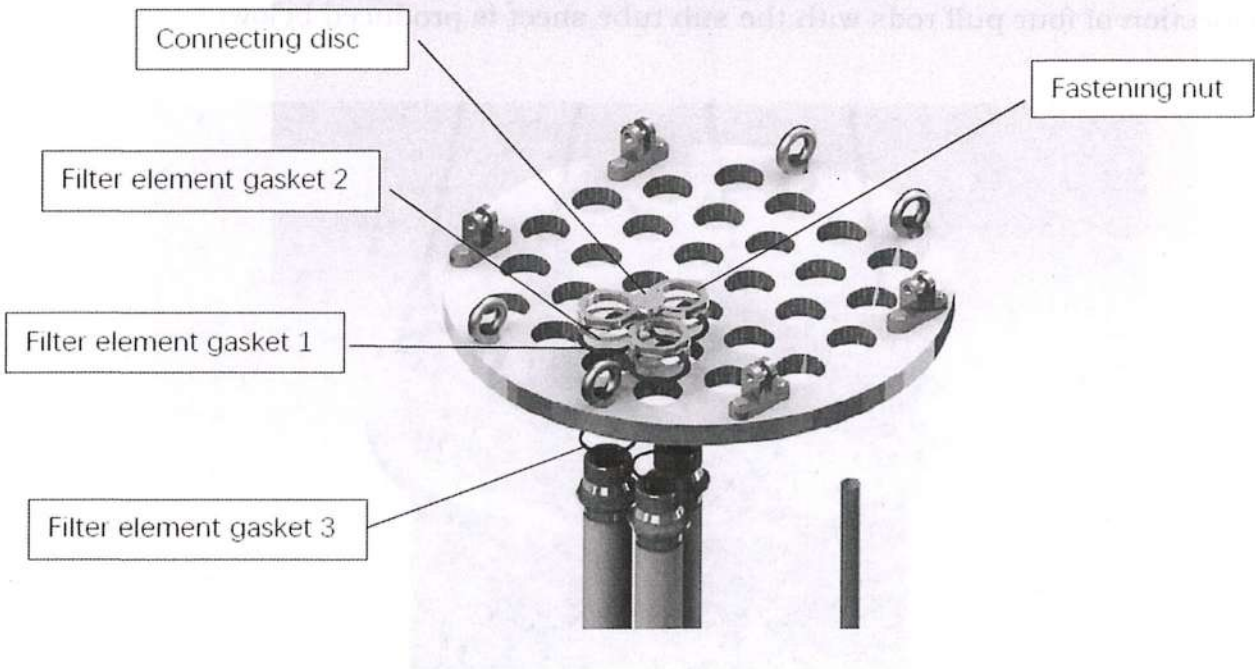
The bottom ends of the three tubes are fixed with a common positioning pin for structural alignment. The full assembly is designed to be mounted into a char filtration machine, using fastening hardware (nuts, gaskets, pull rods, positioning grids, and sub-tube sheets). The manufacturing process includes:

- Isostatic molding and vacuum sintering of the substrate,
- Formation and secondary sintering of the filtration membrane, and
- Final assembly by precision welding.

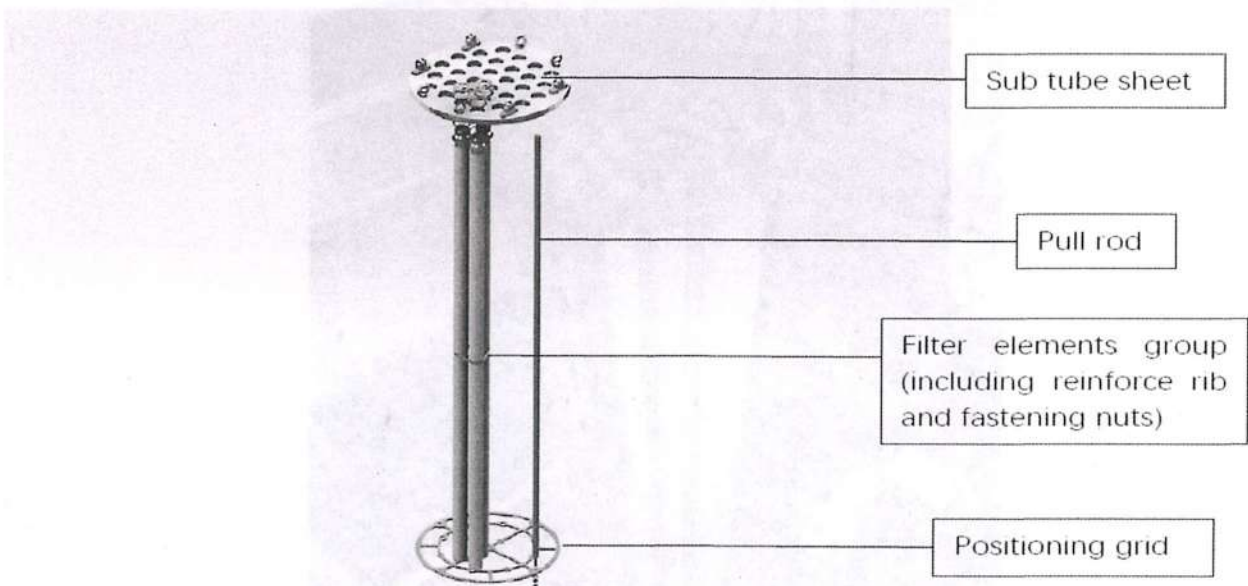
The picture of impugned goods is below :



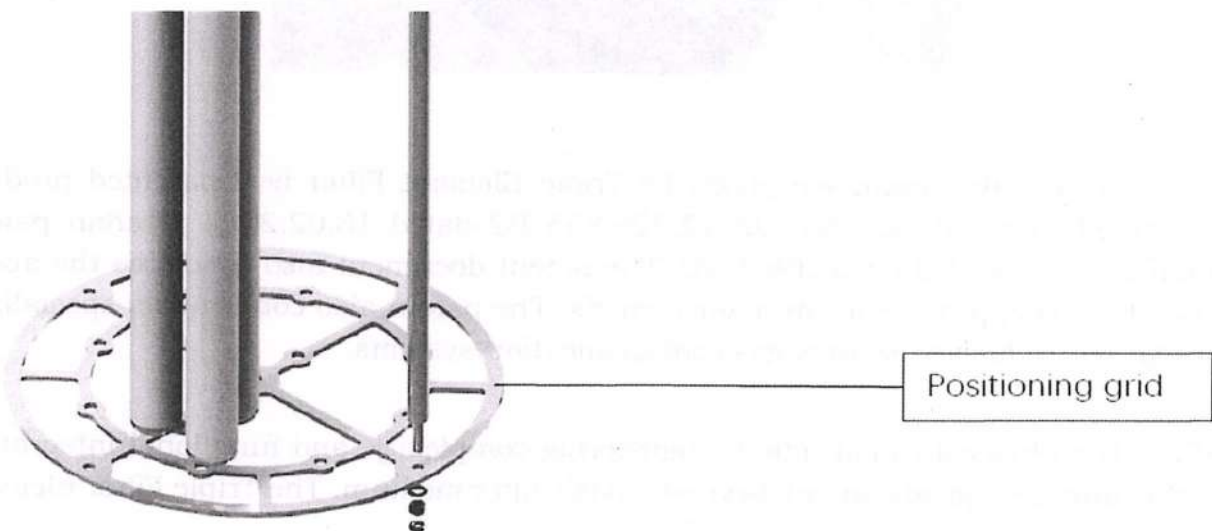
As seen in above picture, impugned goods are a combination of three Fe-Al intermetallic compound filter-element powder tubes connected end-to-end by means of welding. Further, the said goods are being connected to sub-tube sheet with the help of fastening nuts and gasket as produced below:



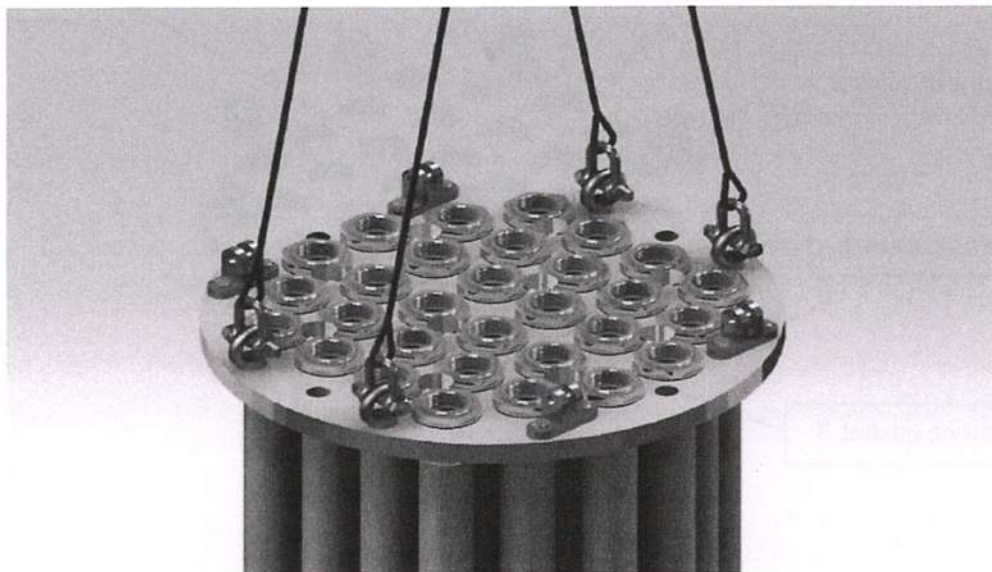
The filter element is then attached to sub tube sheet on one side and to positioning grid on other side and pull rod is being used to provide alignment is as below:



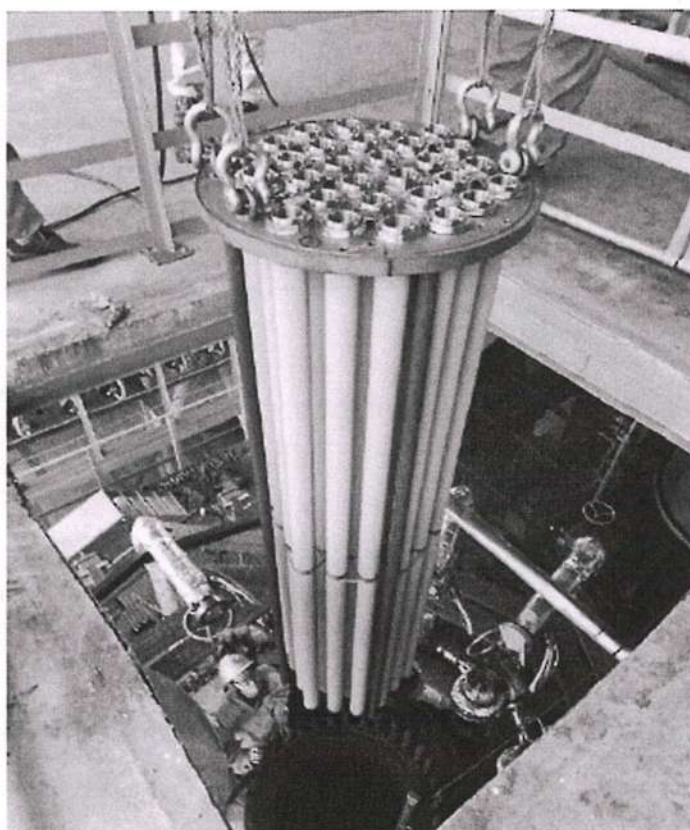
The positioning grid on other side of Triple Filter element is produced below:



The assembly of all the Triple filter elements to connecting dish and connection of four pull rods with the sub tube sheet is produced below:



Further, the assembled subtube sheet with Triple filter elements is being lifted and attached to the master tube sheet as below:



In fact, the impugned goods i.e Triple Element Filter is a patented product registered under Patent No. US 12,226,855 B2 dated 18.02.2025 wherein patent application was filed on 04.06.2020. The patent document also describes the above manufacturing process for impugned goods. The patent also confirms its specialized design for exclusive use in E-gas coal gasification systems.

13. The physical construction, engineering complexity, and functional integration of the impugned goods go well beyond a basic filter medium. The Triple Filter Element

is not merely a sheet or block of filtration material but a fully assembled, application-specific component that integrates:

- A filtration membrane,
- A mechanical support framework,
- Functional joining components,
- And mounting/installation interfaces for direct use in a larger filtration apparatus.

This establishes that the impugned goods are not simply an "article of iron or steel" (as contemplated under Chapter 73), but a specialized component engineered to work as an integral part of a filtration machine. This conclusion is further supported by Note 2(b) of Section XVI of the Customs Tariff, which states:

"Parts which are suitable for use solely or principally with a particular kind of machine... are to be classified with the machines of that kind."

In the present case, the Triple Filter Element is designed and intended solely for use in a specific filtration machine (char filtration unit), structurally tailored for mechanical compatibility with that system and unusable outside that context. Accordingly, the goods qualify as "parts suitable for use solely or principally with a machine of Heading 8421" and must be classified under CTI 8421 9900.

14. The SCN's reliance on Circular 24/2013-Customs is also misplaced, as the circular only seeks to clarify that the elements of filters are to be classified as per their constituent material. But the impugned goods are not limited to being mere elements of filter [e.g. paper, glass, Fe-Al compound]; these are filter elements integrated by welding and fastening into an engineered part, intended specifically for use in the filtration apparatus and the whole thing has been patented as well. The above conclusion is consistent with other international practices. For instance, Canada Border Services Agency Memorandum D10-14-43 (dated 02.12.2021) similarly distinguishes basic filter media (classified by material), from structured filter assemblies or components (classified under Heading 8421 if identifiable as parts of filtering machines). While not binding for classification under Indian Customs, such international guidance do have persuasive value. The relevant portion is produced below:

7. Filter media, without a frame or similar support, presented merely cut to size with edge stitching or incorporating components of minor importance of other materials, such as brass eyelets, are classified according to their constituent material (e.g., textile material of heading 59.11, glass fibres of heading 70.19 or 70.20), and not as parts of filtering machinery of heading 84.21.
8. Filters which are blocks of paper pulp, fall in heading 48.12. Many other filtering elements, not made up into finished filters or parts thereof, are not considered parts of filters, and are classified according to their constituent material (ceramics, textiles, felts, etc.)
9. Filter media incorporated into a frame, casing, cartridge or similar support, are classified as filtering or purifying apparatus, or parts thereof, of heading 84.21.

15. Thus, I find that the functional design, structural integration, and intended use of the Triple Filter Element support its classification under CTI 8421 9900 as a part of a filtering or purifying machine, rather than under CTI 7326 9099 as a generic article of iron or steel. Accordingly, the demand for customs duty amounting to Rs. 57,22,101/- is hereby dropped, and no penalty is imposed under Section 112(a)(ii) or Section 117 of the Customs Act, 1962.

Order

15.1 I hold that the impugned goods i.e Triple Filter Element covered under Bill of Entry no. 4461634 dated 02.02.2023 are correctly classifiable under CTI 84219900 and not under CTI 73269099 as proposed in the SCN.

15.2 I hold the goods covered under impugned Bill of Entry are not liable for confiscation under Section 111(m) of the Customs Act, 1962.

15.3 I drop the demand of differential duty of Rs. 57,22,101/-,(Rupees Fifty Seven Lakh Twenty Two Thousand One Hundred and One Only) under the provisions of Section 28(1) of the Customs Act, 1962.

15.4 I drop the demand of Interest under the provisions of Section 28AA of the Customs Act, 1962.

15.5 I refrain from imposing penalty upon the importer under the provisions of Sections 112 (a) (ii) of the Customs Act, 1962.

15.6 I refrain from imposing penalty upon the importer under the provisions of Sections 117 of the Customs Act, 1962.

16. This order is being issued without prejudice to any other legal proceedings, under the relevant provisions of the Customs Act, 1962 or other laws.

(Nitin Saini)

Commissioner of Customs
Custom House, Mundra

Date: 31.07.2025

F.No. GEN/ADJ/COMM/77/2025-Adjn

To the Noticee,

1. M/s. Reliance Syngas Limited (IEC- AALCR4138A),
Branch 38, Mega Mall,
Surendranagar, Gujarat.

Copy to:-

1. The Assistant Commissioner (SIIB), Customs House, Mundra
2. The Assistant Commissioner of Customs (RRA), CCO, Ahmedabad Zone;
3. The Deputy /Assistant Commissioner (Recovery/TRC), Customs House, Mundra for necessary action;
4. The Superintendent (EDI), Customs House, Mundra for uploading on Website;
5. Notice Board /Guard File.