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Date: 11.06.2025

CESTAT Chennai- Clarifying the Scope of Customs Exemption for MIMO-Based Devices

The Customs, Excise and Service Tax Appellate Tribunal (CESTAT), Chennai has ruled in favor of M/s Inflow Technologies Pvt. Ltd., granting them exemption from Basic Customs Duty (BCD) under Notification No. 24/2005-Cus., despite their imported Wireless Access Points (WAPs) employing MIMO technology. The Tribunal relied heavily on the Delhi High Court's judgment in *Ingram Micro India Pvt. Ltd.*, asserting that the term “MIMO and LTE Products” must be read conjunctively, not disjunctively.

Case Background

- **Appellant:** Inflow Technologies Pvt. Ltd.
- **Product in Question:** Wireless Access Points (WAPs) imported between July 2014 and June 2017.
- **Classification:** Under CTI 8517 6990 (apparatus for transmission/reception of data).
- **Claimed Exemption:** Under Sl. No. 13 of Notification No. 24/2005-Cus., which provides for ‘nil’ rate of BCD for eligible telecom goods.
- **Dispute:** The Commissioner rejected the exemption claim stating that since the WAPs used MIMO technology, they were excluded under Sl. No. 13(iv), which excluded “MIMO and LTE Products.”

Key Legal Issue

Whether products using only MIMO technology (but not LTE standards) fall under the exclusion clause “MIMO and LTE Products” in Sl. No. 13(iv) of Notification No. 24/2005-Cus.?

Appellant's Arguments

- **Cited judgments of:**
 - *Ingram Micro India Pvt. Ltd.* – affirmed by the Delhi High Court
 - *Redington India Ltd.* and *Beetal Teletech Ltd.*
- **Argued that:**
 - The clause “MIMO and LTE Products” uses conjunctive ‘and’, implying both conditions must be met for exclusion.
 - Their WAPs only had MIMO technology and did not use LTE standards, hence not falling under the exclusion.

Tribunal's Analysis & Observations

- The Tribunal agreed with the interpretation that the word “and” must be read conjunctively, following the Delhi High Court’s decision in *Ingram Micro*.
- Held that:
 - The notification would have used "or" if the intention was to exclude either MIMO or LTE-based products.
 - The 2021 amendment (which split MIMO and LTE into separate exclusion entries) was clarificatory, not retrospective.
- Emphasized that judicial discipline requires following the Delhi High Court's binding interpretation.

Final Verdict

- The denial of exemption was overturned.
- Appeals of Inflow Technologies Pvt. Ltd. and its Director Byju Pillai were allowed.
- The Tribunal ordered the restoration of exemption benefits and set aside the Commissioner’s Order-in-Original.

Legal and Industry Significance

This judgment is a landmark precedent for:

Importers of Communication Equipment

- Clarifies exemption eligibility under Pre-2021 telecom equipment notifications.

Customs Officers and Adjudicating Authorities

- Reinforces the strict interpretation of tax exemptions and the binding nature of High Court rulings.

Legal Advisors and Consultants

- Provides a robust precedent to defend clients against wrongful denial of exemption based on ambiguous interpretation of notifications.

Conclusion

The CESTAT Chennai ruling in *Inflow Technologies Pvt. Ltd. v. Commissioner of Customs* is a significant judicial affirmation of principled interpretation in customs law. By reading “MIMO and LTE” as a

conjunctive phrase, it upholds the sanctity of statutory language and protects genuine importers from arbitrary duty impositions.

This Article has been written by Shri Ravi Shekhar Jha, Advocate Delhi High Court based on his interpretation of the law. He can be reached at his email id intelconsul@gmail.com or on his Mobile +91-9999005379.

Source: CESTAT Chennai

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

REGIONAL BENCH - COURT No. III

Customs Appeal No. 41537 of 2019

(Arising out of Order-in-Original No.278/2019-AIR dated 17.05.2019 passed by Commissioner of Customs (Chennai-VII), New Custom House, Meenambakkam, Chennai 600 027)

M/s.Inflow Technologies Private Ltd. Appellant

#33 & 34, Inflow House,
Off 100 Feet Road,
Indira Nagar 1st Stage,
Bangalore 560 038.

VERSUS

The Commissioner of Customs ... Respondent

Chennai-VII, New Custom House,
Meenambakkam,
Chennai 600 027.

WITH

Customs Appeal No. 41538 of 2019

(Arising out of Order-in-Original No.278/2019-AIR dated 17.05.2019 passed by Commissioner of Customs (Chennai-VII), New Custom House, Meenambakkam, Chennai 600 027)

Shri Byju Pillai Appellant

Director & CEO,
M/s.Inflow Technologies Private Ltd.
#33 & 34, Inflow House,
Off 100 Feet Road,
Indira Nagar 1st Stage,
Bangalore 560 038.

VERSUS

The Commissioner of Customs ... Respondent

Chennai-VII, New Custom House,
Meenambakkam,
Chennai 600 027.

APPEARANCE :

Shri Rohan Muralidharan, Advocate for the Appellant
Shri Anoop Singh, Authorized Representative for the Respondent

CORAM :

HON'BLE MR. P. DINESHA, MEMBER (JUDICIAL)
HON'BLE MR. M. AJIT KUMAR, MEMBER (TECHNICAL)

FINAL ORDER Nos.40599-40600/2025

DATE OF HEARING : 24.01.2025
DATE OF DECISION : 10.06.2025

Per: Shri P. Dinesha

The Appellant imported Wireless Access Points (WAPs) between July 2014 to June 2017 and classified them under Customs Tariff Item (CTI) 8517 6990 as "*Other apparatus for transmission or reception of voice, images or other data, including apparatus for communication in a wired or wireless network (such as a local or wide area network)*". It claimed the benefit of 'nil' rate of duty as provided for under Sl. No. 13 of Notification No. 24/2005-Cus. dated 01.03.2005.

2. We find from Sl. No. 13 of the Notification that this benefit of 'nil' rate was available to "*All goods except the*

following: - ... (iv) Multiple Input/ Multiple Output (MIMO) and Long Term Evolution (LTE) Products.)”

3. By the impugned Order-in-Original 278/2019-AIR dated 17.05.2019, the Commissioner took it to be undisputed that the WAPs employed Multiple Input Multiple Output (**MIMO**, for short) technology but did not accord with Long Term Evolution (**LTE**, for short) standards. He thus rejected the Appellant’s contention that the exclusion in clause (iv) in Sl. No. 13 of the Notification would only apply to products which both employed MIMO technology and accorded with LTE standards. He essentially held that the requirements in clause (iv) as to **MIMO** and **LTE** were disjunctive and not conjunctive. He therefore held that since the WAPs employed the MIMO technology, they satisfied one of the two disjunctive criteria and fell within the scope of the exclusion to the exemption and were not entitled to the benefit of the ‘nil’ rate of duty.

4. Sri Mohan Muralidharan, Ld. Advocate argued for the Appellant and Sri Anoop Singh, Ld. Joint Commissioner Argued for the Respondent; we have heard, at length, the submissions of the parties and we have very carefully

considered the documents and judicial pronouncements referred to and relied upon during the course of arguments.

5. Having heard submissions and considered the material on the record, we find that the only issue to be addressed to by us is, “whether the denial of benefit of Notification No. 24/2005 *supra*, by the Commissioner is in order”?

6. On behalf of the Appellant, Sri Rohan Muralidharan, Ld. Advocate would contend that the question at hand is squarely covered by the following decisions :

1. **Commissioner of Customs (Air) Chennai VII Vs M/s.Ingram Micro India Pvt. Ltd. – 2022 (9) TMI CESTAT NEW DELHI = 2023 (383) ELT 455 (Tri.-Del.) affirmed by the Hon’ble Delhi High Court reported in **2025 (1) TMI 797-DELHI HIGH COURT.****
2. **CC (Air) Chennai VII Vs M/s.Redington (India) Ltd. 2023 (12) TMI 754 – CESTAT NEW DELHI = 2024 (387) ELT 79 (Tri.-Del.) affirmed by the Hon’ble Delhi High Court reported in **2025 (1) TMI 859-DELHI HIGH COURT.****
3. **CC (Import), Mumbai Vs Beetal Teletech Ltd.- 2023 (11) TMI 69 – CESTAT NEW DELHI affirmed by the Hon’ble Delhi High**

Court reported in **2025 (1) TMI 858 DELHI HIGH COURT.**

4. **CC (Air) Chennai VII Vs Compuage Infocom Ltd.** - Final Order No.58106/2024 dated 22.08.2024 CESTAT NEW DELHI.

7. In response, on behalf of the Respondent, it was submitted that in the OIO leading to the aforesaid judgement of the Hon'ble Delhi High Court in **Ingram Micro's** case did not discuss the issue of misclassification. It was therefore sought to rely on the submissions made on behalf of the Revenue in **Ingram Micro's** case, including before this Tribunal. Reliance was placed on the order of a Chennai Bench of this Tribunal in **Ingram Micro India Private Ltd. v. CC Chennai - 2020 (11) TMI 9 CESTAT CHENNAI.** We were invited to follow the order of the Co-ordinate Bench of this Tribunal which, in the Revenue's submission, had answered the question of classification correctly.

8. Elaborate submissions were also advanced on the description and features of the WAPs. It was sought to be contended, *inter alia*, that a product cannot have a standard but can only conform to one in an attempt to

contend that the construction placed upon the aforesaid clause (iv) in Sl. No. 13 of the exemption notification is not appropriate. Besides this, the findings in the OIO in the present appeal were thus reiterated and supported before us.

9. Elaborate submissions were also advanced by the Appellant-importer in rejoinder.

10. After going through the decision of Hon'ble Delhi High Court *supra*, we find that the Appellant is right in submitting that the issue is covered by the judgement of the Hon'ble Delhi High Court in **Ingram Micro's** case. The relevant findings of the Hon'ble High Court are reproduced below:

"46. However, in our opinion, the aforesaid contention is unmerited. If the intention of the Central Government was to include products utilizing either MIMO technology or LTE standard or both, the phrase 'MIMO or LTE Products' could have been used. The use of the conjunction 'or' would have naturally encompassed all products with either of the two technologies/standards, and also those products which combine both. There would have been no need to use 'and' in place of 'or', as the latter would inherently fulfill the purpose of including all such categories. To explain in simpler terms, the phrase "MIMO or LTE Products" would mean – products having MIMO technology or products having LTE standard. A product having MIMO technology can have many other technologies, standards, etc., which may

also include LTE standard. Similarly, a product having LTE standard can have many other technologies, standards, etc., which may also include MIMO technology. Thus, the phrase 'MIMO or LTE Products' would have included the categories of products, which the Revenue is projecting before this Court.

47. Moreover, in earlier entries of the same notification, such as Serial No. 13 (ii) and (iii), the word 'or' has been used wherever appropriate to denote alternatives. Similarly, commas have also been employed to demarcate distinct categories of products. Had the intention been to use 'and' in a disjunctive manner in entry (iv) of Serial No. 13, the phraseology could also have been easily drafted as follows: 'MIMO Products and LTE Products', or 'MIMO Products and/or LTE Products', or 'MIMO Products or LTE Products'. These products could also have been separated by use of commas, such as by drafting the same as 'MIMO Products, LTE Products' or 'MIMO Products, and LTE Products'. However, the same has not been done in the exclusion entry in question.

48. As noted in the preceding discussion, MIMO is a technology and LTE is a standard. Concededly, the case of Revenue is that "MIMO and LTE Products", inter alia, includes "products which work on LTE standard and have MIMO technology". Thus, it is not disputed that there exist products which embody both MIMO technology and LTE standard.

... ..

51. Further, the term "and" is a conjunction, commonly understood to connect and join words, clauses, or phrases. Dictionaries and linguistic principles affirm that "and" denotes addition or combination, unless there is ambiguity or absurdity arising from its literal interpretation.

... ..

53. In the present case, there is no such ambiguity or absurdity. In our view, when all the four entries of Serial No. 13 are analysed, it would lead to only one conclusion that the word "and" is to be read in conjunctive manner only, and the phrase "MIMO and LTE Products" would

refer to only those products which have both MIMO technology and LTE standard.

54. As far as the argument of the Revenue that in the year 2021, the Notification No. 25/2005, and one Notification No. 57/2017-Customs were amended and the phrase "MIMO and LTE Products" were substituted with '(i) MIMO products; (ii) LTE products', and that these amendments were clarificatory in nature, is concerned, notably, an amendment in the Notification No. 57/2017-Customs was brought vide Finance Act, 2021 which is clarificatory in nature, and, clarifies Serial No. 20 of the said notification. It states that the subject entry will now be read as '(i) MIMO products; (ii) LTE products'. Similar change was brought in Notification No. 25/2005 by virtue of Notification No. 05/2021-Customs.

55. Thus it is clear that the aforesaid amended entries in the concerned Notifications, in their clarificatory form, will be applicable only from the date of coming into force of these amendments i.e. 02.02.2021. As a natural consequence, the cases, which are in dispute qua the exclusion entry in question, which are pending adjudication or were adjudicated prior to the amendment brought about by clarifications, will be amenable to interpretation and adjudication as it stood prior to the aforesaid clarification and amendment.

56. It would, therefore, mean that in cases involving disputes over interpretation of the subject entry, the amendment brought about through later clarification cannot put fetters on the powers of the Courts or adjudicating authorities, dealing with disputes prior to the amendment so as to have a binding effect on such authorities or on the Courts to hold as correct the clarification as the guiding principle to decide the entry which stood prior to such amendment in its original form.

57. We are of the view that the clarification is brought about in the Statute when there is ambiguity and disputes arise due to such ambiguities. The fact that a clarification is needed to be brought about in the subject entry by the Finance Act, 2021 would point out towards the inherent ambiguity experienced in its interpretation and application which prompted and necessitated the subject amendment and clarification. In the light of this observation and the facts of the present case as well as the judicial precedents in similarly situated cases, we are

of the opinion that exclusion clause (iv) of Serial No. 13 of the amended Notification No. 24/2005, which reads as 'MIMO and LTE products', would have to be read in its original form applying the law and rules of interpretation of statutes, especially as applicable in cases of taxation.

58. While adjudicating cases of disputes over an entry attracting or not attracting customs duty, the first and foremost rule to be followed is reading it as it stands by giving it the meaning that can be understood by reading the plain language of the entry in question.

59. Coming back to the facts of the case and applying the above principle, we note that the word 'and' is suffixed with the word 'MIMO' and prefixed with the word 'LTE' and there is no punctuation mark or comma after the word 'MIMO' and before the word 'and'. Further, 'MIMO and LTE' are followed by the word 'products'. Therefore, as a common rule of English language, the word 'and' would clearly, and in unambiguous terms, be read conjunctively.

60. To reiterate, the amendments as discussed above were introduced in the year 2021, whereby "MIMO and LTE products" were changed to "(i) MIMO products; (ii) LTE products". The word 'and' has been totally taken out from the new entry and the same is absent from the entry altogether. The absence of word 'and' between the word 'MIMO' and 'LTE', as it existed prior to the amendment brought as clarification, rather speaks and explains by its absence, about the presence of intention to read 'MIMO' and 'LTE' as conjunctive and not disjunctive.

61. In light of the above, we hold that the phrase "MIMO and LTE Products" in Serial No. 13 (iv) of the amended Notification No. 24/2005 applies solely to products combining MIMO technology and LTE standards. The exclusion clause cannot be stretched to encompass products featuring either one of the two technologies. Accordingly, the WAPs imported by the respondent, which employ MIMO technology but not the LTE standards, are entitled to the exemption from Basic Customs Duty.

62. In view thereof, we are of the opinion that the order of the learned CESTAT does not suffer from any infirmity or error and, is, therefore upheld."

11. Considering that the Revenue's contentions in response to the points which have already been decided by the Hon'ble Delhi High Court, it is not open to us to consider these submissions on their merits. The Revenue's reliance on the order of the Co-Ordinate Bench in **Ingram Micro** is also misplaced, in as much as it is not open to us to rely on a decision of a Bench of this Tribunal in preference to a judgement of a Hon'ble High Court, particularly when, in our opinion, the judgement of the Hon'ble High Court directly covers the question.

12. In view of the above, we are of the opinion that the Commissioner was not justified in denying the benefit of Notification No. 24/2005 *supra* and hence, we set aside the impugned order and allow the appeals with consequential benefits if any, as per law.

(Order pronounced in open court on 10.06.2025)

(M. AJIT KUMAR)
Member (Technical)

(P. DINESHA)
Member (Judicial)