



ALO Law Office- IDT Tax | Arbitration | Litigation

Date: 19.08.2025

CAAR Delhi Upholds Classification and Exemption for Mobile Phone Components

The Customs Authority for Advance Rulings (CAAR), New Delhi, recently issued a significant ruling concerning the classification and exemption of certain goods intended for use in the manufacturing of mobile phone parts. This ruling, dated August 6, 2025, provides clarity on the classification of specific items under the Customs Tariff Act, 1975, and their eligibility for exemption under Notification No. 57/2017-Customs. Below, we delve into the details of the ruling and its implications for importers and manufacturers.

Background

M/s Le Mei Plastic Manufacturing Private Limited filed an application seeking an advance ruling on the classification and exemption of goods such as aluminum plates, magnesium alloy sheets, heat-dissipating films, silicon pads, conductive foams, antennas, double-sided tape, and dust-proof paper. These goods are intended for use in the manufacturing of intermediate components (front, middle, and back covers) for smartphones.

The applicant argued that these goods are specifically designed for mobile phone manufacturing and should be classified under Tariff Heading 8517 79 90 as "Parts of Mobile Phones." Additionally, they sought confirmation on whether these goods qualify for exemption under Entry 6E of Notification No. 57/2017-Customs.

Key Issues Addressed

1. **Classification of Goods** The applicant contended that the goods are not generic raw materials but are pre-engineered and tailored for exclusive use in mobile phone manufacturing. They argued that these goods meet the criteria for classification as "parts" under Tariff Heading 8517 79 90.
2. **Eligibility for Exemption** The applicant sought confirmation on whether the goods qualify for exemption under Entry 6E of Notification No. 57/2017-Customs, which provides a nil duty rate for inputs or parts used in the manufacture of goods listed under Entry 6D (e.g., battery covers, front covers, middle covers).
3. **Comments from the Port Commissionerate** The jurisdictional Commissionerate argued that the goods are raw materials in their basic form and lack the essential characteristics of mobile phone parts at the time of import. They recommended classification under material-specific chapters based on the constituent material.

Findings and Ruling

After examining the submissions, technical details, and legal precedents, the CAAR ruled as follows:

Classification

The CAAR determined that the goods (excluding polymer granules) are specifically designed and processed for use in mobile phone manufacturing. Despite undergoing further processing post-import, their essential character as mobile phone parts remains intact. Therefore, these goods are classifiable under Tariff Heading 8517 79 90 as "Parts of Mobile Phones."

Exemption

The CAAR confirmed that the goods (excluding polymer granules) qualify for exemption under Entry 6E of Notification No. 57/2017-Customs, subject to verification of their exclusive use in mobile phone manufacturing.

Exclusion of Polymer Granules

The CAAR excluded polymer granules from the scope of the ruling, as they were not part of the original application. The applicant was advised to file a separate application for this item.

Implications for Importers and Manufacturers

1. **Clarity on Classification** This ruling reinforces the principle that goods specifically designed for use in mobile phone manufacturing can be classified as "parts" under Tariff Heading 8517 79 90, even if they require further processing post-import.
2. **Eligibility for Exemption** Importers can benefit from the nil duty rate under Entry 6E of Notification No. 57/2017-Customs, provided the goods are exclusively used in the manufacture of mobile phone parts listed under Entry 6D.
3. **Importance of Documentation** Importers must provide detailed technical specifications, certifications, and procurement contracts to establish the exclusive use of goods in mobile phone manufacturing.
4. **Exclusion of Generic Raw Materials** Generic raw materials that are not specifically designed for mobile phone manufacturing may not qualify for classification as "parts" or for exemption under Entry 6E.

Conclusion

The CAAR's ruling provides much-needed clarity on the classification and exemption of goods used in mobile phone manufacturing. It underscores the importance of demonstrating the exclusive design and use of imported goods to qualify for favorable tariff treatment. This decision is a win for manufacturers seeking to align with India's "Make in India" initiative by fostering domestic production of mobile phone components.

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.

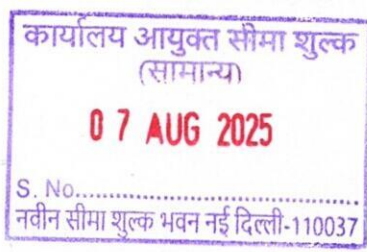
Source: CAAR Delhi

Disclaimer

Write to us at office@aadrikaalaw.com

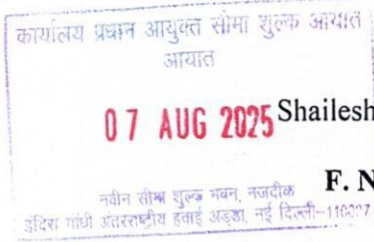
Tel: +91-11-4999 2707 | +91-9999005379

www.aadrikaalaw.com



**CUSTOMS AUTHORITY FOR ADVANCE RULINGS
O/o THE CHIEF COMMISSIONER OF CUSTOMS
NEW CUSTOM HOUSE, NEAR IGI AIRPORT, NEW DELHI-110037**

[Email:cus-advrulings.del@gov.in]



Present

Shailesh Kumar (Customs Authority for Advance Rulings, New Delhi)

F. No. VIII/CAAR/Delhi/Le Mei Plastic(ACC Imp)/47/2025

The day of 06th Aug., 2025

Ruling No. CAAR/Del/ Le Mei/44/2025

Application no: - 50/2025 dated 05.03.2025

536 to 542
06/08/2025

Name and address of the applicant:	M/s Le Mei Plastic Manufacturing Private Limited, B-6, Ecotech-1 Extension, Greater Noida 201310
Commissioner concerned:	The Pr. Commissioner of Customs, ACC (Import), New Customs House, Delhi-110037
Present for the Applicant:	Mr. Rahul Khurana, A.R. Mr. Vardhman Doogar, A.R. Mr. Mohit Aggarwal, A.R.
Present for the Department:	None

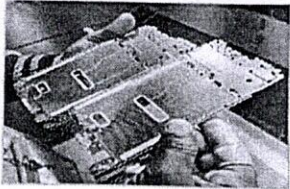
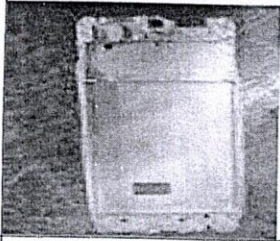
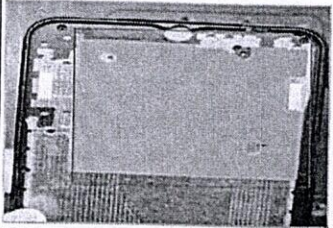
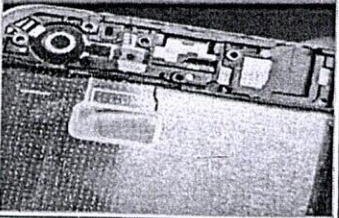
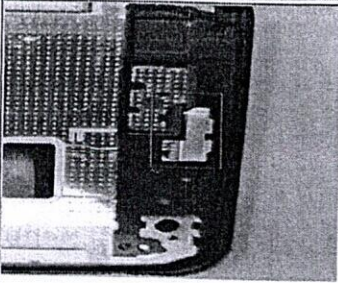
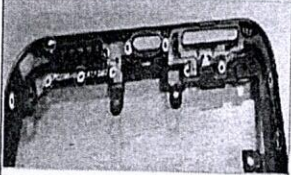
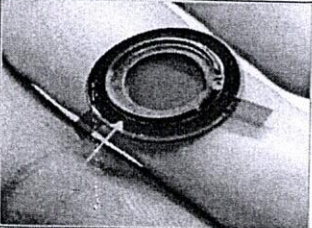
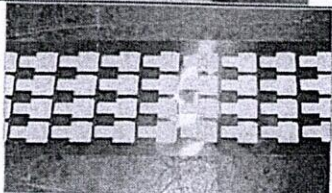
RULING

M/s Le Mei Plastic Manufacturing Private Limited, B-6, Ecotech-1 Extension, Greater Noida 201310, having IEC No. and PAN AADCL8385M (the applicant, in short) filed an application in Form CAAR-1 before the Customs Authority for Advance Rulings, New Delhi (CAAR, in short) for seeking advance ruling. The complete application was received in the Secretariat of the CAAR, New Delhi on 11.02.2025 along with their enclosures in terms of Section 28H (1) of the Customs Act, 1962 (hereinafter referred to as the 'Act'). The applicant proposed to import of "Aluminum plates, Magnesium alloy sheet, Heat dissipating films, Silicon pads, Conductive Foams, Antenna, Double side Tape and Dust proof paper" all as Mobile parts and requested for rulings for classification of these goods in question under 85177990.

1. The applicant in their application, submitted as under: -

1.1. The applicant is engaged in the manufacturing of front covers, middle covers, and back covers ('intermediate goods') that are exclusively designed and manufactured for use in smartphones/mobile phones ('finished goods'). To manufacture these intermediate goods, the Applicant intends to import various essential parts that are integral and critical to the production, functionality, and completion of the intermediate and finished goods.

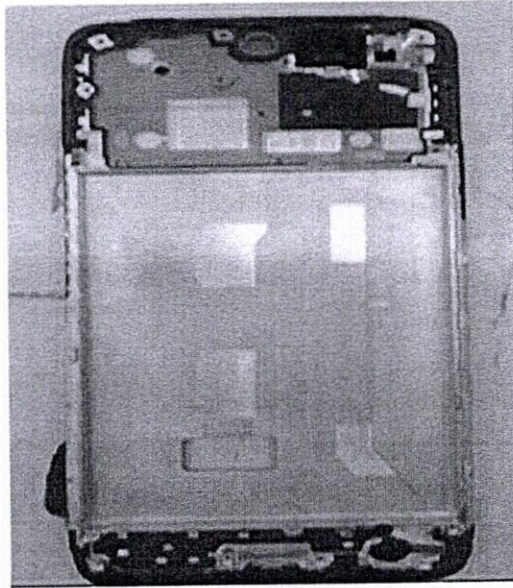
1.2. A brief description of the essential parts to be imported by the Applicant is tabulated hereunder:

Parts	Description and Use in the Finished Goods	Reference Image
Aluminium plates	Aluminium plates are cut to specific sizes and shapes, tailored to fit particular mobile phone models (finished goods). They include precision cutouts for speakers, camera lenses, and buttons, ensuring seamless integration with other components of the finished goods. They also enhance structural rigidity and heat dissipation.	
Magnesium alloy sheet	These lightweight yet durable sheets provide additional structural support and heat resistance. They are designed exclusively for housing delicate internal components of the finished goods while maintaining the phone's compact form factor.	
Heat-dissipating films	These films are engineered to disperse heat generated by internal components of the finished goods, such as the battery and Printed Circuit Board (PCB), preventing thermal damage to the finished goods. They are applied strategically to maintain optimal device performance and safety.	
Silicon pads	Silicon pads act as waterproof seals and provide cushioning for sensitive components. They are customized for specific mobile phone designs, ensuring protection against moisture and shock.	
Conductive Foams	Conductive foams are materials that combine the cushioning and flexibility of traditional foam with the electrical conductivity of specialized coatings. These foams are exclusively designed to shield mobile phones (finished goods) and other essential components from electromagnetic interference (EMI) and radio-frequency interference (RFI).	
Antenna	Antennas are integrated into the cover to enhance or maintain the mobile phone's signal transmission and reception.	
Double Side Tape	Double-sided tape is a type of adhesive material with sticky surfaces on both sides, designed to bond two materials together efficiently and cleanly.	
Dust Proof Paper	Dust-proof paper is a specially designed material used to prevent dust and debris contamination.	

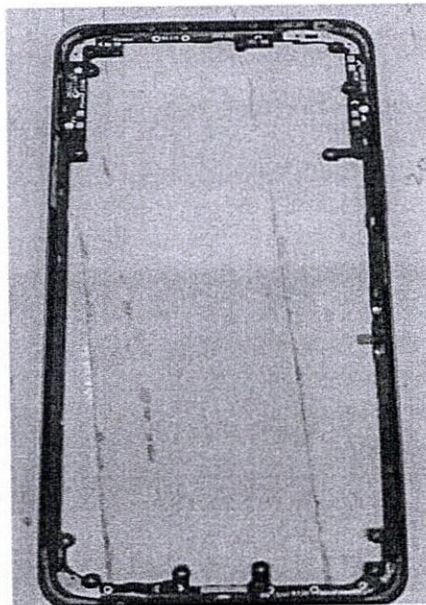
The afore-stated parts are collectively called hereinafter “**Subject Goods**”.

1.3. The aforesaid Subject Goods to be imported by the Applicant are not only integral to the finished goods but also critical for the completion of the intermediate goods, without which the finished goods cannot function or be fully manufactured. Given the fact that the Subject Goods are not only crucial for the finished goods but are also necessary to manufacture other parts of the finished goods viz. intermediate goods, therefore, reference is made to the usage and functionality of the intermediate goods, and the manufacturing process is provided below for reference:

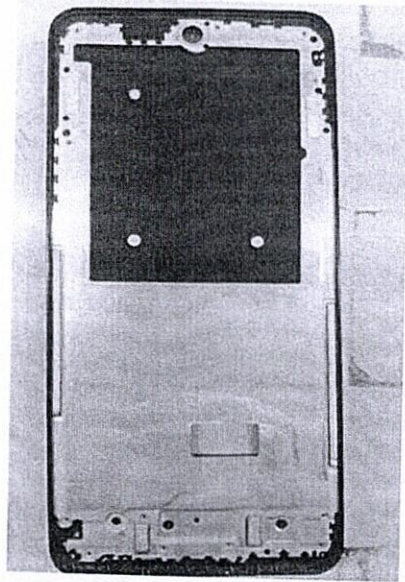
- a. **Front Cover:** The front cover serves as the foundational structure of the smartphone/ mobile phone. It houses and secures critical components such as the camera, buttons, infrared sensors, and other input/output mechanisms, ensuring their proper alignment and functionality within the device. For ease of reference, a sample image of the front cover is set out hereunder:



- b. **Middle Cover:** The middle cover acts as a protective and structural enclosure for sub- parts such as the motherboard, connectors, and other vital internal components. It is specifically engineered to provide thermal management through specialized coatings and layering that facilitate heat dissipation, ensuring optimal performance and longevity of the internal parts. For ease of reference, a sample image of the middle cover is set out hereunder:



- c. **Back Cover:** The back cover is a crucial component for safeguarding the internal elements of the mobile phone, including the battery and printed circuit board (PCB). It offers ingress protection against dust, moisture, and other foreign particles, while also enhancing the device's structural integrity. Additionally, the back cover may feature a rubber gasket and glass for camera lens sealing, along with heat-dissipating coatings and layers, further contributing to the device's durability and functionality. For ease of reference, a sample image of the back cover is set out hereunder:



Usage of intermediate goods – Exclusive Design and Integral Role in Mobile Phones (finished goods)

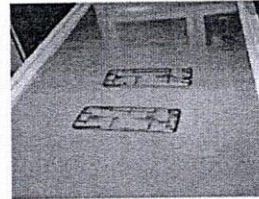
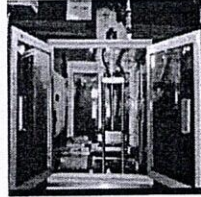
- 1.4. These covers (intermediate goods) are designed and manufactured exclusively for use in the manufacturing of mobile phones (finished goods), with no alternative uses or independent functionality. The critical role played by these covers extends beyond their structural utility, as outlined below:
- **Structural Integrity:** The covers provide essential mechanical support to the device, housing critical components like the speaker, antenna, and sensors securely. This makes them indispensable for the durability and reliability of the mobile phone.
 - **Heat Dispersion:** The covers incorporate heat-dissipating materials and coatings, ensuring effective thermal management. This prevents overheating of internal components, relevant for the device's performance and longevity.
 - **Protection from Foreign Particles:** These covers are designed to shield and protect critical internal components such as the printed circuit board (PCB), batteries, and sub-components from external elements like dust, moisture, and other environmental contaminants. This protection is crucial for ensuring the reliability and durability of the device. Without this safeguard, the functionality of mobile phones would be compromised, posing significant challenges to their commercial viability and consumer acceptance.
 - **Component Housing:** The front, middle, and back covers serve distinct purposes:
 - The **front cover** houses precision components like the camera and infrared sensors.
 - The **middle cover** ensures the safety of internal parts such as the motherboard and provides thermal stability.
 - The **back cover** protects the battery and PCB while contributing to the overall structural strength of the device.
- 1.5. Considering these functionalities, it is both commercially and technically unfeasible to

manufacture or supply the finished goods without incorporating the intermediate goods. Consequently, the Subject Goods intended for import constitute a critical factor for the successful completion of the manufacturing process.

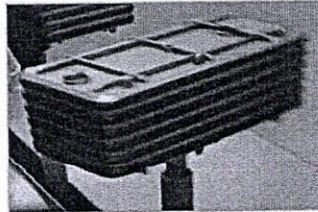
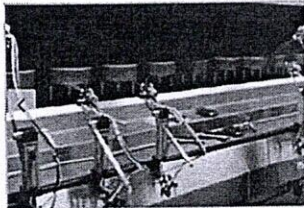
Manufacturing Process of the intermediate goods

1.6. The manufacturing process of the intermediate goods generally follows a similar framework, with specific variations depending on the type of cover (front, middle, or back) and the functional components integrated into them. The steps involved in the production of these intermediate goods, which also highlight the utilization of the Subject Goods, are outlined below:

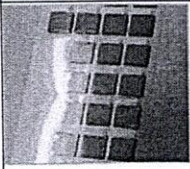
- a) **Injection Molding:** The process begins with the injection molding of melted plastic granules (molten polymer with low viscosity) onto an aluminum sheet/magnesium alloy sheet designed exclusively for the production of intermediate goods. These sheets are precision-engineered to meet the specific shape, size, and design requirements of the covers, with no other alternative uses or independent functionality. This molding process ensures the formation of a robust and accurate frame capable of securely accommodating critical components such as speakers, camera lenses, and sensors. For ease of reference, a sample image of the injection molding process is set out hereunder:

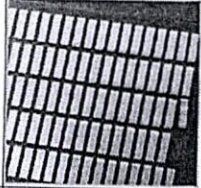
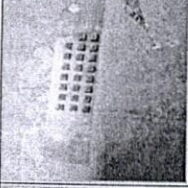
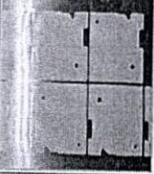



- b) **Painting and Hard Coating:** Once molded, the covers undergo painting and hard-coating processes. During this stage, the sheets are leveled and cured through UV drying – a process that uses ultraviolet light to cure or dry materials such as inks, coating, or adhesives ensuring uniform surface quality and resistance to wear. For ease of reference, a sample image of the painting and hard coating process is set out hereunder:



- c) **Attachment of Functional Components:** After performing the aforesaid steps of molding and coating, the sheets are subjected to inspection to identify and eliminate any defects. Thereafter, in the defect-free sheets, the following integral components are affixed:

Functional Components	Usage	Cover	Relevant Image
Soft Sealing Pad	Provides sealing to prevent dust and moisture ingress	All	

Conductive Foam	Ensures electrical conductivity and grounding	All	
Water-Proof Silicon Pad	Adds water resistance to protect internal components	All	
Heat Dissipating Films	Facilitates heat management by dispersing heat generated by the device's operation	Front / Middle Cover	
Antenna	Ensures and improves mobile phone connectivity	Middle Cover	

d) **Final Inspection:** The final product (covers) is inspected for cavity separation and defects in child materials. If the final product passes the quality test as per internal standards, it is packed and stored at the warehouse.

1.7. In light of foregoing submission the applicant submitted that the Subject Goods play in the manufacturing of the finished goods. These parts are not merely necessary for the final assembly of the mobile phones (the finished goods) but are also equally crucial for the production of other integral components, specifically the intermediate goods, which are themselves essential for the manufacturing of the final product.

1.8. The applicant further stated the dual importance — first, in the creation of intermediate goods, and second, in contributing to the overall functionality and completion of the finished goods — emphasizes the interconnectedness of these components within the broader manufacturing process. Without these Subject Goods, it would not be possible to manufacture either the intermediate goods (covers) or the finished goods (mobile phones).

STATEMENT CONTAINING THE APPLICANT'S INTERPRETATION OF LAW AND/OR FACTS, AS THE CASE MAY BE, IN RESPECT OF THE AFORESAID QUESTION(S)

1.9. Section 2 of the Customs Tariff Act, 1975 ('CTA') provides the rates at which the duties of customs shall be levied under the Customs Act, 1962 ('Customs Act'). The First Schedule of the CTA, which pertains to import tariffs, is guided by a framework known as the General Rules for the Interpretation ('GRI'). The GRI comprises a set of five rules designed to ensure consistency and uniformity in the classification of goods under the tariff schedule. These rules are to be applied sequentially, providing a structured methodology to determine the appropriate classification for any goods.

1.10. Rule 1 of the GIR is pertinent to the present issue of classification. It explicitly states that the titles of Sections, Chapters, and Sub-Chapters are included solely for ease of reference and hold no legal bearing on the classification of goods. Instead, classification must be determined strictly by the terms of the Headings and the corresponding Section or Chapter Notes. The relevant portion of Rule 1 of the GIR is as follows:

"Classification shall be determined according to the terms of the headings and any relative Section or Chapter Notes and provided such headings or Notes do not otherwise require, according to the provisions of the following Rules"

1.11. This principle provides the foundational rule that the heading terms and Section/Chapter Notes take precedence, serving as the primary criterion for classification. Further, the significance of Rule 1 as the starting point for classification has been established by judicial pronouncements. The Hon'ble Supreme Court, in **CCE, Nagpur v. Simplex Mills Co. Ltd. [(2005) 3 SCC 51]**, affirmed that Rule 1 constitutes the initial and mandatory step in determining the appropriate classification of goods under the CTA.

1.12. Further, at the onset, reference is made to the settled principle of law that "parts of parts of a machine" should be treated as equivalent to "parts of the machine" for the purpose of classification. In this regard, courts have consistently recognized that if a component is integral to the functioning of a machine, even if it is a sub-component or a part of another part, it retains its identity as a **part of the machine** for tariff classification. Reliance is placed on the following:

- **Audio Vision Electronics v. CC, Madras, [1987 (31) E.L.T. 796 – CEGAT, New Delhi]**
- **Collector of Central Excise v. Mahendra Engg. Works [1993 (2) TMI 181- CEGAT, New Delhi]**
- **Sahney Steel and Press Works Ltd., Bombay v. UOI [1988 (36) E.L.T. 94 (BHC)]**
- **Collector of Central Excise v. MP (I) Ltd. [1990 (46) E.L.T. 68];**
- **CCE v. Ballarpur Industries [1989 (9) TMI (102) – SC]**

1.13. Based on the foregoing, the applicant submitted that the interdependence of the Subject Goods, intermediate goods, and finished goods highlights their critical nature in the overall production chain, reinforcing the argument that these Subject Goods must be viewed as indivisible and integral to the final product *viz.* smartphone. Their role is fundamental, not only in ensuring the functionality of the intermediate goods but also in enabling the final product *viz.* smartphone to be commercially viable and technically feasible. Thus, the Subject Goods cannot be seen in isolation; they are key enablers in process of manufacturing the finished goods, ensuring that the entire supply chain, from raw materials to final product, operates seamlessly. Accordingly, the Subject Goods are classifiable as '*parts*'.

1.14. Considering the function and use of the Subject Goods, an examination of the First Schedule of the CTA indicates that the most specific classification for the Subject Goods is under **Tariff Item 8517.79.90**. In this regard, it is essential to refer to the relevant Section Notes and Chapter Notes pertaining to Heading 8517 and Tariff Item 8517.79.90.

Applicability of Section Note 1 of Section XVI

1.15. Heading 8517 is part of Chapter 85, which falls under Section XVI of the CTA. Section Note 1 of Section XVI specifies the goods that are excluded from the scope of this Section and, therefore, cannot be classified under Chapter 85. On a bare reading of Section Note 1, it is observed that it does not explicitly exclude the Subject Goods to be imported by the applicant for manufacturing of intermediate goods and finished goods. This implies that the Subject Goods do not fall under any category of exclusions provided under Note 1 of Section XVI.

1.16. Specific reference is made to Note 1(g), which stipulates that Section XVI does not encompass parts of general use as defined in Note 2 to Section XV. These include items made of base metal (covered under Section XV) or similar goods made of plastics (classified under Chapter 39) classifiable under the specific headings referred to in the definition of the '*parts of general use*'. The term '*parts of general use*' (Note 2 to Section XV) is defined as follows:

- (a) articles of heading 7307, 7312, 7315, 7317, or 7318 and similar articles of other base metal, other than articles specially designed for use exclusively in implants in medical, surgical, dental or veterinary sciences (heading 9021)
- (b) springs and leaves for springs, of base metal, other than clock or watch springs (heading 9114); and
- (c) articles of headings 8301, 8302, 8308, 8310 and frames and mirrors, of base metal, of heading 8306"

1.17. For ease of reference, the relevant extract of the aforesaid headings is tabulated hereunder:

S.No.	Heading	Description
1.	7307	Tube or pipe fittings (for example, couplings, elbows, sleeves), of iron or steel
2.	7312	Stranded wire, ropes, cables, plaited bands, slings and the like, of iron or steel, not electrically insulated
3.	7315	Chain and parts thereof, of iron or steel
4.	7317	Nails, tacks, drawing pins, corrugated nails, staples (other than those of heading 8305) and similar articles, of iron or steel, whether or not with heads of other material, but excluding such articles with heads of copper
5.	7318	Screws, bolts, nuts, coach-screws, screw hooks, rivets, cotters, cotter-pins, washers (including spring washers) and similar articles, of iron or steel
6.	8301	Padlocks and locks (key, combination or electrically operated), of base metal; clasps and frames with clasps, incorporating locks, of base metal; keys for any of the foregoing articles, of base metal
7.	8302	Base metal mountings, fittings and similar articles suitable for furniture, doors, staircases, windows, blinds, coachwork, saddlery, trunks, chests, caskets or the like; base metal hat-racks, hat-pegs, brackets and similar fixtures; castors with mountings of base metal; automatic door closers of base metal
8.	8308	Clasps, frames with clasps, buckles, buckle-clasps, hooks, eyes, eyelets and the like, of base metal, of a kind used for clothing or clothing accessories, footwear, jewellery, wrist watches, books, awnings, leather goods, travel goods or saddlery or for other made-up articles; tubular or bifurcated rivets, of base metal; beads and spangles, of base metals.
9.	8310	Sign-plates, name-plates, address-plates and similar plates, numbers, letters and other symbols, of base metal, excluding those of heading 9405.

1.18. The applicant submitted upon examining the aforesaid headings, it emerges that these headings predominantly cover items such as screws, bolts, nameplates, and similar articles, which possess characteristics fundamentally distinct from those of the Subject Goods. The Subject Goods do not fall within any of the specified categories and therefore cannot be categorized as 'parts of general use.'

1.19. Further, reference is made to the principle laid down by CESTAT, Delhi in **Plastic Craft Industries vs. Collector - 1991 (52) E.L.T. 84**, affirmed by Supreme Court in **Collector v. Plastic Craft Industries- 1997 (93) E.L.T. A179 (S.C)**, wherein the Tribunal *inter-alia* held that the goods cannot be called parts of general use if they are designed and made especially for fitment to the appliances manufactured by the purchasers of their products.

1.20. Applying this principle to the instant case, the Subject Goods intended to be imported are exclusively designed for use in intermediate goods and thereafter in finished goods viz. smartphones. This exclusivity underscores that the Subject Goods are not "parts of general use" and do not fall within the exclusions under **Note 1—Parts of General Use**. This further strengthens

the position that the Subject Goods merit classification is not excluded from Section XVI and Chapter 85.

1.21. With the satisfaction of the requirement of Note 1, reference is made to Note 2 of Section XVI specifically outlines the criteria for classifying goods as "parts" of machines falling under Chapter

85. To analyze this, it is first crucial to establish whether the Subject Goods - (a) Qualify as Parts; and (b) are intended for Machines covered under Chapter 85.

Subject Goods Qualify as 'Parts':

1.22. The term 'parts' is not explicitly defined in Section XVI or Chapter 85 of the CTA. Hence, reliance must be placed on judicial precedents that have elucidated its meaning in the context of classification. The Hon'ble Supreme in **CCE v. Insulation Electrical Pvt. Ltd. [2008 (224) ELT 512 (SC)]**, held that:

"19. A part is an essential component of the whole without which the whole cannot function".

1.23. The above definition emphasizes the indispensability of the component in ensuring the functionality of the final product. Further, reference is made to the decision in **CTO, Anti Evasion, Rajasthan, v. M/s Praseon Enterprises, Jaipur [2019 (3) TMI 1361 – Supreme Court]**, wherein the Hon'ble Supreme Court held that:

"27. This Court has laid down the test as to how the Court should decide the question as to whether a particular item is a part of another. The test is "a thing is a part of the other if the other is incomplete without it". In other words, "a thing is a part of the other if the other cannot function without it."

1.24. The applicant further submitted that this precedent reiterates the principle that a "part" must be integral to the functionality and completion of the primary article. In light of these judicial pronouncements, the Subject Goods qualify as "parts" for the following reasons:

- The Subject Goods are commercially and technically indispensable for manufacturing or supplying the intermediate goods and the finished product viz. smartphone.
- The smartphone (finished product) cannot be completed or made functional without the incorporation of these Subject Goods, as they provide essential housing, protection, and structural support.
- The Subject Goods are integral components necessary for the operation, durability, and marketability of smartphone (finished product).

Thus, in terms of the principles laid down by the Hon'ble Supreme, the Subject Goods squarely qualify as "parts" of smartphone.

1.25. Furthermore, as outlined in the manufacturing process, the Subject Goods (components) are essential and integral to produce the intermediate goods, which are undisputedly classifiable as "parts" of mobile phones. Reference is made to the decision in **Samsung India Electronics Pvt. Ltd. vs PCC, Customs [2023 (12) TMI 1155 – CESTAT New Delhi]**, wherein the Hon'ble Tribunal was posed with the question of classification of front cover, mid cover and back cover of mobile phones imported by the assessee. In its detailed judgment, the Hon'ble Tribunal *inter-alia* held that front cover, mid cover and back cover of mobile phones are indeed classifiable under CTH 8517.70.90 as "parts" of mobile phones. The decision of the Tribunal was affirmed by the Hon'ble Supreme Court in **PCC Air Cargo Complex Import v. Samsung India Electronics Pvt. Ltd. [2024 (7) TMI 1220 – SC Order]** (Also ref.: **Vivo Mobile India Pvt. Ltd. v. PCC, Customs**

(Final Order No. 50226-50232/2024 dated 09.02.2024)].

1.26. Thus, the applicant submitted that the Subject Goods are indispensable in manufacturing the intermediate goods as well as the finished product viz. smartphone. In the absence of Subject Goods, it would neither be technically feasible nor commercially viable to produce the intermediate goods and thereafter the finished product viz. smartphone.

Subject Goods are Intended for Machine covered under Chapter 85:

1.27. As per Note 5 of Section XVI, the term 'machine' is defined as:

"For the purposes of these Notes, the expression "machine" means any machine, machinery, plant, equipment, apparatus, or appliance cited in the headings of Chapter 84 or 85."

1.28. This definition includes a wide range of apparatus, machinery, and equipment listed in Chapters 84 and 85, encompassing various types of machines. Therefore, it becomes essential to ascertain whether smartphone — the finished goods for which the Subject Goods are intended to be imported—are explicitly covered under the relevant headings of these chapters. In this context, reference is drawn to Heading 8517, which categorically includes smartphones within its ambit. The relevant excerpt from Heading 8517 reads thus:

"Telephone sets, including smartphones and other telephones for cellular networks or for other wireless networks: other apparatus for the 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), other than transmission or reception apparatus of heading 8443, 8525, 8527 or 8528"

1.29. This heading specifically includes smartphones, and thus, smartphones are squarely classified under Heading 8517 of Chapter 85. Accordingly, smartphones fall under Chapter 85 and are treated as machines under the provisions of Section XVI, satisfying the relevant requirement of the preamble of Note 2. With the condition of 'machine' being satisfied, it is necessary to determine whether the Subject Goods fulfill the criteria set out in Note 2 of Section XVI for classification as parts of machines. Note 2 outlines the criteria for classifying parts of machines, as under:

"2. Subject to Note 1 to this Section, Note 1 to Chapter 84 and to Note 1 to Chapter 85, parts of machines (not being parts of the articles of heading 8484, 8544, 8545, 8546 or 8547) are to be classified according to the following rules:

(a) parts which are goods included in any of the headings of Chapter 84 or 85 (other than headings 8409, 8431, 8448, 8466, 8473, 8485, 8503, 8522, 8529, 8538 and 8548) are in all

cases to be classified in their respective headings;

(b) other parts, if suitable for use solely or principally with a particular kind of machine, or with a number of machines of the same heading (including a machine of heading 8479 or 8543) are to be classified with the machines of that kind or in heading 8409, 8431, 8448, 8466, 8473, 8503, 8522, 8529 or 8538 as appropriate. However, parts that are equally suitable for use principally with the goods of headings 8517 and 8525 to 8528 are to be classified in heading 8517, and parts that are suitable for use solely or principally with the goods of heading 8524 are to be classified in heading 8529.

(c) all other parts are to be classified in heading 8409, 8431, 8448, 8466, 8473, 8503, 8522, 8529 or 8538 as appropriate or, failing that, in heading 8487 or 8548."

1.30. Based on the above, the applicant submitted that Note 2 of Section XVI provides that "parts of machines" are to be classified in the following manner:

- a. Parts that are goods in any headings of Chapter 84 and Chapter 85 are to be classified in their respective heads.
- b. Other parts that are suitable for use solely or principally with a particular kind of machine are to be classified with the same heading as the machine.
- c. All other parts are to be classified in headings as mentioned therein, failing which under headings 8487 or 8548.

1.31. It is submitted that Note 2(a) does not apply in this case, as the Subject Goods are not specified by name under the headings of Chapter 85.

1.32. It is further submitted that Note 2(b) applies to the Subject Goods, as they are specifically designed and manufactured solely for use in the production of smartphone (finished product) and the intermediate goods have no independent use or alternative function. As such, they qualify as parts suitable for use solely or principally with a particular kind of machine (i.e., smartphone). Therefore, under Note 2(b) of Section XVI, the Subject Goods meet the criteria for classification under Heading 8517 as parts of machines (smartphone).

1.33. Having satisfied the conditions outlined in the relevant Section Notes and concluded that the Subject Goods qualify as parts of the machine, it is now essential to determine the appropriate tariff under which they are classified. In this regard, Heading 8517 and its corresponding tariff assume relevance. This Heading encompasses both Smartphones and Parts of Smartphones. The relevant extract of Heading 8517 is provided below:

Tariff Item	Description
8517	Telephone sets, including smartphones and other telephones for cellular networks or for other wireless networks: other apparatus for the 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), other than transmission or reception apparatus of heading 8443, 8525, 8527 or 8528
	- Telephone sets, including smartphones and other telephones for cellular networks or for other wireless networks
8517 13 00	-- Smartphones
	-Parts
8517 79 90	--- Other

1.34. In summary, the applicant submitted that the Subject Goods are designed solely and principally for use in smartphones (finished product). These goods form integral and essential components for the manufacturing of smartphones, without which it would be both commercially and technically impossible to make smartphones. Accordingly, the Subject Goods are classifiable as '*parts of Smartphones*' under Tariff 8517.79.90.

Subject Goods Covered Under Entry 6E: Inputs or Parts Used in the Manufacture of the intermediate goods namely, Battery, Front and Middle Covers

1.35. The applicant submitted that purpose and intent behind Notification No. 57 is to incentivize and promote the import of raw materials required for the manufacturing of essential parts of smartphones (intermediate goods) as well as the finished smartphones within India. This objective aligns with the aim to boost domestic manufacturing under initiatives like "Make in India".

1.36. The Notification aims to reduce reliance on imported finished goods by fostering a manufacturing ecosystem in India that emphasizes value addition and the production of essential components locally. This intention resonates with the approach adopted by the Applicant, wherein

raw materials viz. Subject Goods are imported, and manufacturing activities, including the production of intermediate goods, are proposed to be undertaken in India.

1.37. The relevant portion of Entry 6E is as follows:

S.No.	Chapter or Heading or Sub-Heading or Tariff Item	Description of Goods	Standard Rate
6D	39, 40, 70, 73, 76	The following goods are for use in the manufacture of cellular mobile phones:- (i) Battery cover (ii) Front cover (iii) Middle cover	10%
		(iv) Main lens (v) Back cover (vi) GSM Antenna/Antenna of any technology (vii) PU case/Sealing Gasket – Other articles of Polyurethane foam like sealing gaskets/case (viii) Sealing Gaskets/ Cases from PE, PP, EPS, PC, and all other individual polymers or combination/combinations of polymers (ix) SIM socket (x) Screw (xi) Other mechanical items of plastic (xii) Other mechanical items of metal	
6E	Any Chapter	Inputs or parts for use in the manufacture of goods mentioned at S. No. 6D above	Nil

1.38. The applicant further submitted that the above extract establishes that any inputs or raw materials used in the manufacture of the goods listed under Serial Nos. (i) to (iii) of Entry 6D will be covered within the scope of Entry 6E. This interpretation aligns with the principles established by the Hon'ble Supreme Court in **Jain Engineering Co. v. CC (Bombay)**, [1987 (32) E.L.T. 3 (S.C.)], wherein the Court *inter-alia* emphasized that the scope of an exemption notification should be determined based on the description of the relevant entry. A similar legal position was reiterated by the Hon'ble Tribunal in **M/s Silvassa Machines v. CC** [2017 (349) E.L.T. 176 (Tri. – Mumbai)].

1.39. In the present case, the Subject Goods are exclusively utilized in the production of intermediate goods specified under Entry 6D. Therefore, Subject Goods to be imported by the Applicant fall squarely within the ambit of Entry 6E, irrespective of the classification of the intermediate goods.

1.40. The Applicant humbly seeking an Advance Ruling on the following questions:

- A. Whether the Subject Goods (having no alternative use or independent functionality) intended to be imported by the Applicant for the manufacture of intermediate goods which are subsequently used for the manufacture of finished goods, are classifiable under Tariff Heading 8517 79 90 as 'Parts of Mobile Phones' in Schedule I of the Customs Tariff Act, 1975?
- B. If the answer to Question (A) is affirmative, whether these Subject Goods qualify for coverage under Entry 6E of *Notification No. 57/2017 – Customs* dated 30.06.2017

(‘Notification 57’)?

- C. If the answer to Question (A) is negative, whether the Subject Goods are classifiable as independent articles under their respective chapters of the Customs Tariff Act?

Comments of the Port Commissionerate

2. As per the provisions of CAAR Regulation, 2021, the complete application of the applicant was provided to the concerned custom port, i.e. Customs Port Commissionerate, ACC Import, New Delhi and requested to furnish the requisite comments in the instant matter. Vide letter dated 11.06.2025, the port has submitted their comments which are as follows:-

2.1. **Eligibility of the applicant, in terms of Section 28E(c) of the Customs Act, 1962 to seek such advance ruling:**

Yes, M/s Le Mei Plastic Manufacturing Pvt. Ltd. is a valid applicant within the meaning of Section 28E(c) (i) of the Customs Act, 1962, having IEC Code AADCL8385M.

2.2. **Applicability of proviso (1) of section 28-1 (2) of the Customs Act, 1962 regarding the question raised in the application:**

As per records available in the Section, no application for the advance ruling of the applicant is pending with any officer of the Customs, other Appellate Tribunal or any Court as per proviso of Section 28(1) (2) of Customs Act, 1962.

2.3. **Whether the claim of the applicant regarding the nature of activity, i.e. it is ongoing/proposed is correct:**

As per the declaration made by the importer in CAAR-1, the import of the impugned goods is a proposed activity only.

2.4. **Comments on merit:** The applicant has sought classification of subject goods (aluminium plates, magnesium alloy sheets, heat-dissipating films, silicon pads, etc.) under CTH 8517 79 90 as "Parts of Mobile Phones". However, upon detailed examination under General Rules for Interpretation (GIR), several factors militate against this classification.

2.5. **Nature of Goods at Import Stage** The subject goods are raw materials in their basic form requiring substantial transformation before becoming mobile phone components. At the time of importation, aluminium plates are merely metal sheets without any mobile phone-specific characteristics, design, or functionality.

2.6. **Lack of Mobile Phone Specificity** These materials lack the specificity required to qualify as "parts" of mobile phones. Aluminium plates, magnesium sheets, and silicon pads have widespread industrial applications across various sectors including automotive, aerospace, electronics, and construction industries.

2.7. **Application of Legal Precedents:** The Supreme Court in CCE v. Insulation Electrical Pvt. Ltd. (2008) defined "parts" as components essential to the whole without which the whole cannot function. However, the subject goods require multiple stages of processing, molding, cutting, coating, and assembly before they can be considered essential components of mobile phones. In their imported state, they are merely raw materials.

2.8. **Section XVI Note 2(b) Analysis:** While Note 2(b) directs classification of parts suitable for use principally with heading 8517 goods under that heading, this provision applies to identifiable parts, not raw materials. The subject goods are not yet "parts" in the legal sense but materials that will become parts after substantial manufacturing processes.

2.9. **Preferred Classification - Material-Based Headings:**

- 2.9.1 **Aluminium Plates:** Should be classified under CTH 7606 (Aluminium plates, sheets and strip) as they are standard aluminium products without mobile phone-specific modifications.
- 2.9.2 **Magnesium Alloy Sheets:** Merit classification under Chapter 81 (Other base metals) as they are basic metal products.
- 2.9.3 **Silicon Pads and Heat-dissipating Films:** Should fall under Chapter 39 (Plastics and articles thereof) based on their material composition.
- 2.9.4 **Principle of Objective Characteristics:** Classification should be based on objective characteristics at the time of import, not intended future use after transformation. These goods exhibit characteristics of base materials rather than specialized mobile phone components.
- 2.10. **Commercial Reality and Trade Practice:**
- 2.10.1 These materials are traded in commodity markets as standard industrial inputs. They are not manufactured or marketed as mobile phone parts but as general-purpose materials.
- 2.10.2 The degree of processing required (injection molding, precision cutting, coating, integration of functional components) demonstrates that significant value addition occurs post-import, indicating these are raw materials rather than parts.
- 2.11. **Notification Benefit Impact:**
- 2.11.1 While material-based classification would deny benefits under Notification 57/2017, this outcome aligns with the notification's intent to benefit imports of actual mobile phone parts and components, not general raw materials.
- 2.11.2 Allowing raw materials to claim mobile phone parts classification would set an undesirable precedent, potentially enabling misuse of the notification by importers of basic materials claiming mobile phone end-use.
- 2.12. **Recommendation:** The subject goods should be classified under their respective material-based headings as they lack the specificity, functionality, and characteristics required to qualify as mobile phone parts under CTH 8517 79 90.

Personal Hearing

3. The personal hearing in the instant application was conducted on 10.07.2025. During the course of personal hearing, the Authorised Representative reiterated the averments made in their advance ruling application. They displayed samples of the items in question and also informed that the items proposed to be imported are exactly same to the items displayed during the hearing. Further, they agreed to submit the rebuttal along with the samples to this office. However, no one appeared on behalf of Customs port, ACC(I), NCH, Delhi. Accordingly, the comments of Port shared with the applicant and rebuttal of the applicant received in the form of additional submission.

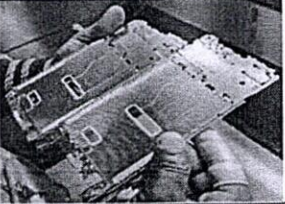
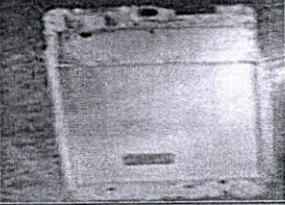
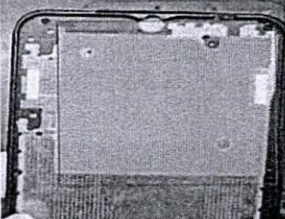
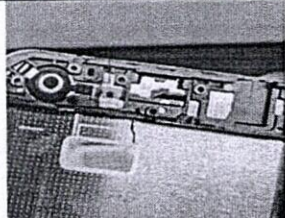
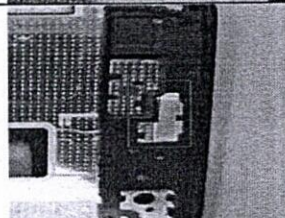
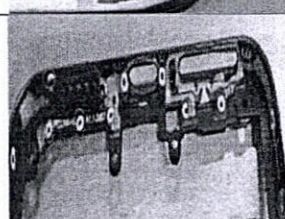

Additional Submission

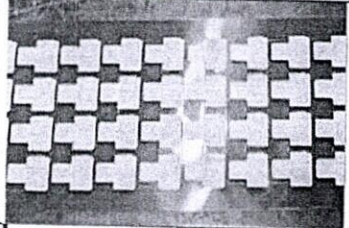
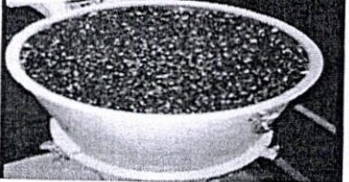
The applicant through letter dated 18.07.2025 submitted rebuttal along with the samples of the products intended to be imported. The rebuttal is as below:-

- 4.1. The Imported Goods are Specifically Designed to be Used in Manufacture of Covers of Mobile Phones and are NOT Raw Material in Basic Form.
- 4.1.1. The Applicant refers to the comments received from the port authority [ACC (Import), Near IGI Airport] vide letter dated 11.06.2025, in response to their application filed *inter-alia* on the questions relating to classification of Subject Goods viz. (i) aluminum plates, (ii) magnesium alloy sheet, (iii) heat dissipating film, (iv) silicon pads, (v) conductive foams, (vi) antenna, (vii) double

side tape, (viii) dust proof paper, and benefit of exemption on import of Subject Goods under Entry 6E of Notification No. 57/2017 – Customs dated 30.06.2017 ('Notification 57').

4.1.2. The list of goods to be imported by the Applicant is tabulated hereinbelow:

#	Imported Goods	Nature of Part	Indicative Image
1.	Aluminium plates	Specifically tailored to fit a particular model of mobile phone	
2.	Magnesium alloy sheet	Specifically tailored to fit a particular model of mobile phone	
3.	Heat dissipating film	Specifically engineered and applied strategically to disperse heat and maintain optimal performance of mobile phones	
4.	Silicon pads	Specifically customized to fit a particular model of mobile phone and act as waterproofing seal and cushion	
5.	Conductive Foam	Specifically designed exclusively for a particular mobile phone to shield other parts from electromagnetic interference	
6.	Antenna	Specifically customized to integrate into the cover and enhance transmission	
7.	Double Side Tape	Specifically cut to size adhesive tape to bond two materials together	

#	Imported Goods	Nature of Part	Indicative Image
8.	Dust Proof Paper	Specially designed to prevent dust and debris in mobile phones	
9.	Granules	Polymer granules with low viscosity is heated and molded onto aluminium sheet or magnesium alloy sheet to form a frame.	

- 4.1.3. The applicant submitted that the comment from the port authority, that the Subject Goods are raw material in basic metal sheet/plastic form at the time of importation, is incorrect. As stated in the application, the Applicant reiterates that the Subject Goods (except granules) are pre-engineered and tailored to precise size and shape to fit into a specific make of mobile phone (Ref. Pictures at para 2 of the application). The Subject Goods are NOT in a basic form of metal sheet or plastic items but are specifically designed to be used in the manufacture of covers of smartphones/mobile phones. Reference is also made to physical demonstration of the Subject Goods at the time of personal hearing on 11.07.2025, before your Honor, which clearly depicted that the Subject Goods are not general metal or plastic goods, but especially designed for use in manufacturing of mobile phone parts.
- 4.1.4. Further, the comment from the port authority that Subject Goods exhibits characteristics of base materials and has application in other sectors (automotive, aerospace etc.) appears to be based on non-appreciation of facts. In fact, the Subject Goods are so exclusively designed that they cannot be used in mobile phones, other than the model for which it has been precisely customized, let alone being used in other industrial sectors. Hence, the contention of the port authority that these are general purpose materials ought not be accepted as the Subject Goods have no use other than being used in manufacture of mobile phones. The Subject Goods, being integral and identifiable components of mobile phones, with no other general function or use, ought to be squarely classifiable as 'Parts' of mobile phones under Customs Tariff Item ('CTI') 8517.79.90. [Ref.: *Plastic Craft Industries v. CCE - 1991 (52) E.L.T. 84*, affirmed by Supreme Court in *CCE v. Plastic Craft Industries - 1997 (93) E.L.T. A179 (S.C)*, wherein the Tribunal *inter-alia* held that the goods cannot be called parts of general use if they are designed and made especially for fitment to the appliances manufactured by the purchasers of their products]
- 4.1.5. Furthermore, the comment from port authority that the Subject Goods are traded in commodity markets as standard industrial inputs lack clear factual clarity. The Subject Goods have precision cut-outs (for speakers, camera lens etc.) to integrate with designated models of mobile phones, and they are not in nature of general goods that can be traded in metal or plastic commodity market. Even in commercial trade parlance, these Subject Goods are known to be inputs/parts used in mobile phone manufacturing.
- 4.1.6. Therefore, it is our humble submission that the Subject Goods which will be used solely or principally with mobile phone, squarely fall under CTI 8517.79.90 and should not be classified under the respective tariff headings as proposed in the comments received from the port authority [ACC (Import), Near IGI Airport] *vide* letter dated 11.06.2025.
- 4.1.7. Physical samples of each of the Subject Goods are being provided to this office along with these additional submissions.

4.2. **Exemption under Entry 6E of Notification 57 would be available to all the Subject Goods Irrespective of Specific or General use**

4.2.1 The relevant extract from Notification 57 is reproduced below for ready reference:

S.No.	Chapter or Heading or Sub-Heading or Tariff Item	Description of Goods	Standard Rate
6D	Any Chapter	The following goods are for use in the manufacture of cellular mobile phones:- (i) Battery cover (ii) Front cover (iii) Middle cover (iv) Main lens (v) Back cover (vi) GSM Antenna/Antenna of any technology (vii) PU case/Sealing Gasket – Other articles of Polyurethane foam like sealing gaskets/case (viii) Sealing Gaskets/ Cases from PE, PP, EPS, PC, and all other individual polymers or combination/combinations of polymers (ix) SIM socket (x) Screw (xi) Other mechanical items of plastic (xii) Other mechanical items of metal	10%
6E	Any Chapter	Inputs or parts for use in the manufacture of goods mentioned at S. No. 6D above	Nil

4.2.2 Evidently, Entry 6E provides exemption from basic customs duty to goods which meet the following requirements: **(a) Goods of ‘Any Chapter’, (b) Goods in nature of inputs or parts are used in manufacture of goods listed at entry 6D.**

For the purpose of Entry 6E, the goods may belong to any chapter of the Customs Tariff

4.2.3 the Applicant imports Subject Goods for the purpose of use in manufacture of Battery Cover, Front Cover and Middle Cover – which are specified items under Entry 6D of Notification 57. Therefore, irrespective of the classification of the Subject Goods as general parts under respective tariff items or specific mobile phone parts under CTI 8517.79.90, when the Subject Goods are being used by as inputs / parts in manufacturing of products listed in Entry 6D, the import of Subject Goods would be eligible for exemption under Entry No. 6E of Notification No. 57.

4.2.4 The contention of the port authority that para 7.2 of the letter dated 11.06.2025 on the assumption of any misuse of exemption is misplaced.

The phrase “inputs” used in Entry 6E of the Notification 57 should be read widely

4.2.5 The Applicant submits the above entry by using the term ‘inputs’ or parts for use in the manufacture, is wide enough to cover *inputs / raw material* which get consumed during the manufacturing process by way of forming part of the final output. In this regard, the Appellant wishes to draw your kind attention to the decision of this Hon’ble Authority in **Re: Samsung Noida Display Private Limited, 2024 (390) ELT 73 (AAR – Cus.-Del.)**. This Hon’ble Authority had *inter-alia* observed that the term ‘inputs’ for use in the manufacture used in Notification No. 57 would cover all goods which have been consumed during the manufacturing process, and thus eligible for the exemption. In fact, in the *Samsung Noida Display (supra)* ruling this

Hon'ble Authority has interpreted the term 'input for use in manufacture' to cover *even* those inputs which get scrapped/lost in the manufacturing process, and proceeded to conclude that benefit of exemption is also available to inputs lost in manufacturing process. The relevant portion of the Ruling is set-out hereunder, for ready reference:

"6.10 The case law further strengthens the stand of the applicant that the *concessional benefit where the goods have been consumed during the manufacture process and not necessarily the goods which form part of the manufactured goods*. Thus, the above discussion clearly corroborates the understanding that the *extant exemption is applicable to all the goods which are placed in the assembly line for the purpose of manufacture of display assembly irrespective of whether the same get incorporated in the manufactured Display Assembly or are damaged or scrapped during manufacturing*. Therefore, the understanding of the Port Commissionerate that the entry' at Sr. No. 5D(b) of Notification No. 57/2017 is silent on the aspect of extension of the benefit of concessional rate of duty on the import of the input or parts that get scrapped during the manufacturing process, appears not to be appropriate. Upon strict interpretation of the exemption provision and application of the ratio of the judgments, it could be viewed that the Notification No. 57/2017 is clear and provides that the *benefit of exemption is available for all inputs and parts used to manufacture mobile phone, irrespective of the fact that the same forms part of the finished goods or are scrapped during the manufacturing process.*"

- 4.2.6 Therefore, in view of the above, it is our humble submission that even if it is assumed that any of the Subject Goods which are imported by the Appellant is not specifically designed for use in covers of mobile phone (for example Granules) and is a raw material having general usage (which are classifiable under respective tariff items), even then such imported goods would be eligible for exemption under Entry No. 6E of Notification No. 57 inasmuch as the term 'input' is wide enough to cover the raw material as well.
- 4.2.7 Further, the reliance is placed on the following decisions which have interpreted the term 'inputs':
- In *Tata Engineering & Locomotive Company Ltd. v. State of Bihar, 1994 (74) E.L.T. 193 (S.C.)*, the Hon'ble Supreme Court has inter-alia held that the use of the word 'input' was indicative that the benefit was intended for every item which was raw material in the widest sense made wider by using the expression 'input'.
 - In *J.K. Cotton Spinning & Weaving Mills Co. Ltd. v. Sales Tax Officer, Kanpur and Anr, 1997 (91) E.L.T. 34 (S.C.)*, the Hon'ble Supreme Court while examining the phrase 'inputs being used in the manufacture of goods' in light of Section 8(3)(b) of the Central Sales Tax, 1956 *inter-alia* held that if any process is integrally connected with the ultimate production of goods so much so that but for the said process, manufacture of goods would be commercially inexpedient, goods used as inputs in that process would fall within the ambit of the expression 'used in the manufacture of goods' and such inputs will be considered as being part of the final manufactured product irrespective of the fact that they are physically not present in it.
- 4.2.8 In light of the above judicial precedents and particularly, the decision of this Hon'ble Authority in Samsung (*supra*), it is most humbly submitted that specific parts as well as general parts (say plastic granules which are heated, melted and molded onto the aluminium sheets) which are being used to manufacture the covers listed at Entry 6D, would clearly be in nature of inputs being used in the manufacture of Battery Cover or Front Cover or Middle Cover, and hence eligible for benefit of exemption under Entry 6E.
- 4.2.9 The Applicant, thus, believes that the import of Subject Goods specifically designed for use in the manufacturing of Battery Cover, Front Cover and Middle Cover of mobile phones should be classified under CTI 8517.79.90 as parts of mobile phones. Further, irrespective of the classification/usage of imported goods as specific *vis-à-vis* general, the Subject Goods including plastic granules imported by the Applicant which will be used exclusively in the process of manufacture of Battery Cover, Front Cover and Middle Cover listed under Entry 6D, would

squarely fall within the ambit of Entry 6E of Notification No. 57 and hence eligible for exemption.

Entry 6E are specific and shall prevail over general Entry 6F or Entry 6J of Notification 57

4.2.10 The Applicant is *inter-alia* engaged in the manufacturing of items such as Battery Cover, Front Cover and Middle Cover of cellular mobile phones listed under Entry 6D and the Subject Goods are imported for being used in manufacturing of such covers. It is submitted that the specific entry in the present case is Entry 6E of Notification No. 57 and the Subject Goods ought not fall under Entry 6F or Entry 6J which relates to manufacturing of mobile phones. The relevant entries are reproduced below for ready reference:

S.No.	Chapter or Heading or Sub-Heading or Tariff Item	Description of Goods	Standard Rate
6D	Any Chapter	The following goods are for use in the manufacture of cellular mobile phones:- (i) Battery cover (ii) Front cover (iii) Middle cover (iv) Main lens (v) Back cover (vi) GSM Antenna/Antenna of any technology (vii) PU case/Sealing Gasket – Other articles of Polyurethane foam like sealing gaskets/case (viii) Sealing Gaskets/ Cases from PE, PP, EPS, PC, and all other individual polymers or combination/combinations of polymers (ix) SIM socket (x) Screw (xi) Other mechanical items of plastic (xii) Other mechanical items of metal	10%
6E	Any Chapter	Inputs or parts for use in the manufacture of goods mentioned at S. No. 6D above	Nil
6F	39,40	The following goods for use in the manufacture of cellular mobile phones:- (i) Conductive cloth (ii) LCD conductive foam (iii) LCD foam (iv) BT foam (v) Heat dissipation sticker battery cover (vi) Sticker-Battery slot (vii) Protective film for main lens (viii) Mylar for LCD FPC (ix) Film-front flash	10%
6G	Any Chapter	Inputs or parts for use in manufacture of goods mentioned at S. No. 6F above	Nil
6H	8538 90 00	Side key for use in manufacture of cellular mobile phones	10%
6I	Any Chapter	Inputs or parts for use in manufacture of goods mentioned at S. No. 6H above	Nil
6J	8517 79 90	All goods for use in manufacture of cellular mobile phone	10%

4.2.11 It is a well settled legal principle that:

- A specific entry will always prevail over a general entry. In other words, between two competing entries, the most nearer to the description should be preferred. Ref.: *Moorco (India) Ltd. v.*

Collector of Customs, Madras, 1994 (74) E.L.T. 5 (S.C.) and Supdt. of Central Excise v. Vac Met Corporation. Pvt. Ltd. [1985 (22) E.L.T. 330 (S.C.)].

- Entries should be construed in a harmonious way to make it meaningful having regard to the context in which it appears. In other words, an effort must be made to give effect to both Entries and thereby arrive at a reconciliation or harmonious construction of the same. Ref.: *State of Karnataka v. State of Meghalaya, 2022 (60) GSTL 161 (SC) (para 62), MJ Exports Ltd. v. CEGAT, 1992 (60) ELT 161 (SC)*

4.2.12 In terms of the above legal position, the interpretation which emerges is as under:

- Imported goods which are directly used as parts in manufacturing of the mobile phone are liable to 10% concessional duty under Entry 6D, Entry 6F and Entry 6J. For e.g. import of covers for mobile itself (and not the parts of covers) would be chargeable to 10% duty.
- Imported goods which are sub-parts for use in manufacturing of parts of mobile phones listed in Entry 6D (as in the present facts) are liable to Nil duty under Entry 6E (as there is higher value addition and economic activity generated in India).
- Entry 6F and Entry 6J of Notification No. 57 are general entry for mobile phone manufacturing as a whole, in comparison to Entry 6E which specifically relates to import of goods for manufacturing parts of mobile phones such as Covers being undertaken by the Applicant.

4.2. Hence, it is most humbly submitted that the Applicant would be squarely covered by exemption under Entry 6E of Notification No. 57 which exempts goods imported for use in manufacturing of items listed under Entry 6D such as Battery Cover, Front Cover and Middle Covers.

Findings, Discussion & Conclusion :-

5. After finding that the application is valid in terms of the provisions of the Customs Act, 1962 and the CAAR Regulations, 2021, having gone through CAAR-1 application, reply from jurisdictional Commissionerate, oral submissions made during the hearing, synopsis of arguments after hearing and the legal framework governing the classification of proposed imports in the form of relevant Chapter notes, Section notes and HSN Explanatory Notes to the respective Chapter headings and Notification 57/2017, I first allow the application and proceed to deliberate upon the issue on the basis of information available on record.

Product description:-

5.1. The applicant proposed to import the goods which are further used in the manufacturing of intermediary goods for use in mobile phones as mentioned in para 1.2, wherein the detailed description of goods along with features submitted by the applicant.

5.2. The applicant submitted that the aforesaid Subject Goods are not only crucial for the finished goods but are also necessary to manufacture other parts of the finished goods viz. intermediate goods, therefore, reference is made to the usage and functionality of the intermediate goods, and the manufacturing process is provided below for reference:

- Front Cover:** The front cover serves as the foundational structure of the smartphone/ mobile phone. It houses and secures critical components such as the camera, buttons, infrared sensors, and other input/output mechanisms, ensuring their proper alignment and functionality within the device.
- Middle Cover:** The middle cover acts as a protective and structural enclosure for sub- parts such as the motherboard, connectors, and other vital internal components. It is specifically engineered to provide thermal management through specialized coatings and layering that facilitate heat dissipation, ensuring optimal performance and longevity of the internal parts.
- Back Cover:** The back cover is a crucial component for safeguarding the internal elements of the mobile phone, including the battery and printed circuit board (PCB). It offers ingress protection against dust, moisture, and other foreign particles, while also enhancing the device's structural integrity. Additionally, the back cover may feature a rubber gasket and glass for camera lens sealing, along with heat-dissipating coatings and layers, further

contributing to the device's durability and functionality.

5.3 These covers (intermediate goods) are designed and manufactured exclusively for use in the manufacturing of mobile phones (finished goods), with no alternative uses or independent functionality. The critical role played by these covers extends beyond their structural utility, as outlined below:

- **Structural Integrity:** The covers provide essential mechanical support to the device, housing critical components like the speaker, antenna, and sensors securely. This makes them indispensable for the durability and reliability of the mobile phone.
- **Heat Dispersion:** The covers incorporate heat-dissipating materials and coatings, ensuring effective thermal management. This prevents overheating of internal components, relevant for the device's performance and longevity.
- **Protection from Foreign Particles:** These covers are designed to shield and protect critical internal components such as the printed circuit board (PCB), batteries, and sub-components from external elements like dust, moisture, and other environmental contaminants. This protection is crucial for ensuring the reliability and durability of the device. Without this safeguard, the functionality of mobile phones would be compromised, posing significant challenges to their commercial viability and consumer acceptance.

5.4. The front, middle, and back covers serve distinct purposes as below:

- The **front cover** houses precision components like the camera and infrared sensors.
- The **middle cover** ensures the safety of internal parts such as the motherboard and provides thermal stability.
- The **back cover** protects the battery and PCB while contributing to the overall structural strength of the device.

5.5. The applicant further stated after considering these functionalities that it is both commercially and technically unfeasible to manufacture or supply the finished goods without incorporating the intermediate goods. Consequently, the Subject Goods intended for import constitute a critical factor for the successful completion of the manufacturing process. Further, they explained the manufacturing process of the intermediate goods generally follows a similar framework, with specific variations depending on the type of cover (front, middle, or back) and the functional components integrated into them along with the steps involved in the production of these intermediate goods in details in para 1.6 above.

Issue of classification:-

5.6. The applicant has sought an advance ruling on the classification of certain goods proposed to be imported, namely aluminium plates (specifically cut for mobile front) , magnesium alloy sheets (specifically cut for mobile back cover), silicon pads (specifically cut for use in mobile front cover) , and heat-dissipating films (specifically cut for use in mobile back cover), Conductive Foams (specifically cut for use in mobile front cover), Antenna, Double side Tape and Dust proof paper etc. (hereinafter referred to as the "subject goods"), which are intended to be used as inputs in the manufacture of parts of mobile phones such as middle plates, structural frames, back covers, front covers, and thermal management layers. The applicant contends that the impugned goods are **specially designed, cut-to-specification, and suitable for use solely or principally with smartphones**, and therefore merit classification under Tariff Item 8517 79 90 of the First Schedule to the Customs Tariff Act, 1975 as parts of telephone sets, including mobile phones.

5.7. However, I note that the jurisdictional Commissionerate, in its comments, has contended that the impugned goods are raw materials in the form of plates & sheets and do not possess the essential character of parts of mobile phones at the time of import. It is further submitted that these goods are capable of generic use across industries and do not bear any distinguishing features that restrict their use exclusively to mobile phones. On this basis, it has been recommended that the classification should lie under material-specific Chapters, such as Chapter 76 for aluminium plates (Tariff Heading 7606),

Chapter 81 for magnesium alloy sheets, and Chapter 39 for silicon pads and polymer films, depending on the constituent material.

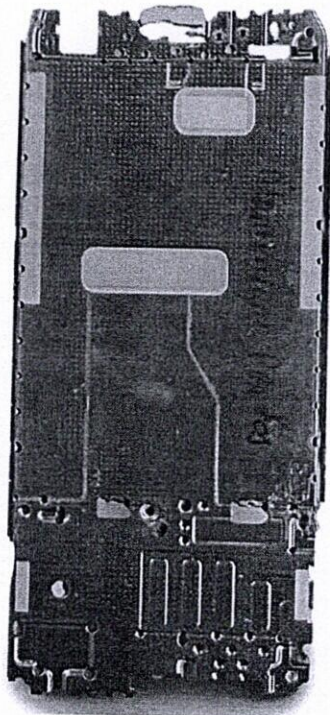
5.8. I have examined the submissions made by the applicant and the comments of the jurisdictional Commissionerate, and has also considered the applicable statutory provisions, Explanatory Notes to the Harmonized System, and relevant judicial precedents. The classification of goods under the Customs Tariff is governed by the General Rules for Interpretation (GIR), read with the relevant Section and Chapter Notes. In terms of Rule 1 of the GIR, classification shall be determined according to the terms of the headings and any relative Section or Chapter Notes.

8517		TELEPHONE SETS, INCLUDING SMARTPHONES AND OTHER TELEPHONES FOR CELLULAR NETWORKS OR FOR OTHER WIRELESS NETWORKS; OTHER APPARATUS FOR THE 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), OTHER THAN TRANSMISSION OR RECEPTION APPARATUS OF HEADING 8443, 8525, 8527 OR 8528
	-	<i>Telephone sets, including smartphones and other telephones for cellular networks or for other wireless networks:</i>
8517 11	--	<i>Line telephone sets with cordless handsets:</i>
8517 11 10	---	Push button type
8517 11 90	---	Other
8517 13 00	--	Smartphones
8517 14 00	--	Other telephones for cellular networks or for other wireless networks
8517 18	--	<i>Other:</i>
8517 18 10	----	Push button type
8517 18 90	----	Other
	-	<i>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):</i>
8517 61 00	--	Base stations
8517 62	--	<i>Machines for the reception, conversion and transmission or regeneration of voice, images or other data, including switching and routing apparatus:</i>
8517 62 10	---	PLCC equipment
8517 62 20	---	Voice frequency telegraphy
8517 62 30	---	Modems (modulators-demodulators) for xDSL based Wireline Telephony
8517 62 50	---	Digital loop carrier system (DLC)
8517 62 60	---	Synchronous digital hierarchy system (SDH)
8517 62 70	---	Multiplexers, statistical multiplexers for PDH based Wireline Telephony
8517 62 90	----	Other
8517 69	--	<i>Other:</i>
8517 69 10	----	ISDN System
8517 69 20	----	ISDN terminal adapters
8517 69 40	----	X25 pads
8517 69 60	----	Set top boxes for gaining access to internet for Wireline Telephony
8517 69 70	---	Attachments for telephones
8517 69 90	----	Other
	-	<i>Parts :</i>
8517 71 00	--	Aerials and aerial reflectors of all kinds; parts suitable for use therewith

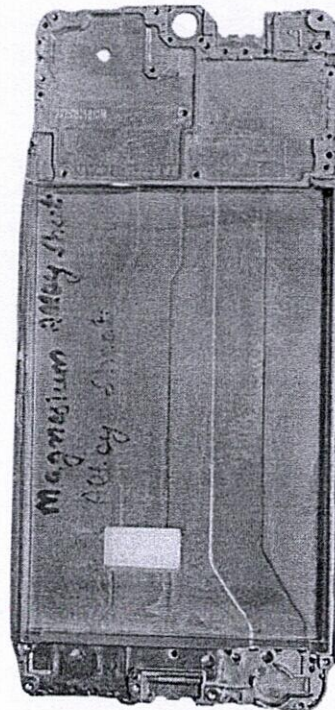
8517 79	--	<i>Other :</i>
8517 79 10	---	Populated, loaded or stuffed printed circuit boards
8517 79 90	---	Other

5.9. I note that Heading 8517 covers "Telephone sets, including smartphones and other telecommunication apparatus; parts thereof". The relevant Tariff Item 8517 79 90 is a residual sub-heading that covers "Other" parts of such apparatus. I also find that Note 2 to Section XVI provides that **parts which are suitable for use solely or principally with a particular kind of machine or with a number of machines of the same heading (including machines of Heading 8517) are to be classified with the machines of that kind.** Further, Note 1(g) to Section XVI excludes from the Section those articles which are classified as "parts of general use" as defined in Note 2 to Section XV, such as fasteners, hinges, and similar items under headings 7307 to 7318 or 8301 to 8310.

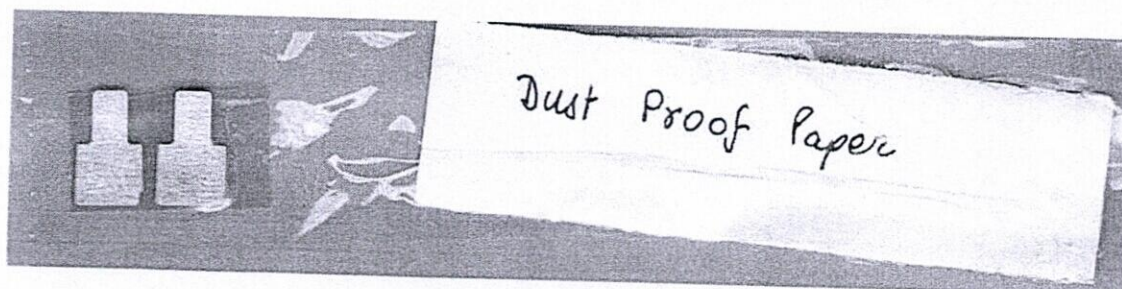
5.10. In the present case, I find that the subject goods are claimed to be imported not in the form of bulk raw materials but as specifically cut and surface-treated plates, sheets, and pads that conform to dimensions, tolerances, and specifications prescribed by mobile phone manufacturers (OEMs) for the purpose of downstream fabrication into middle frames, covers, SIM sockets, and heat-dissipation structures. They produced the sample **in the form of which goods are going to be imported.** Photos of these samples are produced below:

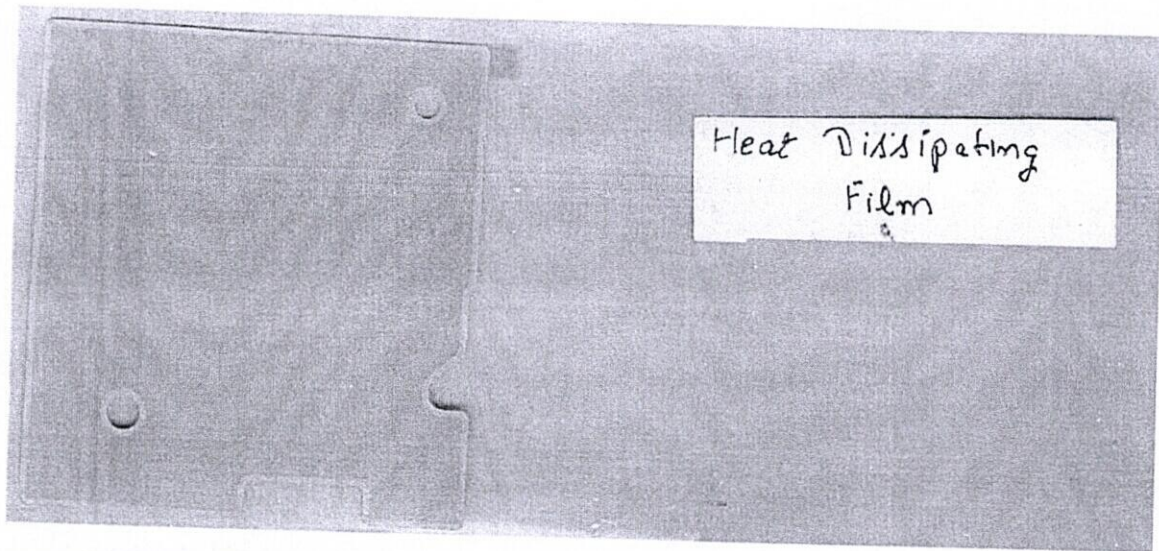


Front

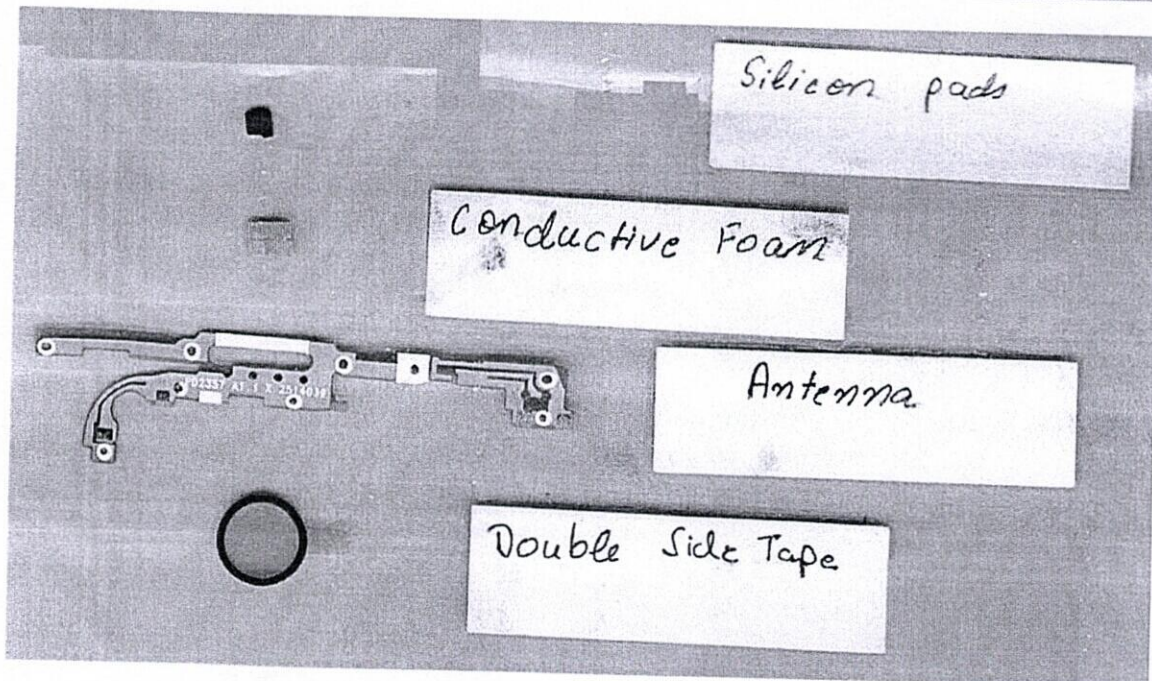


Back





Heat Dissipating
Film



Silicon pads

Conductive Foam

Antenna

Double Side Tape

The applicant has submitted that these goods are specifically designed for mobile phones, and are engineered for integration into mobile phone assemblies either in-house or through a contract manufacturing route.

5.11. I observe that the expression “parts” has not been defined in the Tariff, but has been interpreted judicially in several rulings. In *CCE v. Insulation Electrical (India) Pvt. Ltd.* [(2008) 12 SCC 421], the Hon’ble Supreme Court held that a part is an element or component without which the main article is incomplete. In *CTO v. Prasoon Enterprises* [(2019) 3 SCC 700], it was reiterated that an item qualifies as a part if it is essential to the functioning or structure of the finished article. In the context of mobile phones, the Hon’ble CESTAT in *Samsung India Electronics Pvt. Ltd. v. PCC, Air Cargo* (2023), affirmed by the Hon’ble Supreme Court in 2024, held that back covers, middle plates, and front frames designed for mobile phones were correctly classifiable under 8517 79 90, even if such parts were not capable of independent function.

5.12. Further, in line with the principle laid down in *Amazon Wholesale India Pvt. Ltd. v. CAAR, New Delhi* [2023 SCC OnLine Del 4959], the Hon’ble Delhi High Court clarified that the classification of a part under a machine-specific heading depends not on its market description but on its suitability for

sole or principal use with a machine covered by that heading, and that undue weightage should not be given to the fact that further processing or assembly may occur post-import.

- 5.13. Applying the above principles, I find that the subject goods, although in the form of plates, sheets, and films, are not generic materials imported for general industrial use. Rather, **these are designed, processed, and imported in a form that is specific to mobile phone manufacturing.** The fact that **these undergo certain machining, stamping, or lamination processes after import does not alter their essential character or their suitability for sole use in the manufacture of mobile phone parts.** It is also pertinent to note that Section XVI Note 2(b) does not require that the goods be directly mounted into the final apparatus, but only that they be suitable for use solely or principally with a machine of that heading, which is satisfied in the present case.
- 5.14. I have carefully examined the comments furnished by the jurisdictional Port Commissionerate. The Commissionerate has opined that the impugned goods being in the form of plates, sheets, and films, are in the nature of raw materials and do not possess the essential characteristics of "parts" of mobile phones at the time of importation. It has also been asserted that the goods are capable of generic application across multiple industries and thus merit classification under the respective Chapters based on their constituent material, such as Chapter 76 for aluminium or Chapter 39 for plastics and polymers.
- 5.15. I, however, am not in agreement with the above view. It is a settled legal position that classification is to be determined not merely on the basis of the physical form of the goods at the time of importation but also on their intended use, functional integration, and essentiality to the end-product, as laid down in several judicial pronouncements. The jurisprudence established by the Hon'ble Supreme Court in *CCE v. Eastend Paper Industries Ltd.* [(1989) 43 ELT 201 (SC)] and by the Hon'ble Delhi High Court in *Amazon Wholesale India Pvt. Ltd.* (supra) has consistently held that suitability for sole or principal use with a specific machine or apparatus is the determining factor for classification under "parts" headings.
- 5.16. In the present case, the applicant has submitted detailed technical drawings, OEM certifications, and procurement contracts demonstrating that the **impugned goods are manufactured, treated, and dimensionally cut specifically for use in the fabrication of mobile phone components** such as middle plates, back covers, and thermal interface layers. The applicant has also established that **these goods are not traded in the open market and are procured under a closed-loop contract manufacturing model exclusively for use in the mobile phone industry.** The absence of any alternate industrial application, coupled with precise dimensional, mechanical, and surface-treatment requirements imposed by mobile phone OEMs, removes the goods from the category of generic raw materials.
- 5.17. The Commissionerate's reliance on the constituent material for classification is therefore misplaced. It is trite law that where a product is suitable for use solely or principally with a particular class of machines (in this case, mobile phones under heading 8517), it is to be classified with that machine as per Section XVI Note 2(b), irrespective of the material it is made from. This legal position has also been clarified by the CBIC Circular No. 25/2013-Customs dated 01.07.2013 and reaffirmed by the Hon'ble Tribunal in *CCE v. Canon India Pvt. Ltd.* [2017 (350) ELT 569 (Tri. Del.)].
- 5.18. Based on the detailed technical descriptions, manufacturing processes, functional integration, and exclusive end-use of the Subject Goods in the production of intermediate covers for smartphones, and considering the relevant provisions of the First Schedule to the Customs Tariff Act, 1975, along with the Interpretative Rules and judicial precedents, it is evident that the goods are classifiable under Tariff Item 8517 79 90, as "other parts" of telecommunication apparatus.

Issue of notification exemption:

- 5.19. I also note that in view of the classification of the impugned goods under Tariff Item 8517 79 90, the applicant may be eligible to claim exemption under Sl. No. 6E of Notification No. 57/2017-Customs dated 30.06.2017, as amended, which exempts all inputs or parts used for the manufacture of goods

specified under Sl. No. 6D (such as back cover, mid cover etc.), subject to the conditions prescribed therein.

S.No.	Chapter or Heading or Sub-Heading or Tariff Item	Description of Goods	Standard Rate
6D	Any Chapter	The following goods are for use in the manufacture of cellular mobile phones:- (i) Battery cover (ii) Front cover (iii) Middle cover (iv) Main lens (v) Back cover (vi) GSM Antenna/Antenna of any technology (vii) PU case/Sealing Gasket – Other articles of Polyurethane foam like sealing gaskets/case (viii) Sealing Gaskets/ Cases from PE, PP, EPS, PC, and all other individual polymers or combination/combinations of polymers (ix) SIM socket (x) Screw (xi) Other mechanical items of plastic (xii) Other mechanical items of metal	10%
6E	Any Chapter	Inputs or parts for use in the manufacture of goods mentioned at S. No. 6D above	Nil

Accordingly, I find that the Commissionerate's comments are not sustainable in law or fact, in view of the specific design, restricted usage, and functional integration of the goods in question with mobile phones.

Exclusion of "Polymer Granules with Low Viscosity" from Scope of Present Ruling

5.20 It is observed that in the course of additional written submissions filed by the applicant, a new item—“*Polymer granules with low viscosity intended to be heated and molded onto aluminium or magnesium alloy sheet to form a frame*”, has been included for consideration under the present Advance Ruling application. However, the said item does not form part of the original list of “Subject Goods” described in the application filed in Form CAAR-1, as required under Regulation 15(1) of the Customs Authority for Advance Rulings Regulations, 2021.

5.20.1 In terms of Section 28H(1) of the Customs Act, 1962, an Advance Ruling may be sought only on a question specified in the application and pertaining to the goods described therein. The inclusion of an entirely new item after the application has been admitted and forwarded to the jurisdictional Commissionerate would amount to a material alteration of the scope of the original application, which is not permissible under the framework of the CAAR Regulations.

5.20.2 Further, the CAAR is a quasi-judicial body whose jurisdiction is limited to rendering rulings on proposed or ongoing imports in respect of specific goods identified in the application, and after considering all factual submissions, including those from the jurisdictional Commissionerate. Introducing an additional product at a later stage circumvents this statutory process and may prejudice the comments of the jurisdictional authorities, thereby violating the principles of natural justice.

5.20.3 Accordingly, the Authority is constrained to hold that the item described as “Polymer granules with low viscosity” is outside the scope of the present proceedings and shall not be covered by the ruling

issued herein. The applicant has the liberty to file a fresh Advance Ruling application in respect of the said item in accordance with law.

6. In the light of the above, The answers to the questions raised by the applicant are as follows:

Question A:- Whether the Subject Goods i.e. Aluminum plates, Magnesium alloy sheet, Heat dissipating films, Silicon pads, Conductive Foams, Antenna, Double side Tape and Dust proof paper (having no alternative use or independent functionality) intended to be imported by the Applicant for the manufacture of intermediate goods which are subsequently used for the manufacture of finished goods, are classifiable under Tariff Heading 8517 79 90 as 'Parts of Mobile Phones' in Schedule I of the Customs Tariff Act, 1975?

Answer: The Subject Goods, (**excluding Granules**), are classifiable under Tariff Heading **8517 79 90** as parts of mobile phones, subject to the usage of "goods" exclusively for manufacturing of intermediary or finished goods i.e. smartphones/ mobile phones and also subject to verification of the same by the field formation.

Question B:- If the answer to Question (A) is affirmative, whether these Subject Goods qualify for coverage under Entry 6E of *Notification No. 57/2017 – Customs* dated 30.06.2017 ('**Notification 57**')?

Answer:- The subject goods, (**excluding Granules**), qualify for exemption under Sr. No. 6E of *Notification No. 57/2017 – Customs* dated 30.06.2017, subject to the usage of "goods" exclusively for manufacturing of intermediary or finished goods i.e. smartphones/ mobile phones and also subject to verification of the same by the field formation.

Question C:- If the answer to Question (A) is negative, whether the Subject Goods are classifiable as independent articles under their respective chapters of the Customs Tariff Act?

Answer:- Not Applicable in case of subject goods.

7. I, rule accordingly.



(SHAILESH KUMAR)

Customs Authority for Advance Rulings, New Delhi

F. No. VIII/CAAR/Delhi/Le Mei Plastic(ACC Imp)/47/2025

Dated: 06.08.2025

This copy is certified to be true copy of the ruling and is sent to: -

1. M/s Le Mei Plastic Manufacturing Private Limited, B-6, Ecotech-1 Extension, Greater Noida 201310.
2. The Principal Commissioner of Customs, ACC (Import), New Customs House, Delhi-110037.
3. The Customs Authority for Advance Rulings, Mumbai, New Custom House, Ballard Estate, Mumbai-400001.
4. The Chief Commissioner (AR), Customs Excise & Service Tax Appellate Tribunal (CESTAT), West Block-2, Wing-2, R.K. Puram, New Delhi-110066.
5. The Principal Chief Commissioner of Customs, Delhi Customs Zone, New Custom House, IGI Airport Complex, New Delhi-110037.
6. Guard file.
7. Webmaster.



(Harish Kumar)

Additional Commissioner and Secretary,
Customs Authority for Advance Rulings, New Delhi