CUSTOMS, EXCISE & SERVICE TAX APPELLATE TRIBUNAL

NEW DELHI

PRINCIPAL BENCH

CUSTOMS APPEAL NO. 50629 OF 2025

(Arising out of Order-in-Original No. 15/COMMR/VC/Shiroki/ICD-PPG/2024-25 dated 07.01.2025 passed by the Commissioner of Customs, ICD PPG and other ICDs, Patparganj, New Delhi)

M/s Shiroki Automobiles India Pvt. Ltd. .....Appellant
(Now known as Toyota Boshoku
Device India Pvt. Ltd.)
Plot No. 192C, Phase-II, Sector 4
IMT Bawal,
Rewari – 123 501 (Haryana)

VERSUS

Commissioner of Customs .....Respondent
ICD Patparganj & Other ICDs
Delhi – 110 096

APPEARANCE:

Mr. Bharat Raichandani and Mr. Arjyadeep, Advocates for the Appellant

Mr. Ranjan Prakash and Shri Rajesh Singh, Authorised Representatives of the Department

CORAM: HON'BLE MR. JUSTICE DILIP GUPTA, PRESIDENT
HON'BLE MR. P.V. SUBBA RAO, MEMBER (TECHNICAL)

DATE OF HEARING : 16.03.2026
DATE OF DECISION : 21.04.2026

FINAL ORDER NO. 50751/2026

JUSTICE DILIP GUPTA:

M/s Shiroki Automobiles India Pvt. Ltd. (now known as Toyota Boshoku Device India Pvt. Ltd.)[1] has filed this appeal to assail the order dated January 07, 2025 passed by the Commissioner of Customs, ICD PPG and other ICDs, New Delhi[2], by which the classification of the goods imported by the appellant under Customs Tariff Item[3] 9401 90 00 of the

---

1. **the appellant**
2. **the Commissioner**
3. **CTI**

First Schedule to the Customs Tariff Act, 1975 has been rejected and has been re-classified under CTI 8708 99 00. The order also confirms the demand of differential customs duty under section 28(4) of the Customs Act, 1962[4] with interest under section 28AA of the Customs Act and imposes penalty upon the appellant under section 114A of the Customs Act.

2. The disputed goods imported by the appellant are :

(i) Track assembly;
(ii) Brake/case sub assembly;
(iii) Gear Vertical adjuster; and
(iv) Bar seat track lock

3. According to the appellant, the said goods are directly sold to the car seat manufacturers and the appellant had classified the aforesaid goods under CTI 9401 90 00 as parts of seats. The impugned order has rejected the said classification and has ordered for reclassification under CTI 8708 99 00 as parts and accessories of motor vehicles.

4. The appellant has described the aforesaid goods imported by the appellant in the following manner:

> "**Track Assembly**
>
> **Track Assembly is an integral part of complete seat and it is supplied as such to a car seat manufacturer for manufacturing of the seats**. It is not separately supplied to the automobile manufacturer as it forms an integral part of the seat. **It allows the user to adjust the seat to a particular position in order to keep the seating position as per the convenience of the passengers. It performs function in car seat for to and fro movement and locating a convenient position for the seat**. Therefore, it is affixed with car seats at a particular location. The seat position is set by the user based on

---

4. the Customs Act

his/her height and suitability for approaching the brake, accelerator etc.

Gear Vertical Adjuster

Gear Vertical Adjuster is to be affixed in a car seat at a particular location along with Brake Seat Lifter. It allows the seat to be adjusted upward and downward, in order to help the passenger to be in a comfortable seating position and be able to approach accelerator, break and clutch. This part has to be affixed with seats and is not affixed with motor vehicle directly.

Case Sub Assembly Seat Vertical or Brake Assembly Seat Lifter

Case Sub Assembly and Brake Assembly are same parts and help in upward and downward seat adjustment. This part is affixed to the seats at particular location and under controlled scientific conditions, it cannot be affixed directly to the motor vehicle.

Brake Sub Assembly Vertical RH/LH

Brake Sub Assembly performs similar functions of seat adjustment. This part is deeply integrated with the mechanism of a 'seat' and is customized basis the dimensions and specifications of the 'seat' to which it is affixed.

Bar Seat Track Lock

Bar Seat Track lock is used to lock the position of the "seat' at the required position, as per user's convenience. It is an integral part of seat mechanism which allows locking & unlocking of the seat. It allows to move seat front and back with the help of a handle. This seat helps to hold a seat intact in case of accidents."

(emphasis supplied)

5. In the year 2021, an intelligence enquiry was initiated against the appellant by the officers of the Directorate of Revenue Intelligence, Pune[5] and a letter date December 22, 2021 was sent to the appellant to submit various documents. The appellant submitted a reply dated January 12, 2022 with all the documents. However, a show cause notice dated January 10, 2024 was issued to the appellant proposing to reject the classification indicated by the appellant in the Bills of Entry under CTI 9401 90 00 and reclassifying them under CTI 8708 99 00. The appellant submitted a reply dated April 30, 2024 to the show cause notice and contended that classification of brake Sub-Assembly had been decided by the Additional Commissioner by order dated August 01, 2022 in the matter of the appellant holding that the goods were part of seats and, therefore, classifiable under CTI 9401 90 00 and the proceedings initiated by show cause notice dated February 02, 2022 were dropped. The appellant also pointed out that the four imported goods are parts of seats and, therefore, correctly classifiable as such. The appellant also relied upon the decision of the Ahmedabad Bench of the Tribunal in **Shiroki Auto Components India Pvt. Ltd.** vs. **Commissioner of Central Excise & Service Tax, Ahmedabad**[6] wherein child parts imported by the appellant were held to be classifiable under CTI 9401 90 00 and the appeal filed by the department to assail this order of the Tribunal was dismissed by the Supreme Court on July 30, 2021 holding that there was no reason to interfere with the order passed by the Tribunal.

6. The Commissioner, however, in respect of the order passed by the Ahmedabad Bench of the Tribunal in the matter of the appellant did not hold that it would not be applicable, but proceeded not to follow it for the

---

5. DRI, Pune
6. 2020 (374) E.L.T. 433 (Tri.-Ahmd)

reason that it had not taken into consideration various judgments, Advance Rulings and Explanatory Notes. The relevant observations are :

> "**22.3.17 However, they have not taken into consideration of various judgments, Advance Rulings and the principles of Explanatory Notes, Section Notes etc. which clearly defines the classification of above mentioned goods as accessories of automobiles. The Authority for Advance Ruling, Tamil Nadu, under the proceedings of the authority for advance ruling under Section 98 of the Goods and Services Tax Act, 2017** vide ORDER No. 17JAAR/2021 DATED: 07.05.2021 **has inter-alia held that "The product Base Sub Assembly, Set Bracket, Floor Mounting Bracket,** Track Sub Assembly, Base Plate, Pipe Assembly, Pipe Assembly height, Cushion Frame Assembly, Cushion Frame Sub Assembly, Recliner + Set Bracker Nut Assembly, Rail + Link Assembly, Spring + Track Lever Assembly etc. manufactured and supplied by M/s. Daebu Automotive India Private Limited, **is classifiable under CTH 8708 of the First Schedule to the Customs Tariff Act, 1975** as applicable to GST as per Page 15 of 16 Explanation (iii) to Notification 1/2017-Central Tax (Rate) dt 28.06.2017 and G.O. Ms No. 59, Commercial Taxes and Registration (81) dt 29th June 2017. The authority has held that the seat is fixed on this track assembly only to facilitate the movement of seat forward and backward. **Thus, it is clear that the seat and track assembly are two individual, independent products, manufactured separately and fixed together to make the seat movable for a comfortable position of the driver and the front co passenger. They are not parts of each other but are two products put together in a motor vehicle for aiding the front and backward movement of the seat. Seats are complete even without the said track assembly and so the said assembly cannot be termed as 'Parts of seat'. Thus, the track assembly which only improves the efficiency and convenience of the seat goes to prove that it is not in the nature of 'Parts' of Vehicle seats' and**

> **would not merit classification under CTH 9401**. When seats are fixed on the TRACK ASSY it can slide back and forth with the operation of a lever for varying the positions of the seats, which is basically intended to improve the comfort and efficiency of the persons sitting thereon. This mechanism enables the passengers and drivers of the automobile to adjust seat positions for their comfort and convenience. **Thus, the Track assembly manufactured and supplied by the applicant is an adjunct to the car seat. Therefore, it is clear that the 'Track assembly' is an accessory to the Motor vehicle and is covered under CTH 8708.**"
>
> **(emphasis supplied)**

7. The Commissioner also found that the parts imported by the appellant are not parts of seats for the following reasons :

> "**22.3.11** Therefore, the **Track Assembly, Gear Vertical Adjuster, Case Sub Assembly-Seat Vertical, Brake Sub Assembly- Vertical and Bar seat Track Lock etc. do not appear to be the parts of general use in the seats classifiable under CT 9401, but very specific, meant for the automobiles only, so as to make the driving car easier and safer**. They help the drivers to align the seat as per his physical requirements for a safer drive. These components enable the driver to adjusted his position in a number of ways, including the following:
>
> i. **Position**: Moving the seat forward or backward, or raising or lowering it
> ii. **Backrest**: Changing the incline of the backrest
> iii. **Headrest**: Moving the headrest up or down
> iv. **Lumbar support**: Adjusting the lumbar support
> v. **Seat memory**: Saving the driver's seat position and automatically setting it when the vehicle is unlocked
>
> Such adjustment are essential for the driver, so that the knees are slightly bent when pressing the gas; the hips and knees are in level; the seat is reclined to a 100° angle; the head sits in the middle and the driver is in a best position to drive the car. These all are the

essential elements for safety and security of car driving.

22.3.12 Further, to substantiate the third condition that the impugned goods are not more specifically included elsewhere in the Nomenclature, I would like to refer Para C of "Part-III-Parts and accessories" of WCO HSN Explanatory notes to Section XVII, which stipulates that :

*****

Here, it is very specifically stipulated under Note C(12) of above Explanatory Note that the Vehicle Seats of Heading 94.01 are the parts and accessories of automobiles, which are covered more specifically elsewhere in the Nomenclature i.e under CTH 9401. However, the components i.e. the **Track Assembly, Gear Vertical Adjuster, Case Sub Assembly-Seat Vertical, Brake Sub Assembly-Vertical and Bar seat Track Lock** etc. are not covered more specifically under CTH 9401. Therefore, the moot question is whether the impugned goods are the essential parts and are required to be classified as parts of the Vehicle Seats of Heading 94.01 or as parts and accessories of the Automobiles classifiable under CTH 8708.

22.3.13 Therefore, based on the above three principles derived from the Section Notes and WCO Explanatory Notes and the case laws, let's discuss the essentiality of classification of these items one by one. **The Track Assembly comprises a first track member having an upwardly facing bearing surface and a second track member for attachment to a vehicle seat, the second track member having a downwardly facing bearing surface. A cage is disposed between the first track member and the second track member**. The cage carries a rolling element that is in rolling engagement with the upper and lower bearing surfaces to provide longitudinal movement of the first track member relative to the second track member. The cage is provided with at least one pad section for engaging at least one of the upwardly and downwardly facing bearing surfaces. In an unloaded state, at least one pad

> section separates the upwardly and downwardly facing bearing surfaces from each other by a distance which is greater than the diameter of the rolling element. **The Track Assembly is therefore not only works as platform for the automobile seats, but also provide several functions to enable drivers and passengers to adjust the height, distance and space in the cars. The Track Assembly now a days are highly automated and are functioning with the help of robotic control. The Track Assembly therefore, not basically performs the functions of the Vehicle Seat, but have the essential function to enable drivers and passengers to adjust the seats backward, forward or upward, downward based on their requirements**."
>
> **(emphasis supplied)**

8. The Commissioner also relied upon the decision of the Supreme Court in **Commissioner of Central Excise, Delhi** vs. **Insulation Electrical (P) Ltd.**[7] to hold that the products imported by the appellant are not part of seats.

9. The Commissioner, thereafter, examined whether the extended period of limitation contemplated under section 28(4) of the Customs Act could be invoked and held as follows :

> "**23.3.6** Thus, the case does not appear to be a case of simple mistake but meticulous, conspicuous and wilful planning for fraudulently mis-declaring/mis-classifying the impugned goods in order to evade payment of appropriate customs duty. The Shiroki India was classifying the goods in question under CTH 8708 when supply of goods were made domestically, but when goods in question were imported, they intentionally mis-declared the classification to evade the appropriate payment of duty. The switch from correct to incorrect classifications was not justified, indicating deliberate fraud. Despite attempting to pass it off as a mistake, the evidences are sufficient to

---

7. 2008 (224) ELT 512 (SC)

> suggest meticulous deliberation and intentional mis-declaration in classification. Therefore, falsification of declaration made by the Noticee establishes the wilful misrepresentation, ensuring the extended period of demand under Section 28(4) of the Customs Act, 1962."

10. Shri Bharat Raichandani, learned counsel assisted by Shri Arjyadeep for the appellant made the following submissions:

(i) The impugned order does not dispute that in the own case of the appellant, classification of child parts had attained finality as the Civil Appeal filed by the department against the order of the Tribunal holding that the parts are classifiable under CTI 9401 90 00 was dismissed. The Tribunal also distinguished the judgment of the Supreme Court in **Insulation Electrical** which decision has been relied upon by the Commissioner in the impugned order;

(ii) In respect of brake sub assembly, the Additional Commissioner by order dated August 01, 2022 in the matter of the appellant held that the goods were parts of seats and, therefore, classifiable under CTI 9401 90 00 and dropped the show cause notice. This order of the Additional Commissioner was not challenged by the department and has attained finality;

(iii) The Commissioner acted in breach of the judicial precedence by not following the decision of the Ahmedabad Bench of the Tribunal in **Shiroki Auto Components India Pvt. Ltd.**;

(iv) The Commissioner committed an error in failing to appreciate that the disputed goods are classifiable under CTI 9401 90 00 in terms of rules of interpretation and judicial precedence;

(v) The extended period of limitation contemplated under section 28(4) of the Customs Act could not have been invoked; and

(vi) The imposition of penalty and demand of interest is not sustainable.

11. Shri Ranjan Prakash and Shri Rajesh Singh, learned authorized representatives appearing for the department supported the impugned order and made the following submissions :

(i) That the goods imported by the appellant are not classifiable under CTI 9401 90 00 as 'parts of seats' as the goods are seat adjuster/track assembly mechanisms which are fixed to the floor of the motor vehicle and merely facilitate forward-backward and vertical adjustment of seats;

(ii) The Supreme Court in **Insulation Electrical** held that rail assembly front seat, adjuster assembly slider seat and rear back lock assembly are classifiable under Chapter Heading 8708 as accessories of motor vehicles and not under CTH 9401; and

(iii) The impugned order does not call for any interference.

12. The submissions advanced by the learned counsel appearing for the appellant and the learned authorized representatives appearing for the department have been considered.

13. The issue that arises for consideration in this appeal is whether the goods imported by the appellant deserve to be classified under CTI 9401 90 00 as 'parts of seats' as claimed by the appellant or they deserve

classification under CTI 8708 99 00 as 'parts and accessories of motor vehicles' as claimed by the department.

14. According to the appellant '**track assembly'** is an integral part of a complete seat and it is supplied as such to a car seat manufacturer or a manufacturer of a seat. It allows the user to adjust the seat to a particular position in order to keep the seating position as per the convenience of the passengers. **Gear vertical** adjuster is affixed in a car seat at a particular location along with brake seat lifter. It allows the seat to be adjusted upward and downward in order to help the passenger to be in a comfortable seating position. **Case sub-assembly seat vertical or brake assembly seat lifter** are same parts and help in upward and downward seat adjustment. It is affixed to the seats at a particular location and under controlled scientific conditions and cannot be directly affixed to the motor vehicles. **Bar seat track lock** is used to lock the position of the seat at the required position as per the convenience of the user and it is an integral part of a seat mechanism which allows locking and unlocking of the seat.

15. The appellant had placed reliance upon the decision of the Ahmedabad Bench of the Tribunal in **Shiroki Auto Components** wherein child parts imported by the appellant were held to be classifiable under CTI 9401 90 00. The appeal filed by the department before the Supreme Court was dismissed on July 30, 2021 holding that there was no reason to interfere with the order passed by the Tribunal. The relevant portion of the order of the Tribunal is reproduced below :

> "**5.** We have heard both sides and perused the record. **The limited issue to be decided is whether the child parts imported by the appellant from Japan is classifiable under CTH 9401 90 00 as parts of vehicle seats as declared by the appellant or**

under CTH 8708 99 00 as parts and accessories of motor vehicles of heading 8701 to 8705 as assessed by the Customs. Before analyzing the entire legal authority on the classification, it is necessary to first understand the facts in the present case. **The appellant have imported certain child parts which they have assembled in their plant at Gujarat. The assembled item is named as Round Recliner. Round Recliner is thereafter sold to the manufacturing facility of the appellant's sister concern M/s. Shiroki Technical India Pvt. Limited** (hereinafter referred to as STIPL) in Haryana where said Round Recliner is used to make Recliner Assembly. M/s. STIPL Haryana sold the Recliner Assembly to the seat manufacturer namely M/s. Krishna Maruti Limited, Gurgaon. M/s. Krishna Maruti Limited after purchase of Recliner Assemblies fixed/welded the same into the seat frame in the course of manufacture of complete seat of motor vehicles. The complete seat duly fitted with Recliner Assembly is supplied to Maruti Suzuki India Limited, Gurgaon. As per the affidavit given by the appellant and also on perusal of the invoices, it is seen that Round Recliner supplied by the appellant to their sister unit/STIPL Haryana and also the manufacture of Recliner Assembly by STIPL Haryana and supplied to M/s. Krishna Maruti Limited, were classified under [heading] 9401. **On this fact, it is clear that the appellant have manufactured Round Recliner which is part of Recliner Assembly and Recliner Assembly is part of complete seat and classification of goods at both the stages is for parts of seats. This classification under CETH 9401 has not been disputed by the department therefore, the classification of goods manufactured by the appellant as well as subsequent manufacturers of Recliner Assembly and even manufacturer of seat i.e. Krishna Maruti Limited under heading 9401, has been accepted by the department. It is also clear that Round Recliner manufactured by the appellant is not used as parts or accessories of motor vehicle. It is undisputedly used as part of sub-assembly of the seats. Therefore, as per the appellant's stand that**

> **they are supplying the final product Round Recliner is parts of seat under CETH 9401, it cannot be imagined that the child parts which is used for manufacture of Round Recliner is classifiable under CETH 8708 as parts and accessories of motor vehicles**."
>
> **(emphasis supplied)**

16. The Tribunal thereafter examined the tariff entries and observed as follows:

> "**6**. ***** From the above rival tariff entries, it is seen that in CTH 8708 there is general entry of parts and accessories of motor vehicles but there is no specific entry for seat or its parts. Whereas in Tariff Item 9401, there is entry specifically for seat, wherein under tariff sub-heading 9401 20 00 entry describes "Seats of a kind used for motor vehicles" and in Tariff Item 9401 90 00 is for Parts of various seats and the said seats include 'seats of kind used in motor vehicles'. Therefore, from the tariff entries it is clear that the seat for motor vehicles is specifically included under Heading 9401."

17. The Tribunal then examined various decisions, including the decisions of the Supreme Court in **Insulation Electrical,** and held that the decisions would not be applicable. The relevant portion of the order of the Tribunal is reproduced below :

> "**10**. ……**As regards the judgment in the case of Insulation Electricals Pvt. Limited (supra) relied upon by the Revenue, we find that in the said judgment motor vehicle parts and accessories involved was rail assembly front seat adjuster/assembly slider seat and rear back seat lock assembly, all these items are not part of seat but accessories which is fitted in the motor vehicle**. Whereas, as per facts in the present case child parts are used to make Round Recliner which is used for manufacturing of Recliner Assembly and the Recliner Assembly is fitted inside the seat at the time of

> assembling of complete seat. Therefore, the child parts are integral parts of seat and not like accessories which is fitted in the motor vehicle. Hence, the facts of the case in Insulation Electricals Pvt. Limited (supra) and in the present case are entirely different."
>
> **(emphasis supplied)**

18. The Commissioner has, however, not followed the binding decision of the Tribunal for the reason that the said judgment of the Tribunal does not take into consideration various judgments, advance rulings and the principles of Explanatory Notes/Section Notes. It needs to be noted that the Commissioner did not hold that this decision will not be applicable on facts. As noticed above, this decision of the Tribunal in **Shiroki Auto Components** had attained finality as the appeal filed by the department before the Supreme Court was dismissed.

19. The issue, therefore, that arises for consideration in this appeal is whether the Commissioner acted in breach of judicial discipline in not following the decision of the Tribunal in recording that the Tribunal failed to consider various judgments and advance rulings and the principles of Explanatory Notes.

20. So long as the decision of the Tribunal had not been set aside by the High Court or the Supreme Court, they had precedential value for the Commissioner. The aforesaid observations made by the Commissioner speak volumes of judicial impropriety and are contemptuous in nature. The Commissioner was bound to follow the decision of the Ahmedabad Bench of the Tribunal in the case of the appellant.

21. In this connection, it would be pertinent to refer to the decision of Supreme Court in **The Bhopal Sugar Industries Ltd.** vs. **the Income-**

Tax Officer, Bhopal[8]. The Supreme Court pointed out that it would result in chaos in the administration of justice if a subordinate Tribunal refuses to carry out directions given to it by a superior Tribunal. In fact, this would be destructive of one of the basic principles of administration of justice. The observations of the Supreme Court are as follows:

> "**By that order the respondent virtually refused to carry out the directions which a superior tribunal had given to him in exercise of its appellate powers in respect of an order of assessment made by him. Such refusal is in effect a denial of justice,** and is furthermore destructive of one of the basic principles in the administration of justice based as it is in this country on a hierarchy of courts. **If a subordinate tribunal refuses to carry out directions given to it by a superior tribunal in the exercise of its appellate powers, the result will be chaos in the administration of justice and we have indeed found it very difficult to appreciate the process of reasoning by which the learned Judicial Commissioner while roundly condemning the respondent for refusing to carry out the directions of the superior tribunal, yet held that no manifest injustice resulted from such refusal.**
> It must be remembered that the order of the Tribunal dated April 22, 1954, was not under challenge before the Judicial Commissioner. That order had become final and binding on the parties, and the respondent could not question it in any way. As a matter of fact the Commissioner of Income-tax had made an application for a reference, which application was subsequently withdrawn. The Judicial Commissioner was not sitting in appeal over the Tribunal and we do not think that in the circumstances of this case it was open to him to say that the order of the Tribunal was wrong and, therefore, there was no injustice in disregarding that order. **As we have said earlier, such view is destructive of one of the basic principles of the administration of justice.** In fairness to him it must be stated that learned counsel for the respondent did

---

8. AIR 1961 SC 182

> not attempt to support the judgment of the Judicial Commissioner on the ground that no manifest injustice resulted from the refusal of the respondent to carry out the directions of a superior tribunal. He conceded that even if the order of the Tribunal was wrong, a subordinate and inferior tribunal could not disregard it; he readily recognised the sanctity and importance of the basic principle that a subordinate tribunal must carry out the directions of a superior tribunal."
>
> **(emphasis supplied)**

22. This principle was also laid down by Supreme Court in **Dharma Chand Jain** vs. **The State of Bihar**[9] and the observations are:

> "The State Government being a subordinate authority in the matter of grant of a mining lease, was obliged under the law to carry out the orders of the Central Government as indicated above. But the State Government declined to do so on the ground that it had laid down a policy that the mining leases in respect of the area should be given only to those who were prepared to set up a cement factory. It was clearly not open to the State Government to decline to carry out the orders of the Central government on this ground, particularly because the Central Government was a tribunal superior to the State Government *****"

23. In **Smt. Kaushalya Devi Bogra and others** vs. **The Land Acquisition Officer and another** [10], the Supreme Court also observed that the direction of the Appellate Court is binding on the courts subordinate thereto and that judicial discipline requires and decorum known to law warrants that appellate directions should be taken as binding and followed. In this connection, the Supreme Court referred to the observations made by the House of Lords and the relevant portion of the judgment of the Supreme Court is reproduced below:

---

9. AIR 1976 SC 1433
10. AIR 1984 SC 892

"**The direction of the appellate court is certainly binding on the courts subordinate thereto.** That apart, in view of the provisions of Article 41 of the Constitution, all courts in India are bound to follow the decisions of this Court. **Judicial discipline requires and decorum known to law warrants that appellate directions should be taken as binding and followed.** It is appropriate to usefully recall certain observations of the House of Lords in Broom v. Cassell & Co.(1) Therein **Lord Hailsham**, L. C. observed:

> "The fact is, and I hope it will never be necessary to say so again, that in the hierarchical system of courts which exist in this country, **it is necessary for each lower tier, including the Court of Appeal, to accept loyally the decisions of the higher tier.**"

Lord Reid added:

> "It seems to me obvious that the Court of Appeal failed to understand Lord Delvin's speech but whether they did or not, I would have accepted them to know that they had no power to give any such direction and to realise the impossible position in which they were seeking to put those judges in advising or directing them to disregard a decision of this House."

Lord Diplock observed at p. 874 of the Reports:

> "It is inevitable in a hierarchical system of courts that there are decisions of the Supreme appellate tribunal which do not attract the unanimous approval of all members of the judiciary. When I sat in the Court of Appeal, I sometimes thought the House of Lords was wrong in over ruling me. Even since that time there have been occasions, of which the instant appeal is one, when alone or in company. I have dissented from a decision of the majority of this House. **But the judicial system only**

works if someone is allowed to have the last word and if that last word, once spoken, is loyally accepted."

(emphasis supplied)

24. In this connection it will also be appropriate to refer to the decision of the Supreme Court in **Kamlakshi Finance**. The order passed by the Assistant Collector not only ignored the order of the Collector (Appeals) remanding the matter, but also distinguished the decision of the Tribunal by observing that the decision of the Tribunal had not been agreed to by the Department as an appeal had been filed in the Supreme Court. The assessee filed a writ petition in the Bombay High Court to challenge the said order of the Assistant Collector. The High Court not only quashed the order passed by the Assistant Collector but also directed the Department to allocate the matter to a competent officer for passing a proper order. It is against this decision of the Bombay High Court that the Union of India preferred an appeal before the Supreme Court. The Supreme Court remarked that as the Assistant Commissioner had not followed the decision of the Tribunal merely because an appeal had been filed by the Department before the Supreme Court, the High Court had rightly criticized the conduct of the Assistant Collector since it resulted in harassment to the assessee caused by the failure to give effect to the order passed by the Tribunal. The Supreme Court also observed that the order of the Tribunal is binding upon the Assistant Collectors who functions under the jurisdiction of the Tribunal and that the principles of judicial discipline require that the orders of higher appellate authorities are unreservedly followed by the subordinate authorities. The relevant portion of the order of the Supreme Court is reproduced below:

"6. ***** But what Sri Reddy overlooks is that we are not concerned here with the correctness or otherwise of their conclusion or of any factual mala fides but with the fact that the officers, in reaching in their conclusion, by-passed two appellate orders in regard to the same issue which were placed before them, one of the Collector (Appeals) and the other of the Tribunal. **The High Court has, in our view, rightly criticised this conduct of the Assistant Collectors and the harassment to the assessee caused by the failure of these officers to give effect to the orders of authorities higher to them in the appellate heirarchy.** It cannot be too vehemently emphasised that it is of utmost importance that, in disposing of the quasi-judicial issues before them, revenue officers are bound by the decisions of the appellate authorities; **The order of the Appellate Collector is binding on the Assistant Collectors working within his jurisdiction and the order of the Tribunal is binding upon the Assistant Collectors and the Appellate Collectors who function under the jurisdiction of the Tribunal. The principles of judicial discipline require that the orders of the higher appellate authorities should be followed unreservedly by the subordinate authorities.** The mere fact that the order of the appellate authority is not "acceptable" to the department - in itself an objectionable phrase - and is the subject matter of an appeal can furnish no ground for not following it unless its operation has been suspended by a competent court. If this healthy rule is not followed, the result will only be undue harassment to assessees and chaos in administration of tax laws.

*****

8. We have dealt with this aspect at some length, because it has been suggested by the learned Additional Solicitor General that the observations made by the High Court, have been harsh on the officers. It is clear that the observations of the High Court, seemingly vehement, and apparently unpalatable to the Revenue, are only intended to curb a tendency in revenue matters which, if allowed to become widespread, could

> result in considerable harassment to the assesses-public without any benefit to the Revenue. We would like to say that the department should take these observations in the proper spirit. **The observations of the High Court should be kept in mind in future and the utmost regard should be paid by the adjudicating authorities and the appellate authorities to the requirements of judicial discipline and the need for giving effect to the orders of the higher appellate authorities which are binding on them.**"
>
> **(emphasis supplied)**

25. The aforesaid decisions of the Supreme Court have been referred to by the Supreme Court in **Commissioner of Income Tax** vs. **Ralson Industries Ltd.**[11] and it has been observed that when an order is passed by a higher authority, the lower authority is bound, keeping in view the principles of judicial discipline.

26. In this view of the matter, the Commissioner was not justified in not following the binding precedence of the Ahmedabad Bench of the Tribunal in the matter of the appellant. The order passed by the Commissioner deserves to be set aside for this reason alone.

27. However, it needs to be noted that the reason assigned by the Commissioner for not following the binding precedence of the Ahmedabad Bench of the Tribunal is that it failed to consider the Advance Rulings and the decision of the Supreme Court in **Insulation Electrical**. In fact, learned authorized representative appearing for the department also placed reliance upon the decision of the Supreme Court in **Insulation Electrical** to contend that the 'track assembly parts' imported by the appellant should be classified under CTI 8708 99 00.

---

11. (2007) 2 SCC 326

28. The Advance Rulings relied upon by the Commissioner and the judgment of the Supreme Court in **Insulation Electrical** was considered at length by a Division Bench of the Chennai Bench of the Tribunal in **Daebu Automotive Seat India Pvt. Ltd.** vs **Commissioner of Customs, Chennai[12].** The appellant therein had imported 'track assembly' and classified them under CTI 9401 90 00. The department, however, believed that the goods were classifiable under CTI 8708 99 00. The Commissioner held that 'track assembly' was classifiable under CTI 8708 99 00. The Tribunal examined whether the goods were 'parts of seats', in which case they would fall under CTI 9401 99 00 or were 'accessories of motor vehicles', in which case it would fall under CTI 8708 99 00.

29. After a careful consideration of the goods imported and the relevant tariff items and also the definitions of 'parts' and 'accessories', the Tribunal held:

> "**10**. **We find from the impugned order that the track assembly manufactured by the appellant is not supplied to car manufacturers as it cannot be straight away fitted into cars. They are supplied to car seat manufacturers**, who use it in the manufacturing of the seats of driver & co-driver before supplying it to car manufacturers. The car seat manufacturer assembles the track assembly in their factory with the cushion assembly and all other parts of the car seat and converts it into a complete front seat of the car. The rail assembly is only an accessory of the track assembly and cannot give the final product its identity. Technological innovation often meet with deficiencies or ambiguities within the static statutory and regulatory frameworks. **The track assembly before being fitted onto a car is meshed with the car seat and has more utility, than providing a slide function. It provides an identifiable 'front**

---

12. Customs Appeal No. 40314 of 2024 decided on 01.08.2025

seat mechanism for vehicle' of modern-day cars. This is also clear from the pictorial representation of the two assembly's given in the impugned order and reproduced at para 6.1 above. As seen from the impugned order the Power Track Assembly has a 6-way mechanism (slide, height adjustment and cushion tilt mechanism). A far cry from the days of the fixed car seats. Automobile seats are in close contact with the human body and with their inbuilt mechanisms are primarily designed for passenger safety and to reduce the risk of serious injury while they may also add convenience to the car. The car front seats of modern-day cars are hence not complete in themselves without these mechanisms. They cannot be said to only adds to the convenience or effectiveness of the car seat. They are also not a kind 18 that can be used in more than one kind of that can be used in more than one kind of machine/ instrument and hence are not accessories. **These seats thus have a separate and distinct commercial identity. Such completed finished seats are supplied by the seat manufacturers to the car manufacturer**. Hence going by the principal function test, the track assembly is not merely a sliding mechanism and is solely and principally designed for the front seat of motor vehicle and have no other usage

*****

11. Applying the criteria stated in York Barbell Company Limited (Supra), it is seen that:

(1) the track assembly is essential to the operation of the modern day cars. They are solely and principally designed for motor vehicle front seats;

(2) the product which is not merely a rail assembly and consists of a large number of parts as listed at para 6.2 above are a necessary and integral sub-assembly / part of the car seat;

(3) the track assembly is first installed in the car seat by the car seat manufacturers and then fitted onto the car by car manufacturers; and

(4) common trade usage and practice shows it to be a part of the car seat.

The impugned goods hence satisfy the test of being a part of a car seat and are classifiable under CTH 9401. We now examine the other issues raised."

(emphasis supplied)

30. In respect of the Advance Rulings relied upon by the Commissioner, the Tribunal held :

"**13.2** The impugned order also refers to Advance Ruling in respect of **M/s Shiroki Technico India Pvt. Ltd.** by Gujarat GST Authority for Advance Ruling [No. GUJ/GAAR/ R/42/2020 dated 30.07.2020] in respect of car seat adjuster and that the appellant has been classifying subject items under 8708 9900. However, it is seen that CESTAT Ahmedabad, in **Shiroki Auto Components India Pvt. Ltd Vs Commissioner of Central Excise & Service Tax, Ahmedabad** [2020 (374) ELT 433 (Tri-Ahmd.)] held that parts of Adjuster/ Recliner of car seat, which are similar to the adjuster and cushion tilt mechanism in the impugned case, are classifiable under CTI 9401 9000. The civil appeal filed by the Department against the said order of CESTAT has been dismissed by Hon'ble Supreme Court as report in 2021 (378) ELT A145 (S.C.). In any case as stated earlier an advance ruling has no precedential value for other assessees."

31. The Tribunal also held that the judgment of the Supreme Court in **Insulation Electrical** will not apply to 'track assembly' and the relevant portions are:

"17.2 The goods in Insulation Electrical (supra) consisted mainly of 'rail assembly' and its lock assembly. **Rail assembly was essentially in the nature of rails made out of iron and steel on which seats can slide back and forth and were supplied directly to M/s Maruti Udyog Ltd which manufacturers cars and not seats. In the**

> **impugned case the goods are 'track assembly' which includes rail assembly and cushion panel assembly along with lock assembly, set bracket, base assembly, cushion panel, link assembly, cross member bracket assembly, pump assembly, spring assembly, cross member bracket assembly etc.. The goods are more evolved from that of a rail assembly and are not identical to it**. Unlike the Central Excise classification dispute in **Insulation Electrical** (supra), in the present Customs classification dispute, the track assembly manufactured by the Appellant is supplied to car seat manufacturers who affix the cushion and other components of the car seat, keeping the track assembly as the bottom frame. The car seat is then supplied to the car manufacturer as an integral part of the same."
>
> **(emphasis supplied)**

32. It would, therefore, be seen that even otherwise, the Commissioner was not justified in not following the decision of the Ahmedabad Bench of the Tribunal in the matter of the appellant for the two reasons assigned in the impugned order. The Advance Rulings relied upon by the Commissioner cannot form the basis for holding that the parts imported by the appellant are 'parts' and 'accessories' of motor vehicles. The decision of the Supreme Court in **Insultation Electrical** will also not apply as the parts under consideration by the Supreme Court in **Insultation Electrical** was 'rail assembly' which is different from 'track assembly'.

33. It is not in dispute that the appellant had been selling the imported parts directly to the car seat manufacturers and not to the car manufacturers. As noticed above, 'track assembly' is an integral part of a complete seat and is supplied to a car seat manufacturer for manufacture of the seats. 'Gear vertical adjuster' is affixed in a car seat at a particular location along with brake seat lifter. 'Track assembly' helps in the upward and downward seat adjustment. 'Bar seat track lock' is used to lock the

position of the seat at the required position. It cannot, therefore, be doubted that all the four parts imported by the appellant are parts of car seats and cannot be described as 'parts' and 'accessories' of motor vehicles. The appellant, therefore, correctly classified the goods under CTI 9401 90 00 as 'parts of seats'.

34. The inevitable conclusion that follows is that the Commissioner committed an error in holding that the goods imported by the appellant deserve classification under CTI 8708 99 00 as 'parts' and 'accessories' of motor vehicles.

35. The impugned order dated January 07, 2025 passed by the Commissioner, therefore, deserves to be set aside and is set aside. The appeal is, accordingly, allowed.

(Order Pronounced on **21.04.2026**)

(JUSTICE DILIP GUPTA)
PRESIDENT

(P.V. SUBBA RAO)
MEMBER (TECHNICAL)

Golay

CUSTOMS, EXCISE & SERVICE TAX APPELLATE TRIBUNAL

NEW DELHI

PRINCIPAL BENCH

CUSTOMS APPEAL NO. 50629 OF 2025

(Arising out of Order-in-Original No. 15/COMMR/VC/Shiroki/ICD-PPG/2024-25 dated 07.01.2025 passed by the Commissioner of Customs, ICD PPG and other ICDs, Patparganj, New Delhi)

M/s Shiroki Automobiles India Pvt. Ltd. .....Appellant
(Now known as Toyota Boshoku
Device India Pvt. Ltd.)
Plot No. 192C, Phase-II, Sector 4
IMT Bawal,
Rewari – 123 501 (Haryana)

VERSUS

Commissioner of Customs .....Respondent
ICD Patparganj & Other ICDs
Delhi – 110 096

APPEARANCE:

Mr. Bharat Raichandani and Mr. Arjyadeep, Advocates for the Appellant

Mr. Ranjan Prakash and Shri Rajesh Singh, Authorised Representatives of the Department

CORAM: HON'BLE DR. RACHNA GUPTA, MEMBER (JUDICIAL)
HON'BLE MR. P.V. SUBBA RAO, MEMBER (TECHNICAL)

DATE OF HEARING : 16.03.2026
DATE OF DECISION : 21.04.2026

ORDER

Order pronounced.

(RACHNA GUPTA)
MEMBER (JUDICIAL)

(P.V. SUBBA RAO)
MEMBER (TECHNICAL)

Shreya