IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED : 20.11.2025

CORAM

THE HONOURABLE MR.JUSTICE C.SARAVANAN

W.P.No.14284 of 2025
and
W.M.P.No.16078 of 2025

Sanmina SCI India Private Limited
Represented by its Authorised Signatory
Mr. Brijesh Rai K,
1, SIPCOT Industrial Growth Centre,
Oragadam, Kanchipuram,
Tamil Nadu – 602105. ... Petitioner

Vs.

1. The Joint Commissioner of GST & Central Excise
Office of the Commissioner of GST & Central Excise
Chennai – Outer Commissionerate
Newry Towers: No.2054 - I: II Avenue
Anna Nagar, Chennai – 600 040.

2. The Additional Commissioner of GST & Central Excise
Office of the Commissioner of GST & Central Excise
Audit II Commissionerate
No.692, 6th Floor, MHU Complex
Anna Salai, Nandanam, Chennai – 600035.

3. The Assistant Commissioner of GST & Central Excise
Vallam Range of Sriperumbudur Division
Chennai Outer Commissionerate
C-48, TNHB Complex
2nd Avenue, Anna Nagar, Chennai – 600040. ... Respondents

Writ Petition filed under Article 226 of the Constitution of India, for issuance of a Writ of Certiorari, calling for the records relating to the impugned Order in Original No. 37/2025-GST(JC) dated 25.02.2025 passed by the 1st Respondent and quash the same.

For Petitioner : Mr.Raghavan Ramabadran

For Respondents : Mr.Sai Srujan Tayi
Senior Standing Counsel

ORDER

The petitioner is before this Court against the impugned Order-in-Original No.37/2025-GST(JC) dated 25.02.2025 passed by the 1st respondent, for the period between September, 2018 to March, 2020.

2. By the impugned order, the demand proposed in Show Cause Notice No.31/2022-GST(ADC) dated 28.07.2022 has been confirmed against the petitioner. The proposal in the said show cause notice reads as under:-

> *"6. Now, therefore, M/s. Sanmina SCI India Pvt. Ltd, Plot No.1, SIPCOT Industrial Growth Centre, Oragadam, Kanchipuram, Tamil Nadu 602105, are hereby called upon to show cause to the Additional/Joint Commissioner of GST & Central Excise, Chennal Outer Commissionerate, Newry Tower, No. 2054, I Block, II Avenue, 12th Main Road, Anna*

Nagar, Chennai - 600040, within 30 days of the receipt of this notice as to why:

a) The subject goods viz., ECU and ABS should not be be classified under HSN 8708300 of the Customs Tariff Act 1975 and assessed to GST Rate of Tax @ 28% under Section 9 of the CGST/TNGST Act 2017 made applicable to Section 20 of the IGST Act 2017;

b) An amount of Rs.3,46,76,517/- (Rupees Three Crore Forty-Six Lakh Seventy-Six Thousand Five Hundred and Seventeen only) (CGST Rs.69,40,576/- SGST Rs.69,40,576/- and IGST Rs.2,07,95,365/-) being the tax short paid by them arisen on account of mis-classification of the said goods, should not be demanded from them under Section 74(1) read with Section 74(9) of the CGST/SGST Act, 2017 as made applicable to Section 20 of the IGST Act 2017:

c) Interest at applicable rate on the above demand made at (b) above, should not be charged and demanded from them under Section 50 of CGST/SGST Act, 2017; and

d) A Penalty equivalent to the tax demanded at (b) above, should not be imposed on them under Section 74(1) read with Section 74(9) of the CGST/TNGST Act 2017 for their act of contravention:

e) A penalty under Section 122(2)(b) of the CGST/TNGST Act 2017 should not be imposed on them inasmuch as they have indulged in willful suppression by mis-classifying the item resulting in short payment of tax;"

3. The 1st respondent, ultimately confirmed the aforesaid demand by the Impugned Order dated 25.02.2025. Operative portion of the impugned

order reads as under:-

> *"i) I confirm that the impugned goods i.e. Electronic Control Unit is classifiable under CTH No.87089900 of the Customs Tariff Act, 1975, as discussed supra.*
>
> *ii) I confirm the demand of Rs.3,46,76,517/- (Rupees Three Crore Forty-Six Lakh Seventy-Six Thousand Five Hundred and Seventeen only) (CGST-Rs.69,40,576/-SGST-Rs.69,40,576/-, & IGST-Rs.2,07,95,365/-) being the tax short paid by them arisen on account of mis-classification of the said goods under Section 74(1) read with Section 74(9) of the CGST/TNGST Act, 2017 as made applicable to Section 20 of the IGST Act 2017;*
>
> *iii) I impose a penalty of Rs.3,46,76,517/- (Rupees Three Crore Forty-Six Lakh Seventy Six Thousand Five Hundred and Seventeen only) (CGST-Rs.69,40,576/-, SGST-Rs.69,40,576/-, & IGST-Rs 2,07,95,365/-), under section 74(1) of the CGST/TNGST Act, 2017 read with Sections 74(9) of the CGST/TNGST Act, 2017, as made applicable to IGST vide with section 20 of the IGST Act, 2017 for the demand confirmed in para 22(ii);*
>
> *iv) I confirm the demand of interest on the tax amount as demanded in Para 21(i) above under the provisions of section 50 of the CGST/TNGST Act, 2017, as made applicable to IGST under section 20 of the IGST Act, 2017."*

4. The discussion in the impugned order is captured in Page 28 of the impugned order, where the submission of the petitioner on the strength of Note 7 to Chapter 90 of the Customs Tariff Act, 1975, has been rejected by the 1st respondent.

5. The allegation in the Show Cause Notice that preceded the impugned order indicates that the petitioner is engaged in the manufacturing of Electronic Control Units (ECUs) and these ECUs are used in the manufacturing of both Vehicle Tracking System (VTS) and Anti Lock Braking System (ABS).

6. Insofar as the Electronic Control Units supplied for the manufacture of Vehicle Tracking System are concerned, the petitioner classified these ECUs under heading 8708 99 00 of the Customs Tariff Act, 1975 as made applicable to classification of goods for the purpose of determination of rate under the respective GST enactments.

7. As far as the Electronic Control Units supplied for the manufacture of Anti Lock Braking System are concerned, the petitioner opted to pay tax by classifying the ECUs under heading 9032 89 90 which falls under Section XVIII of the Customs Tariff Act, 1975.

8. The case of the petitioner is that the petitioner company was incorporated in the year 2015 and has been operated in a Special Economic

Zone (SEZ) since then. The petitioner classified the Electronic Control Units (ECUs) supplied to its buyer M/s. Wabco India Limited for the manufacture of Anti Lock Braking System under heading 9032 89 90. The petitioner came out of the SEZ Unit only in August 2018. The classification adopted by the petitioner which is accepted by the SEZ authorities under the provisions of the Customs Tariff Act 1975, determines the amount liable to be paid by the petitioner under the respective GST enactments.

9. It is submitted by the learned counsel for the petitioner that the petitioner does not gain anything by saving tax, even if it is assumed that the classification adopted by the petitioner would have resulted in a revenue-neutral leakage.

10. It is further submitted by the learned counsel for the petitioner that the petitioner that the tax whether payable at 18% (as paid by the petitioner between 01.09.2018 to 31.03.2020) or 28% (as contended by the Revenue under heading 8708 99 90 under Section XVIII) would be revenue-neutral. It is submitted that with effect from 22.09.2025, the rates have been rationalized, as a result, products falling under both the rival headings are liable to 18% tax.

11. The learned counsel for the petitioner would submit that the impugned order sustained the demand proposed in the show cause notice, contrary to the submissions of the petitioner. It is submitted that the petitioner adopted the aforesaid classification based on the decision of the Hon'ble Supreme Court in **M/s. Keihin Penalfa Ltd., Vs. Commissioner of Customs and another [2012-TIOL-33-SC-Cus]** and this was accepted by the Customs Department for assessing the bills of entry on the clearance of the petitioner prior to 01.09.2018.

12. The Learned Senior Standing Counsel for the respondents, on the other hand, would submit that the impugned order is a detailed order and does not merit any interference. It is further submitted that the dispute pertains to classification of goods and therefore, even on this ground, this writ petition is not maintainable and that all issues regarding classification have to be decided only by the Appropriate Authority under the Harmonised System Nomenclature (HSN) as prescribed under the Act.

13. Having considered the submissions made by the learned counsel for the petitioner and learned Senior Standing Counsel for the respondents,

the issue as to whether the respondents were entitled to the classification which was followed earlier, needs to be re-examined in light of the decision of the Hon'ble Supreme Court in **Keihin Penalfa Ltd., Vs. Commissioner of Customs and another [2012-TIOL-33-SC-Cus]**. Therefore, the impugned order is quashed and the case is remitted back to the 1st respondent to redo the exercise in light of the observations of the Hon'ble Supreme Court in the aforesaid case, where the decision relating to classification of goods under the provisions of the respective GST enactments is still with reference to the classification under the provisions of the Customs Tariff Act, 1975 as per the rate notification issued by the Central Government.

14. It is made clear that the respondents may re-examine the issue afresh in light of the Hon'ble Supreme Court's decision stated above, based on which the petitioner has adopted the classification.

15. Accordingly, this Writ Petition stands disposed of. Consequently, connected miscellaneous petition is closed. No costs.

20.11.2025

raja

Neutral Citation : Yes / No

To

1. The Joint Commissioner of GST & Central Excise
   Office of the Commissioner of GST & Central Excise
   Chennai – Outer Commissionerate,
   Newry Towers: No.2054 - I: II Avenue
   Anna Nagar, Chennai – 600 040.

2. The Additional Commissioner of GST & Central Excise
   Office of the Commissioner of GST & Central Excise
   Audit II Commissionerate
   No.692, 6th Floor, MHU Complex
   Anna Salai, Nandanam, Chennai – 600035.

3. The Assistant Commissioner of GST & Central Excise
   Vallam Range of Sriperumbudur Division
   Chennai Outer Commissionerate
   C-48, TNHB Complex
   2nd Avenue, Anna Nagar, Chennai – 600040.

C.SARAVANAN, J.

raja

W.P.No.14284 of 2025

20.11.2025