

**CUSTOMS, EXCISE & SERVICE TAX APPELLATE TRIBUNAL**  
**New Delhi**

PRINCIPAL BENCH – COURT NO. I

**Excise Appeal No. of 55534 of 2023**

(Arising out of the Order-in-Original No. 124-148/2023-CE dated April 28, 2023 passed by Principal Additional Director General (Adjudication), DGGSTI, New Delhi)

**M/s Moonlight Auto Pvt. Ltd**

C-102, Phase-V, Focal Point,  
Ludhiana

**.....Appellant**

Versus

**Principal Additional Director  
General (Adjudication)**

DGGSTI (Adjudication Cell),  
West Block-VIII, Wing-6,  
2<sup>nd</sup> Floor, R.K. Puram,  
New Delhi

**..... Respondent**

**APPEARANCE :**

Shri Sudeep Singh Bhangoo, Advocate for the appellant  
Shri Rakesh Agarwal, Authorized Representative for the department

**WITH**

**Excise Appeal No. of 55586 of 2023**

(Arising out of the Order-in-Original No. 124-148/2023-CE dated April 28, 2023 passed by Principal Additional Director General (Adjudication), DGGSTI, New Delhi)

**Mann and Hummel Filter Private Limited**

Plot No. 19 Phase-II,  
Sector 5, Bawal Industrial  
Growth Centre, Bawal,  
Rewari-123501

**..... Appellant**

Versus

**Principal Additional Director  
General (Adjudication)**

DGGSTI (Adjudication Cell),  
West Block-VIII, Wing-6,  
2<sup>nd</sup> Floor, R.K. Puram,  
New Delhi

**..... Respondent**

**APPEARANCE :**

Ms. Pooja Jajwani, Advocate for the appellant  
Shri Rakesh Agarwal, Authorized Representative for the department

**AND****Excise Appeal No. of 55692 of 2023**

(Arising out of the Order-in-Original No. 124-148/2023-CE dated April 28, 2023 passed by Principal Additional Director General (Adjudication), DGGSTI, New Delhi)

**M/s Aditya Auto Products & Engineering India Private Limited**  
Plot No.05, Sector No.7,HSIIDC Growth Centre,  
Bawal Distt, Rewari, Haryana-123501

**..... Appellant**

Versus

**Principal Additional Director General (Adjudication)**  
DGGSTI (Adjudication Cell),  
West Block-VIII, Wing-6,  
2<sup>nd</sup> Floor, R.K. Puram,  
New Delhi

**..... Respondent**

**APPEARANCE :**

Shri S.V. Sridhar, Advocate for the appellant  
Shri Rakesh Agarwal, Authorized Representative for the department

**CORAM : HON'BLE MR. JUSTICE DILIP GUPTA, PRESIDENT  
HON'BLE MRS. HEMAMBIKA R. PRIYA, MEMBER (TECHNICAL)**

**Date of Hearing/Decision: 27.06.2024**

**FINAL ORDER NO. 55981-55983/2024****JUSTICE DILIP GUPTA :**

The issue involved in all the aforesaid appeals that have been filed by vendors of Maruti Suzuki India Limited<sup>1</sup>, which is engaged in the manufacture of motor vehicles and procures the desired parts and components from vendors, is whether the notional cost of drawings and designs supplied free of cost by Maruti to the vendors should be included in the assessable value of parts or components manufactured by vendors and cleared to Maruti for the purpose of payment of central excise duty.

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1. Maruti

2. According to the vendors, parts or components, being an engineering product, are required to be made as per the requirement of Maruti and it is for this reason that Maruti provides the specifications of the parts or components in the form of drawings free of cost to the potential vendors and seeks quotations. The specifications enable the potential vendors to properly understand the requirements and provide the best price quotations for the manufacture and supply of the desired parts or components. Once the vendor is selected and a letter of intent is issued, the vendor prepares detailed drawings and designs for the products to be supplied, corresponding to the specifications received from Maruti. The final products are then manufactured with the help of detailed drawings and designs prepared by the vendors. According to the vendors, the cost incurred by them towards the manufacturing activity includes the development cost incurred in the preparation of the detailed drawings and designs by them.

3. The department, however, believed that the cost of the specifications supplied by Maruti to the vendors free of cost should be included in the assessable value of the final products manufactured by the vendors in terms of rule 6 of the Central Excise Valuation (Determination of Price of Excisable Goods) Rules, 2002<sup>2</sup>. Accordingly, show cause notices were issued to the vendors. The adjudicating authority confirmed the duty demand holding that the cost of the specifications provided by Maruti has to be included in the assessable value of the product manufactured by the vendors and cleared to Maruti.

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2 the 2000 Valuation Rules

4. It has, therefore, to be determined whether the notional cost of specifications in the form of drawings and designs supplied free of cost by Maruti to the potential vendors should be included in the assessable value of the parts or components manufactured by the vendors and cleared to Maruti for their motor vehicles.

5. This issue was examined at length by this Bench of the Tribunal in **Denso India Private Limited versus Additional Director General (Adjudication)**<sup>3</sup> and it was held that:

“50. The inevitable conclusion, therefore, that follows from the aforesaid discussion is that the notional cost of drawings and designs supplied free of cost by Maruti to the vendors cannot be included in the assessable value of the parts and components manufactured by vendors and cleared to Maruti for the purpose of payment of central excise duty.”

6. Thus, for the reasons stated in **Denso India Private Limited**, these three appeals would have to be allowed.

7. In the result, the orders impugned in these three appeals deserve to be set aside and are set aside. All the three Excise Appeals are, accordingly, allowed.

(Dictated & pronounced in the open court)

**(JUSTICE DILIP GUPTA)**  
**PRESIDENT**

**(HEMAMBIKA R. PRIYA)**  
**MEMBER (TECHNICAL)**