

M/S. KEMROCK INDUSTRIES & EXPORTS LTD.  
v.  
COMMISSIONER OF CENTRAL EXCISE, VADODARA

MARCH 29, 2007

[S.H. KAPADIA AND B. SUDERSHAN REDDY, JJ.]

*Central Excise Tariff Act, 1985; Headings 39.01; 39.20 and 70.14:*

*Classification—Glass Fibre Reinforced Plastics—Sub-heading 39.01 and 39.20 or 70.14—Applicability of—Held: Fibre Glass Mat being used as raw material in manufacturing the product in question, which is not article of glass ware to fall under Heading 70.14 of the Act—Since the product in question is a composite item, the test of essentiality in terms of Rule 3(b) of the Rules for interpretation of tariff entry would apply—Taking into consideration essentiality aspect, and applying the test of essentiality, the product in question falls under the Heading 39.01—Hence, no infirmity found in the order of the Tribunal classifying the goods under the Heading 39.01.*

*Test of essentiality—Application in the context of classification of composite product—Discussed.*

The question which arose for determination in this appeal was as to whether the Glass Fibre Reinforced Plastics manufactured by the assessee-company would fall under the Heading 70.14 of the Schedule to the Central Excise Tariff Act, 1985 as claimed by the assessee-manufacturer or classifiable under Heading 39.20 of the Act as classified by the Revenue.

Dismissing the appeal filed by the assessee and allowing the appeal filed by the Revenue, the Court

**HELD:** 1. The assessee makes use of Fibre Glass Mat of suitable specification and thereafter impregnates the said Mat with a suitable resin, catalyst, pigment and accelerator. On impregnation/injection, the pigment spreads throughout the mat. This impregnation gives stiffness to the mat. The glass fibre mat is used as a raw material to manufacture roofing sheets,

A panels, doors etc. It is this stiffness which provides value addition to the fibre glass mat in the sense that the strength of the mat gained by impregnation makes the mat strong enough to be used in partitions, roofs etc. But for that stiffness, the fibre glass mat would not be in a position to be used as a roofing sheet. Further, the 'glass fibre mat' is not an article of glassware *per se* under Heading 70.14 of the Central Excise Tariff Act. [Para 5] [551-A-B-C]

B

2.1. Under Heading 39.20 of the Act, sheets of plastic, laminated supported or combined with other materials, stand covered as plastics and articles thereof. On the other hand, Heading 70.14 falls under Chapter 70, which refers to 'glass and glassware'. The item in question is a composite item. However, as found by the Revenue, the glass fibre mat when impregnated with plastic gains certain amount of stiffness which helps manufacture of roofs and partitions. In the present case, since the article in question is a composite article, the test of essentiality shall apply. [551-E-F]

C

2.2. The test of essentiality refers to "essential character". The test states that, if the manufactured goods has the essential character, mainly of stiffness, required for the manufacture of roofs, partitions etc. then one has to treat the item in question as an article of plastic. [Para 6] [551-F]

D

2.3. In the present case, Rule 3(b) of the Rules for the interpretation of tariff entries would apply. The said Rule require that composite goods, mixtures and goods put up in sets have to be classified on the classification of that material or component which gives to the product their essential character. If the manufacture of roofs, partitions etc. are kept in mind, then the stiffness is the main attribute of such a product. The glass fibre mat when impregnated gives stiffness which helps in the manufacture of roofs, partitions etc. e.g., the item will fall under Heading 39.01/06 of the previous Customs Tariff Act since plastic gives higher degree of insulation quality.

E

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[Para 6] [551-F-H; 552-A]

3. No infirmity is found in the impugned judgment of the CEGAT.

[Para 7] [552-B]

G

CIVIL APPELLATE JURISDICTION : Civil Appeal No. 527 of 2002

From the final Order No.185/2001-D dated 11.09.2001 in Appeal No. 1994-R/97mum. Passed by the Customs, Excise and Gold (Control) Appellate Tribunal, New Delhi)

H

Ramesh Singh, Bina Gupta, Shweta Verma and Amrita Swarup, for the Appellants. A

R. Venkataramani, Shalini Kumar and B. K. Prasad, for the Respondents.

The Judgment of the Court was delivered by:

**KAPADIA, J.** Civil Appeal No. 527 of 2002 B

1. This is a statutory appeal filed by the assessee against the final Order no. 185/2001-D dated 11.9.2001 passed by Customs, Excise and Gold (Control) Appellate Tribunal, New Delhi ("CEGAT") in appeal no. E/1994-R/97 Mum. The matter pertains to the issue of classification of Glass Fibres impregnated with resins/plastics. C

2. Assessee-company is the manufacturer of Glass Fibre Reinforced Plastics. They seek classification of the said item under Heading 70.14 of the Schedule to the Central Excise Tariff Act, 1985. According to the Revenue, the said item is classifiable under Heading 39.20 of Central Excise Tariff Act, 1985. D

3. To resolve the above controversy, we quote hereinbelow the above two headings.

"Heading No.	Sub-heading No.	Description of goods	Rate of duty	E
39.20		Other plates, sheets, film, foil and strip, of plastics, non-cellular, whether lacquered or metallised or laminated, supported or similarly combined with other materials or not		F
		--Of polymers of vinyl chloride		
	3920.11	--Rigid, plain	30%	G
	3920.12	--Flexible, plain	30%	
	3920.13	--Rigid, lacquered	30%	
	3920.14	--Flexible, lacquered	30%	
	3920.15	--Rigid, metallised	30%	
	3920.16	--Flexible, metallised	30%	H

A	3920.17	--Rigid, laminated	30%
	3920.18	--Flexible, laminated	30%
	3920.19	--Other	30%
		--Of regenerated cellulose:	
B	3920.21	--Film, plain	30%
	3920.22	--Film, lacquered	30%
	3920.23	--Film, metallised	30%
	3920.24	--Film, laminated	30%
	3920.25	--Sheet, plain	30%
C	3920.26	--Sheet, lacquered	30%
	3920.27	--Sheet, metallised	30%
	3920.28	--Sheet, laminated	30%
	3920.29	--Other	30%
		--Of other plastics:	
D	3920.31	--Rigid, plain	30%
	3920.32	--Flexible, plain	30%
	3920.33	--Rigid, lacquered	30%
	3920.34	--Flexible, lacquered	30%
	3920.35	--Rigid, metallised	30%
E	3920.36	--Flexible, metallised	30%
	3920.37	--Rigid, laminated	30%
	3920.38	--Flexible, laminated	30%
	3920.39	--Other	30%
		Xxxxxxxxxxxxx	
	70.14	7014.00	Glass fibres (including glass wool and glass filaments) and articles thereof (for example, yarn, woven fabrics) whether or not impregnated, coated, covered or laminated with plastics or varnish."
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4. We do not find any merit in this civil appeal for the following reasons. A

5. The process of manufacturing articles in question of Glass Fibre Reinforced Plastics is indicated in the Tribunal's Order in para 2.1. In short, the assessee makes use of Fibre Glass Mat of suitable specification and thereafter impregnates the said Mat with a suitable resin, catalyst, pigment and accelerator. On impregnation/injection, the pigment spreads throughout the mat. This impregnation gives stiffness to the mat. The glass fibre mat is used as a raw material to manufacture roofing sheets, panels, doors etc. It is this stiffness which provides value addition to the fibre glass mat in the sense that the strength of the mat gained by impregnation makes the mat strong enough to be used in partitions, roofs etc. But for that stiffness, the fibre glass mat would not be in a position to be used as a roofing sheet. Further, the 'glass fibre mat' is not an Article of glass ware per se under heading 70.14 of CETA. According to the assessee, even after impregnation the essential character of the product remaining a fibre glass mat and, therefore, it is classifiable as a glass fibre under Heading 70.14 of Central Excise Tariff Act, 1985. We do not find merit in the said contention. B  
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6. As stated above, Chapter 39 deals with 'plastics and articles thereof'. As stated above, under Heading 39.20 sheets of plastics, laminated supported or combined with other materials stand covered as plastics and articles thereof. On the other hand, Heading 70.14 falls under Chapter 70, which refers to 'glass and glassware'. It is not in dispute that the item in question is a composite item. However, as found by the Department, in the above process, the glass fibre mat when impregnated with plastic gains certain amount of stiffness which helps manufacturers of roofs and partitions. In the present case, since the article in question is a composite article, the test of essentiality shall apply. This test of essentiality refers to "essential character". The test states that, if the manufactured goods has the essential character, mainly of stiffness, required for the manufacturer of roofs, partitions etc. then one has to treat the item in question as an article of plastic. In the present case, Rule 3(b) of the Rules for the Interpretation of tariff entries would apply. The said Rule require that composite goods, mixtures and goods put up in sets have to be classified on the classification of that material or component which gives to the product their essential character. In the present case, if we keep in mind the manufacture of roofs, partitions etc., then the stiffness is the main attribute of such a product. The glass fibre mat when impregnated gives stiffness which helps in the manufactures of roofs, partitions etc., e.g., in the context of an insulation paper which is a composite of plastic and paper, the E  
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- A item will fall under Heading 39.01/06 of the previous Customs Tariff Act since plastic gives higher degree of insulation quality. Rule 3(b) requires classification based on the material which gives it the essential characteristics. This is the test of essentiality. The effect of the tariff schedule is to classify the products under different heads according to the character of the product. In interpreting a tariff entry, Rules for the Interpretation are helpful, particularly in cases of composite goods.
- B

7. For the aforesaid reasons, we do not find any infirmity in the impugned judgment dated 11.9.2001 of the CEGAT and accordingly this civil appeal filed by the assessee is dismissed with no order as to costs.

- C Civil Appeal No. 3321 of 1998

*Commnr. Of Central Excise v. M/s S.S.B. Industries Ltd.*

8. In view of our judgment in Civil Appeal No. 527 of 2002 (supra), this civil appeal stands allowed with no order as to costs.
- D

S.K.S.

Appeal 527/02 dismissed  
Appeal 3321/98 allowed.