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**F. No. GEN/ADJ/ADC/73/2026-Adjn-O/o Commr-Cus-Kandla
DIN: 20260171ML0000222A9F**

SHOW CAUSE NOTICE

Whereas it appears that:

M/s N J Steel Industries Pvt. Ltd. (IEC 3709000017), located at Shed No. 388 & 389, Type AS-III, Sector-III, Kandla Special Economic Zone (KASEZ), Gandhidham, Kutch-370230 (hereinafter referred to as "the noticee/importer"), was granted a Letter of Approval (LOA) by the Unit Approval Committee (UAC), KASEZ under Section 15(9) of the SEZ Act, 2005, permitting authorized manufacturing activities including refurbishing, re-engineering and re-conditioning of electronic and IT equipment, among other activities (RUD-1).

1.2 In terms of the said LOA, M/s NJ Steel Industries Pvt. Ltd., originally approved as M/s ITSD Tech Pvt. Ltd. under Letter of Approval (LOA) No. KASEZ/IA/23/2008-09 dated 09.02.2009 and subsequently renamed and broad-banded, was authorized in the Kandla Special Economic Zone for manufacturing activities centred on refurbishing, re-engineering, and reconditioning a comprehensive line of equipment, including IT devices (such as computers, servers, laptops, tablets, monitors, printers, scanners, and networking equipment), telecommunication tools, electrical and electronic home appliances, air-conditioning systems, refrigeration units, tools, machinery; this scope was expanded through broad-banding on 22.09.2020 to include manufacturing of steel products from iron or non-alloy steel like sheets, coils, circles, and pipes, with the LOA extended until its expiration on 14.07.2025 to facilitate these operations for re-export purposes under the Special Economic Zone (RUD-2).

1.3 M/s N. J. Steel Industries Pvt. Ltd. has imported consignments declared as 'Old and Used Electronic Items (Used Laptop)' for refurbishing, re-engineering, re-conditioning, and other permitted activities under LOA for re-export' vide Bill of Entry No. 1012150 dated 25.10.2024, and second consignment of 'Old and Used Electronic Items (Used Laptop)' vide Bill of Entry No. 3236792 dated 13.07.2025. These imports were made pursuant to the Letter of Approval granted by the Competent Authority, KASEZ, authorizing the Unit to undertake refurbishment activities of electronic items under the SEZ.

2. A specific and credible intelligence received by the Directorate of Revenue Intelligence (DRI), Regional Unit, Gandhidham, indicating that M/s N. J. Steel Industries Pvt. Ltd. is engaged in systematic and deliberately planned fraudulent activities in respect of import

consignments. The intelligence revealed that the said importer has been misusing the import provisions by clandestinely diverting imported consignment declared as *old and used electronic items/products* into the Domestic Tariff Area (DTA). Such diversion was being carried out with the intent to circumvent regulatory restrictions governing the import of used electronic goods, resulting into misuse of the import policy framework and evasion of statutory compliance requirements.

3. Acting upon the intelligence, the consignment covered under the Bill of Entry No. - 3236792 dated 13.07.2025 vide Container no EGHU3137160 by M/s N J Steel Pvt. Ltd. was put on hold and further search at the premise of the Importer at Shed No 388 & 389, Type AS-III, Sector-III, KASEZ were carried out along with examination of goods pertaining to BE No-3236792 dated 13.07.2025 under the Panchnama dated 15/16/17/18.07.2025 (RUD-3). The details of the consignment covered under Bill of Entry No-3236792 dated 13.07.2025 is mentioned in below Table.

Table-1

Sr. No.	Bills of Entry no. and date	Assessable Value (in Rs)	Container no.	Description of goods	Declared Gross Weight (Kgs)
1	3236792 dated 13.07.2025	8,91,485	EGHU3137160	Old and Used Electronic items Products	9270

3.1 During the search conducted at the premise of the Importer recorded under Panchnama dated 15.07.2025, the officers observed a large quantity of what appeared to be electronic waste, specifically scrap of used laptops stored in PP bags on the ground floor, along with a lathe machine; the shed also had an upstairs office area with minimal furniture (two tables, two chairs, and an air conditioner) but no operational setup or documents indicative of refurbishment activities. The second shed contained a pipe rolling machine, which Shri Inderjitsinh Zala stated that the same had been non-functional for the past year, along with a DG set and coil cutting machine in the open area. Critically, no infrastructure, equipment, assembly lines, testing facilities, repair tools, or any setup whatsoever was found required for any unit to carry out manufacturing activities of refurbishing, re-engineering, or reconditioning of IT equipment, telecommunication devices, electrical/electronic home appliances, air-conditioning, refrigeration, tools, or machinery etc.

3.2 No manufacturing infrastructure whatsoever for refurbishing or reconditioning of refurbished laptops or any other electronic items was found. There were no testing equipments, no diagnostic tools, no repair facilities, no quality control systems, or any other infrastructure that would be essential and necessary for carrying out refurbishment and

reconditioning operations on electronic equipment. No qualified personnel for servicing, repairing, or reconditioning was there. No equipment, machinery, tools, or technical apparatus were there for reconditioning, testing, repairing, or quality-checking of IT equipment such as computers, laptops, or servers. The absence of even basic tools and testing equipment indicate that no genuine refurbishment activity was being contemplated or carried out. There were no employees present at the shed, no records of employment or engagement of technical staff, no salary registers showing payment to technicians or engineers, and no evidence whatsoever of any human resource infrastructure necessary for carrying out the claimed business activities.

3.3 Further, the detail examination of the goods pertaining to BE No-3236792 dated 13.07.2025 was carried out under Panchnama dated 16/17/18.07.2025. During the course of examination, the net weight of the goods was found to be 9620 Kgs, whereas the declared Gross weight in the Bill of Entry was 9270 Kgs. The goods were found to consist primarily of used laptops of various brands, and Laptop/iPad batteries. A comprehensive inventory of these items was prepared, brand name, model name etc, and the same was duly annexed to the respective Panchnamas.

4. During investigation, statements of following person was recorded under Section 108 of the Customs Act, 1962, which are briefly discussed herein-below:

4.1 Statement of Shri Indrajitsinh Devirajsinh Zala, Authorised person of M/s N J Steel Industries Pvt Ltd was recorded under Section 108 of the Customs Act, 1962, on 07.08.2025 (RUD-4) wherein he inter-alia stated that:

- (i) On being asked about his identity and association with M/s N J Steel Industries Pvt. Ltd., he stated that he is the Authorised Person of M/s N J Steel Industries Pvt. Ltd. and is known to one of the directors, Shri Hareshbhai Rajyaguru, who is his relative. He stated that after the company took over operations in January 2024, he was asked to work in the company and look after overall operations including supervising on-site activities, coordinating logistics, managing staff and production schedules, and ensuring compliance with SEZ regulations.
- (ii) On being asked about the company registration and status, he stated that M/s N J Steel Industries Pvt. Ltd. is registered under the Companies Act, 2013 with CIN U31909GJ2009PTC055904 and that the company has been non-operational for an extended period.
- (iii) On being asked about the authorized activities of the company under the Letter of Approval, he stated that as per the Letter of Approval issued by KASEZ Development Commissioner, M/s N J Steel Industries Pvt. Ltd. is authorized to undertake manufacturing activities of refurbishing, re-engineering, and reconditioning of IT equipment, telecommunication equipment, electrical and

electronic home appliances, air-conditioning and refrigeration units, tools, machinery, and their parts.

- (iv) On being asked about the current manufacturing activities being undertaken by the unit, he stated that since the takeover in 2024, the unit has imported only two consignments including the current shipment for the purpose of refurbishing IT and electronic equipment in accordance with the scope approved under the Letter of Approval. He further stated that the unit has remained non-operational for an extended period.
- (v) On being asked about the observations made by DRI officers during search proceedings on 15.07.2025, 16.07.2025, 17.07.2025 and 18.07.2025, particularly regarding absence of manufacturing infrastructure, he stated that during the search proceedings conducted by DRI officers, no infrastructure for manufacturing or reconditioning refurbished laptops, IT equipment, telecommunication devices, home appliances, air-conditioning, or refrigeration was found on the premises. He stated that his unit is duly approved under the Letter of Approval to carry out refurbishing and reconditioning activities; however, the unit has remained non-operational for an extended period. He stated that the absence of visible infrastructure at the time of the search may be due to the nature of the project cycles or the temporary non-availability of personnel and equipment during that specific period as there are no engineers or technicians appointed by the company yet.
- (vi) On being asked about the scrap material found stored at the premises, he stated that the imported material currently stored in PP bags at the shed, with a net weight of 6,060 Kg, comprises scrap materials. He admitted that these materials were inadvertently sent instead of the intended old and used laptops suitable for refurbishing and reconditioning.
- (vii) On being asked about the first consignment imported under Bill of Entry No. 1012150 dated 25.10.2024, he stated that his company had imported a consignment for refurbishing, re-engineering, re-conditioning, and other permitted activities for re-export, comprising approximately 3,300 units in October 2024 vide Bill of Entry No. 1012150 dated 25.10.2024.
- (viii) On being asked about how the order for the first consignment was placed, he stated that he placed the order for the consignment covered under Bill of Entry No. 1012150 dated 25.10.2024 through a telephonic conversation with Shri Umir Sharjah dated 25.10.2024. He stated that as the order was made verbally over telephone, there is no formal purchase order document available. He stated that he came in contact with Shri Umir Sharjah through export agent Shri Naresh Bhai.
- (ix) On being asked about payment for the first consignment, he stated that his company has not made any payment for the consignment covered under Bill of Entry No.

1012150 dated 25.10.2024. He stated that as per the arrangement with the supplier, the work order or export order was to be issued only upon completion of the refurbishment process. He stated that after receiving e-waste scrap materials instead of the intended old and used electronic laptops for refurbishing, re-engineering, and re-conditioning, the company immediately contacted the supplier through telephonic communication to report the discrepancy; however, the supplier failed to respond appropriately. He stated that consequently, the company withheld payment for the goods due to the clear mismatch between the declared items and the actual consignment received.

- (x) On being asked about the second consignment imported under Bill of Entry No. 3236792 dated 13.07.2025, he stated that he placed the order for this consignment through telephonic conversation with Mr. Sehroz in Dubai. He stated that the contact number of Mr. Sehroz is +971 502403770. He stated that as the order was made verbally, there is no formal purchase order document available. He stated that he came in contact with Mr. Sehroz through Shri Naresh Bhai.
- (xi) On being asked about payment for the second consignment, he stated that his company has not made any advance payment for the consignment covered under Bill of Entry No. 3236792 dated 13.07.2025. He stated that as per the arrangement with the supplier, the payment is to be made only after 30 days of receiving the shipment. He stated that it is expected that payment terms for the July consignment will be made within a week time and that an approximate profit of Rs. 8-9 lakhs is expected for the July consignment.
- (xii) On being shown the panchnama proceedings dated 15.07.2025, 16.07.2025, 17.07.2025 and 18.07.2025, he stated that he had gone through the above panchnamas and put his dated signature on the said panchnamas in token of having seen and understood the same. He stated that he was present during the search proceedings conducted by the DRI officers under the said panchnamas.

05. SEIZURE:

The goods imported vide Bill of Entry No. 3236792 dated 13.07.2025 declared as old and used electronic items were found to be grossly undervalued as per the valuation done by the Chartered Engineer and Government-approved Valuer. The Chartered Engineer vide valuation report dated 22.09.2025 has determined the total value of goods as Rs. 3,59,15,200/- (Rupees Three Crore Fifty-Nine Lakh Fifteen Thousand Two Hundred only) and whereas the importer had declared the assessable value as Rs. 8,91,485/- (Rupees Eight Lakh Ninety-One Thousand Four Hundred Eighty-Five only). Accordingly, and therefore, the goods imported vide Bill of Entry No. 3236792 dated 13.07.2025 were seized under Section 110 of the Customs Act, 1962 vide Seizure Memo dated 26.12.2025 (**RUD-5**) with reasonable belief that they are liable for confiscation under Sections 111 of the said Act.

06. Rejection of declared Value & Redetermination of Assessable value of the goods:

6.1 Rule 3 of the Customs Valuation (Determination of Price of Imported Goods) Rules, 2007 (hereinafter referred to as "*the CVR, 2007*") provides the method of valuation. Rule 3(1) of the CVR, 2007 provides that "Subject to Rule 12, the value of imported goods shall be the transaction value adjusted in accordance with provisions of Rule 10". Rule 3(4) *ibid* states that "if the value cannot be determined under the provisions of sub-rule (1), the value shall be determined by proceeding sequentially through Rule 4 to 9 of CVR, 2007". It appears that transaction value in terms of Rule 3 of the CVR, 2007, is to be accepted only where there are direct evidences with regard to the price actually paid or payable in respect of the imported goods by the importer. Since the goods were found to be mis-declared in terms of value, a reasonable doubt arises regarding the truth and accuracy of the declared value. Accordingly, the declared transaction value appears liable to rejection under Rule 12 of the Customs Valuation (Determination of Value of Imported Goods) Rules, 2007.

6.2 It appears that the value of the impugned goods could not be determined under Rule 4 and 5 *ibid* since the goods have been mis-declared by means of description and the value of contemporaneous imports of identical and similar goods of same quality and composition was not found. Proceeding sequentially, it is stipulated under Rule 6 *ibid* that where the value is not determinable under Rule 3, 4 and 5, the value is to be determined under Rule 7 or when the value cannot be determined under that Rule, under Rule 8. Rule 7 provides for 'Deductive Value' i.e. the value is to be determined on the basis of valuation of identical goods or similar imported goods sold in India, in the condition as imported at or about the time at which the declaration for determination of value is presented, subject to deductions stipulated under the rule. For the reasons detailed above, the values cannot be determined as per the said Rule 7 *ibid*. Likewise, for application of Rule 8 of the CVR, 2007, the cost of production or processing involved in the imported goods are not available. In the absence of requisite data, the value cannot be determined by taking recourse to these rules either.

6.3 It appears that since the provisions of Rule 4 to 8 *ibid*, are not applicable in the instant case, the value of the impugned goods is required to be determined under the provisions of Rule 9 of the CVR 2007, which reads as under:-

"Rule 9: Residual method – (1) Subject to the provisions of Rule 3, where the value of the imported goods cannot be determined under the provisions of any of the preceding rules, the value shall be determined using reasonable means consistent with the principles and general provisions of these rules and on the basis of data available in India:"

6.4 As per the provisions of Rule 9 *ibid*, where the assessable value of imported goods cannot be determined under Rules 3 to 8 of the Customs Valuation (Determination of Value of Imported Goods) Rules, 2007, the same is required to be re-determined under Rule 9 *ibid*, i.e. by applying the residual method. Accordingly, the value has been taken on the basis of inspection-cum-valuation report CE/MUN/DRI-023/2025-26 dated 22.09.2025 **(RUD-6)** submitted by the Chartered Engineer for the purpose of valuation under provisions of Rule 9 of the CVR, 2007 read with Note 2 of the Interpretative Notes for Rule 9 of the CVR, 2007.

6.5 Further, there appears reasonable belief that the assessable value declared in respect of Old and Used Laptops imported vide Bill of Entry No. 1012150 dated 25.10.2024 is not the true transaction value and that the said goods have been grossly undervalued. This belief is based, *inter alia*, on the fact that the said goods were are similar in nature to the goods covered under Bill of Entry No. 3236792 dated 13.07.2025 and have been shipped from Jebel Ali, wherein the declared value appears to be highly undervalued.

6.6 Although the said goods imported vide Bill of Entry No. 1012150 dated 25.10.2024 have been illegally diverted into the Domestic Tariff Area (DTA), the assessable value of the goods is required to be determined in accordance with the provisions of the Customs Valuation Rules, 2007. In this regard, as per the Chartered Engineer's valuation report in the BE No. 3236792 dated 13.07.2025, the average value of Old and Used Laptops has been assessed at Rs. 6759/- per laptop. Accordingly, for a total quantity of 3,300 Old and Used Laptops (Qty declared in BE No. 1012150 dated 25.10.2024 as well as informed by the PO, KASEZ in his statement dated 14.11.2025), the assessable value of the goods covered under Bill of Entry No. 1012150 dated 25.10.2024 is re-determined at Rs 2,23,04,700/- (Rupees Two Crore Twenty-Three Lakhs Four Thousand Seven Hundred Only) under Rule 9 of the CVR, 2007.

6.7 Therefore, it appears that the declared assessable values in the Bill of Entry No 3236792 dated 13.07.2025&Bill of Entry No. 1012150 dated 25.10.2024, are liable to be rejected and assessable values of the impugned goods are liable to be re-determined as under:

Table-2

BE No. & date	Declared description of goods and HS code	Declared Ass. Value of the goods (in Rs.)	Re-determined value under Rule 9 of the CVR, 2007(in Rs.)
3236792 dated 13.07.2025	Old and used Electronic items	8,91,485	3,59,15,200
1012150 dated 25.10.2024	Old and used Electronic items	6,27,443	2,23,04,700

07. RELEVANT LEGAL PROVISIONS

(A) RELEVANT PROVISIONS OF SEZ ACT, 2005:

2. Definitions.—In this Act, unless the context otherwise requires,—

.....

(o) "import" means—

(i) bringing goods or receiving services, in a Special Economic Zone, by a Unit or Developer from a place outside India by land, sea or air or by any other mode, whether physical or otherwise; or

(ii) receiving goods, or services by a Unit or Developer from another Unit or Developer of the same Special Economic Zone or a different Special Economic Zone;

Section 21: Single enforcement officer or agency for notified offences.—

1. The Central Government may, by notification, specify any act or omission made punishable under any Central Act, as notified offence for the purposes of this Act.
2. The Central Government may, by general or special order, authorise any officer or agency to be the enforcement officer or agency in respect of any notified offence or offences committed in a Special Economic Zone.
3. Every officer or agency authorised under sub-section (2) shall have all the corresponding powers of investigation, inspection, search or seizure as is provided under the relevant Central Act in respect of the notified offences.

Section 22: Investigation, inspection, search or seizure.—

The agency or officer, specified under section 20 or section 21, may, with prior intimation to the Development Commissioner concerned, carry out the investigation, inspection, search or seizure in the Special Economic Zone or in a Unit if such agency or officer has reasons to believe (reasons to be recorded in writing) that a notified offence has been committed or is likely to be committed in the Special Economic Zone:

Provided that no investigation, inspection, search or seizure shall be carried out in a Special Economic Zone by any agency or officer other than those referred to in sub-section (2) or sub-section (3) of section 21 without prior approval of the Development Commissioner concerned:

Provided further that any officer or agency, if so authorised by the Central Government, may carry out the investigation, inspection, search or seizure in the Special Economic Zone or Unit without prior intimation or approval of the Development Commissioner

Notification Nos. 2665(E) and 2667(E) dated 05.08.2016:

1. In exercise of the powers conferred by section 22 of the Special Economic Zones Act, 2005 (28 of 2005), the Central Government by Notification No. 2667(E) dated 05.08.2016 issued by the Ministry of Commerce & Industry, has authorized the jurisdictional Customs Commissioner, in respect of offences under the Customs Act, 1962 (52 of 1962) to be the enforcement officer(s) in respect of any notified offence or offences committed or likely to be committed in a Special Economic Zone. The enforcement officer(s), for the reasons to be recorded in writing, may carry out the investigation, inspection, search or seizure in a Special Economic Zone or Unit with prior intimation to the Development Commissioner, concerned. Under Section 21(1) of the SEZ Act, 2005, the Central Government may, by notification, specify any act or omission made punishable under any Central Act, as notified offence for the purposes of this Act.

2. The Central Government, by the Notification 2665(E) dated 05.08.2016 has notified offences contained in Sections 28, 28AA, 28AAA, 74, 75, 111, 113, 115, 124, 135 and 104 of the Customs Act, 1962 (52 of 1962) as offences under the SEZ Act, 2005.

47 (5) Refund, Demand, Adjudication, Review and Appeal with regard to matters relating to authorise operations under Special Economic Zones Act, 2005, transactions, and goods and services related thereto, shall be made by the Jurisdictional Customs and Central Excise Authorities in accordance with the relevant provisions contained in the Customs Act, 1962, Central Excise Act, 1944, and the Finance Act, 1994 and the rules made thereunder or the notifications issued thereunder.

(B) RELEVANT PROVISIONS OF CUSTOMS ACT, 1962:

Section 2(22): "goods" includes (a) vessels, aircrafts and vehicles; (b) stores; (c) baggage; (d) currency and negotiable instruments; and (e) any other kind of movable property;

Section 2(23): "import", with its grammatical variations and cognate expressions, means bringing into India from a place outside India;

Section 2(25): "imported goods", means any goods brought into India from a place outside India but does not include goods which have been cleared for home consumption;

Section 2(26): "importer", in relation to any goods at any time between their importation and the time when they are cleared for home consumption, includes [any owner, beneficial owner] or any person holding himself out to be the importer;

Section 2(39): "smuggling", in relation to any goods, means any act or omission which will render such goods liable to confiscation under section 111 or section 113.

Section 11A: "illegal import" means the import of any goods in contravention of the provisions of this Act or any other law for the time being in force.

Section 17 Assessment of duty:

(1) An importer entering any imported goods under section 46, or an exporter entering any export goods under section 50, shall, save as otherwise provided in section 85, self-assess the duty, if any, leviable on such goods.

(4) Where it is found on verification, examination or testing of the goods or otherwise that the self-assessment is not done correctly, the proper officer may, without prejudice to any other action which may be taken under this Act, re-assess the duty leviable on such goods.

Section 46 Entry of goods on importation:

(4) The importer while presenting a bill of entry shall make and subscribe to a declaration as to the truth of the contents of such bill of entry and shall, in support of such declaration, produce to the proper officer the invoice, if any, relating to the imported goods.

(4A) *the importer who presents a bill of entry shall ensure the following, namely:*

- (a) The accuracy and completeness of the information given therein;*
- (b) The authenticity and validity of any document supporting it; and*
- (c) Compliance with the restriction or prohibition, if any, relating to the goods under this Act or under any other law for the time being in force.*

Section 111. Confiscation of improperly imported goods, etc.:

The following goods brought from a place outside India shall be liable to confiscation:-

(l) any dutiable or prohibited goods which are not included or are in excess of those included in the entry made under this Act, or in the case of baggage in the declaration made under section 77;

(m) any goods which do not correspond in respect of value or in any other particular with the entry made under this Act or in the case of baggage with the declaration made under section 77 in respect thereof, or in the case of goods under transshipment, with the declaration for transshipment referred to in the proviso to sub-section (1) of section 54;

Section 112 Penalty for improper importation of goods, etc.:

Any person,-

- a. who, in relation to any goods, does or omits to do any act which act or omission would render such goods liable to confiscation under section 111, or abets the doing or omission of such an act, or*
- b. who acquires possession of or is in any way concerned in carrying, removing, depositing, harbouring, keeping, concealing, selling or purchasing, or in any other manner dealing with any goods which he knows or has reason to believe are liable to confiscation under section 111,*

shall be liable,-

- i.*
- ii. in the case of dutiable goods, other than prohibited goods, subject to the provisions of section 114A, to a penalty not exceeding ten per cent. of the duty sought to be evaded or five thousand rupees, whichever is higher:*

Section 114AA Penalty for use of false and incorrect material:

If a person knowingly or intentionally makes, signs or uses, or causes to be made, signed or used, any declaration, statement or document which is false or incorrect in any material particular, in the transaction of any business for the purposes of this Act, shall be liable to a penalty not exceeding five times the value of goods.

7.2.4: SECTION 117. Penalties for contravention, etc., not expressly mentioned:-

Any person who contravenes any provision of this Act or abets any such contravention or who fails to comply with any provision of this Act with which it was his duty to comply,

where no express penalty is elsewhere provided for such contravention or failure, shall be liable to a penalty not exceeding [four lakh rupees].

(C) Relevant Provisions of Customs Valuation (Determination of Value of Imported Goods) Rules, 2007:

"Rule 4. Transaction value of identical goods. – (1) (a) Subject to the provisions of rule 3, the value of imported goods shall be the transaction value of identical goods sold for export to India and imported at or about the same time as the goods being valued;

.....

(3) In applying this rule, if more than one transaction value of identical goods is found, the lowest such value shall be used to determine the value of imported goods.

"Rule 5. Transaction value of similar goods. – (1) Subject to the provisions of rule 3, the value of imported goods shall be the transaction value of similar goods sold for export to India and imported at or about the same time as the goods being valued:

Provided that

(2) The provisions of clauses (b) and (c) of sub-rule (1), sub-rule (2) and sub-rule (3), of rule 4 shall, mutatis mutandis, also apply in respect of similar goods.

Rule 7 of the CVR, 2007, stipulates that:-

(1) Subject to the provisions of rule 3, if the goods being valued or identical or similar imported goods are sold in India, in the condition as imported at or about the time at which the declaration for determination of value is presented, the value of imported goods shall be based on the unit price at which the imported goods or identical or similar imported goods are sold in the greatest aggregate quantity to persons who are not related to the sellers in India, subject to the following deductions :-

- (i) either the commission usually paid or agreed to be paid or the additions usually made for profits and general expenses in connection with sales in India of imported goods of the same class or kind;
- (ii) the usual costs of transport and insurance and associated costs incurred within India;
- (iii) the customs duties and other taxes payable in India by reason of importation or sale of the goods.

(2) If neither the imported goods nor identical nor similar imported goods are sold at or about the same time of importation of the goods being valued, the value of imported goods shall, subject otherwise to the provisions of sub-rule (1), be based on the unit price at which the imported goods or identical or similar imported goods are sold in India, at the earliest date after importation but before the expiry of ninety days after such importation.

(3) (a) If neither the imported goods nor identical nor similar imported goods are sold in India in the condition as imported, then, the value shall be based on the unit price at which the imported goods, after further processing, are sold in the greatest aggregate quantity to persons who are not related to the seller in India.

(b) In such determination, due allowance shall be made for the value added by processing and the deductions provided for in items (i) to (iii) of sub-rule (1).

Rule 8 of the CVR, 2007, stipulates that:-

Subject to the provisions of rule 3, the value of imported goods shall be based on a computed value, which shall consist of the sum of:-

- (a) the cost or value of materials and fabrication or other processing employed in producing the imported goods;*
- (b) an amount for profit and general expenses equal to that usually reflected in sales of goods of the same class or kind as the goods being valued which are made by producers in the country of exportation for export to India;*
- (c) the cost or value of all other expenses under sub-rule (2) of rule 10.*

Rule 9 of the CVR, 2007, stipulates that:-

(1) Subject to the provisions of rule 3, where the value of imported goods cannot be determined under the provisions of any of the preceding rules, the value shall be determined using reasonable means consistent with the principles and general provisions of these rules and on the basis of data available in India;

Provided that the value so determined shall not exceed the price at which such or like goods are ordinarily sold or offered for sale for delivery at the time and place of importation in the course of international trade, when the seller or buyer has no interest in the business of other and price is the sole consideration for the sale or offer for sale.

(2) No value shall be determined under the provisions of" this rule on the basis of -

- (i) the selling price in India of the goods produced in India;*
- (ii) a system which provides for the acceptance for customs purposes of the highest of the two alternative values;*
- (iii) the price of the goods on the domestic market of the country of exportation; (iv) the cost of production other than computed values which have been determined for identical or similar goods in accordance with the provisions of rule 8;*
- (v) the price of the goods for the export to a country other than India;*
- (vi) minimum customs values; or*
- (vii) arbitrary or fictitious values.*

Rule 12. Rejection of declared value .

(1) When the proper officer has reason to doubt the truth or accuracy of the value declared in relation to any imported goods, he may ask the importer of such goods to furnish further information including documents or other evidence and if, after receiving such further information, or in the absence of a response of such importer, the proper officer still has reasonable doubt about the truth or accuracy of the value so declared, it shall be deemed that the transaction value of such imported goods cannot be determined under the provisions of sub-rule (1) of rule 3.

(D) VIOLATIONS OF DGFT NOTIFICATION NO-23/2023 dated 03.08.2023

[To be published in the Gazette of India Extraordinary Part-II, Section-3, Sub-section (ii)]

Government of India
Ministry of Commerce and Industry
Department of Commerce
Directorate General of Foreign Trade
Vanijya Bhawan

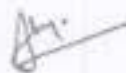
Notification No. 23 /2023
New Delhi, Dated: 3rd August, 2023

Subject: Amendment in Import Policy of Items under HSN 8471 of Chapter 84 of Schedule-I (Import Policy) of ITC (HS), 2022 -reg

S.O.(E): In exercise of powers conferred by Section 3 and Section 5 of Foreign Trade (Development & Regulation) Act, 1992, read with paragraph 1.02 and 2.01 of the Foreign Trade Policy, 2023, as amended from time to time, the Central Government hereby makes the following amendments under Chapter 84 of Schedule - I (Import Policy) of ITC (HS) 2022:

1. Policy condition No. 04 of the Chapter 84 is introduced as under:

- i. Import of Laptops, Tablets, All-in-one Personal Computers, and Ultra small form factor Computers and Servers falling under HSN 8471 shall be 'Restricted' and their import would be allowed against a valid Licence for Restricted Imports.
- ii. The said Restriction shall not be applicable to Imports under Baggage Rules, as amended from time to time.
- iii. Exemption from Import Licencing requirements is provided for Import of 1 Laptop, Tablet, All-in-one Personal Computer, or Ultra small form factor Computer, including those purchased from e-commerce portals, through post or courier. Imports shall be subject to payment of duty as applicable.
- iv. Exemption from import licence is provided for up to 20 such items per consignment for the purpose of R&D, Testing, Benchmarking and Evaluation, repair and re-export, Product Development purposes. Given imports shall be allowed subject to condition that the imported goods shall be used for the stated purposes only and will not be sold. Further, after the intended purpose, the products would either be destroyed beyond use or re-exported.
- v. In reference to para 2.28 of the FTP regarding re-import of goods repaired abroad, licence for Restricted Imports shall not be required for repair and return of said items.
- vi. Laptops, Tablets, All-in-one Personal Computers, and Ultra small form factor Computers and Servers which are an essential part of a Capital Good shall be exempted from the import licencing requirements.

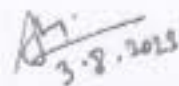


2. The policy/ condition for import of the following items covered under CTH 8471 are revised as under:

ITC(HS)	Item description	Existing Policy	Revised Policy	Revised Policy Condition
84713010	--- Personal computer	Free	Restricted	Subject to Policy condition no.4 of the Chapter
84713090	--- Other	Free	Restricted	Subject to Policy condition no.4 of the Chapter
84714110	--- Micro computer	Free	Restricted	Subject to Policy condition no.4 of the Chapter
84714120	--- Large or main frame computer	Free	Restricted	Subject to Policy condition no.4 of the Chapter
84714190	--- Other	Free	Restricted	Subject to Policy condition no.4 of the Chapter
84714900	-Other automatic dataprocessing machines: --Other, presented in the form of systems	Free	Restricted	Subject to Policy condition no.4 of the Chapter
84715000	-Processing units other than those of subheading 8471.41 or 8471.49, whether or not containing in the same housing one or two of the following types of units: storage units, input units, output units	Free	Restricted	Subject to Policy condition no.4 of the Chapter

Effect of the Notification: Import of Laptops, Tablets, All-in-one Personal Computers, and Ultra small form factor Computers, Servers under HSN 8471 is 'Restricted' with immediate effect. Exemption from import licencing is given to 1 such item except Servers per consignment. Exemption from import licencing is provided up to 20 items per consignment for R&D, Testing, Benchmarking and Evaluation, Repair and return, Product Development purposes. Exemption is further provided for re-import of such items repaired abroad. Exemption is also provided where the item is an essential part of a Capital Good.

This issues with the approval of Minister of Commerce & Industry.


3.8.2023

(Santosh Kumar Sarangi)
Director General of Foreign Trade &
Ex-officio Addl. Secretary to Govt. of India
Email: dgft@nic.in

(Issued from F.No. 01/89/180/39/AM-13/PC-2[A]/E-2261)

(E) REVELANT PAGES OF E-WASTE RULES 2022 REPRODUCED BELOW:

- (iii) offers to sell imported electrical and electronic equipment and their components or consumables or parts or spares, or
- (iv) who imports used electrical and electronic equipment;
irrespective of the selling technique used such as dealer, retailer, e-retailer, etc.;
- (u) 'recycler' means any person or entity who is engaged in recycling and reprocessing of waste electrical and electronic equipment or assemblies or their components or their parts for recovery of precious, semi-precious metals including rare earth elements and other useful recoverable materials to strengthened the secondary sourced materials and having facilities as elaborated in the guidelines of the Central Pollution Control Board made in this regard;
- (v) 'refurbisher' means any person or entity repairing or assembling used electrical and electronic equipment as listed in Schedule-I for extending its working life over its originally intended life and for same use as originally intended, and selling the same in the market;
- (w) 'Schedule' means the Schedule appended to these rules;
- (x) 'spares' means a part or a sub-assembly or assembly for substitution which is ready to replace an identical or similar part or sub-assembly or assembly including a component or an accessory; and
- (y) 'target' means the quantity of e-waste to be recycled through registered recycler by the producer in fulfilment of extended producer responsibility.
- (2) Words and expressions used in these rules and not defined but defined in the Act shall have the same meanings as respectively, as assigned to them in the Act.

CHAPTER II

Extended Producer Responsibility Framework

4. Registration. - (1) The entities shall register on the portal in any of the following category, namely: -
- manufacturer;
 - producer;
 - refurbisher; or
 - recycler.
- (2) In case any entity falls in more than one categories under sub-rule (1), then the entity shall register under those categories separately.
- (3) No entity referred in sub-rule (1) shall carry out any business without registration.
- (4) The entities registered under sub-rule (1) shall not deal with any unregistered manufacturer, producer, recycler and refurbisher.
- (5) Where any registered entity furnishes false information or willfully conceals information for getting registration or return or report or information required to be provided or furnished under these rules or in case of any irregularity, the registration of such entity may be revoked by the Central Pollution Control Board for a period up to three-years after giving an opportunity to be heard and in addition, environmental compensation charges may also be levied as per rule 22 in such cases.
- (6) The Central Pollution Control Board may charge such registration fee and annual maintenance charges from the entities seeking registration under these rules based on capacity of e-waste generated or recycled or handled by them as laid down by the Central Pollution Control Board with the approval of the Steering Committee.

CHAPTER III
RESPONSIBILITIES

5. Responsibilities of the manufacturer. - All manufacturer shall have to, -

- (1) register on the portal;
- (2) collect e-waste generated during the manufacture of any electrical and electronic equipment and ensure its recycling or disposal;
- (3) file annual and quarterly returns in the laid down form on the portal on or before end of the month succeeding the quarter or year, as the case may be, to which the return relates.

6. Responsibilities of the producer. - The producer of electrical and electronic equipment listed in Schedule I shall be responsible for -

- (1) registration on the portal;
- (2) obtaining and implementing extended producer responsibility targets as per Schedule-III and Schedule-IV through the portal;

Provided that the producer having extended producer responsibility plan under the provisions of the erstwhile E-Waste (Management) Rules, 2016 shall migrate under these rules as per the procedure laid down by the Central Pollution Control Board with approval of Steering Committee;

- (3) creating awareness through media, publications, advertisements, posters or by any other means of communication;
- (4) file annual and quarterly returns in the laid down form on the portal on or before the end of the month succeeding the quarter or year, as the case may be, to which the return relates.

7. Responsibilities of the refurbisher. - All refurbisher shall have to, -

- (1) register on the portal;
- (2) collect e-waste generated during the process of refurbishing and hand over the waste to registered recycler and upload information on the portal;
- (3) ensure that the refurbished equipment shall be as per Compulsory Registration Scheme of the Ministry of Electronics and Information Technology and Standards of Bureau of Indian Standards framed for this purpose;
- (4) file annual and quarterly returns in the laid down form on the portal on or before the end of the month succeeding the quarter or year, as the case may be, to which the return relates;

8. Responsibilities of bulk consumer. - Bulk consumers of electrical and electronic equipment listed in Schedule I shall ensure that e-waste generated by them shall be handed over only to the registered producer, refurbisher or recycler.

9. Responsibilities of the recycler. - All recycler shall have to, -

- (1) register on the portal;
- (2) ensure that the facility and recycling processes are in accordance with the standards or guidelines laid down by the Central Pollution Control Board in this regard from time to time;
- (3) ensure that the fractions or material not recycled in its facility is sent to the respective registered recyclers;
- (4) ensure that residue generated during recycling process is disposed of in an authorised treatment storage disposal facility;
- (5) maintain record of e-waste collected, dismantled, recycled and sent to registered recycler on the portal and make available all records for verification or audit as and when required;
- (6) file annual and quarterly returns in the laid down form on the portal on or before the end of the month succeeding the quarter or year, as the case may be, to which the return relates;

08. FINDINGS OF THE INVESTIGATION

8.1 Whereas, the investigation conducted by the Directorate of Revenue Intelligence (DRI), Regional Unit Gandhidham, into the import activities of M/s. N J Steel Industries Pvt. Ltd., operating in Kandla Special Economic Zone (KASEZ), has revealed systematic violations of the Customs Act, 1962, SEZ Act, 2005, Foreign Trade Policy, 2023, and E-Waste (Management) Rules, 2022. Intelligence was gathered indicating that M/s. N J Steel Industries Pvt. Ltd was importing old and used electronic items, specifically old and used laptops, under the guise of

refurbishing/re-engineering activities as authorized under their Letter of Approval, but was in fact diverting these goods into the Domestic Tariff Area (DTA).

8.2 The examination of the goods imported under Bill of Entry No. 1012150 dated 25.10.2024 was done by the SEZ Officer on 29.10.2024, just four days after the filing of Bill of Entry and SEZ Officer in his Statement recorded on 14.11.2025 (**RUD-7**) stated that the consignment contained 3,300 units of old and used laptops packed in 315 corrugated boxes, exactly as declared in the Bill of Entry. The Officer vide Statement recorded under Section 108 of the Customs Act on 14.11.2025, categorically confirmed that he conducted a 100% physical examination, opened all corrugated boxes and visually inspected the contents, finding old and used laptops in working condition suitable for refurbishment. However, when DRI officers examined the same consignment on 15.07.2025, approximately eight months later, they found only e-waste scrap materials stored in PP bags with a net weight of 6,060 Kgs at the importer's premises. This material contradiction implies that the original imported laptops were systematically removed from the SEZ premises, illegally diverted into the Domestic Tariff Area for unauthorized commercial sale, and deliberately replaced with e-waste scrap materials to maintain the false appearance of compliance with SEZ regulations and to conceal the fraudulent diversion.

8.3 The culpability of M/s. N J Steel Industries Pvt. Ltd. in this diversion is further established by the vague Statements made by Shri Indrajitsinh Devirajsinh Zala, the authorized representative of the importer, in his statement recorded on 07.08.2025 under Section 108 of the Customs Act, 1962. On being shown the Panchnama showing e-waste materials instead of laptops found during the search by the DRI Officers, Shri Zala did not dispute the finding but instead admitted that the material currently stored at their shed constituted e-waste. On being asked about the goods imported vide Bill of Entry No. 1012150 dated 25.10.202, he attempted to fabricate an explanation to account for the presence of e-waste instead of laptops. He concocted a story claiming that due to an error on the part of the shipper, e-waste materials were inadvertently sent instead of the intended old and used electronic laptops suitable for refurbishing and reconditioning under the very same Bill of Entry No. 1012150 dated 25.10.2024. He sought to create the impression that the consignment had contained e-waste from the very beginning, attributing this to shipper's mistake. However, this fabricated narrative is exposed as a deliberate falsehood when the statement of the KASEZ departmental officer was recorded who had examined the consignment immediately after import. The fact that no discrepancy in the goods imported vide Bill of Entry No. 1012150 dated 25.10.2024 were found when examined initially, which then mysteriously transformed into e-waste scrap by 15.07.2025, can only be explained by one logical and inescapable conclusion that the original imported laptops were systematically and deliberately removed from the SEZ premises, illegally diverted into the Domestic Tariff Area for unauthorized commercial sale in contravention of SEZ Act, 2005, and intentionally

replaced with e-waste scrap materials to maintain the false appearance of goods being present in the SEZ and to conceal the fraudulent diversion from regulatory authorities.

This conclusion is further reinforced by the fact that the importer could not produce any documentary evidence, any emails, letters, complaints, or written communications of any kind, to support their claim of having contacted the supplier to protest the alleged wrong shipment, despite claiming to have made multiple telephonic attempts to resolve the issue. No rational business entity receiving e-waste scrap instead of 3,300 laptops of huge value would fail to immediately and formally protest in writing, demand replacement, and create a comprehensive paper trail of the commercial dispute. The complete absence of such documentation exposes the fabricated nature of the explanation and establishes that the e-waste found at the premises was deliberately procured and placed there to replace the diverted laptops.

8.4 The investigation has found that during the search conducted at the premise of the Importer in KASEZ, no genuine refurbishment operations or legitimate business purpose for importing the laptops was observed. During the search, DRI officers found no infrastructure for manufacturing, refurbishing, or reconditioning operations of IT equipments at the importer's premises. Only one lathe machine and one pipe rolling machine were found at the premises. No technicians or engineers were employed, no refurbishment equipment or machinery was installed, and no evidence of any actual refurbishment work was visible. Shri Zala himself admitted in his statement that the unit has remained non-operational for an extended period despite being authorized for refurbishment activities. On being asked whether the company had any work orders or export orders for the refurbished laptops, Shri Zala admitted that no such orders existed, claiming that orders would be obtained only after completion of refurbishment. This explanation is commercially implausible as no rational business entity would import 3,300 laptops for refurbishment without having secured customers or export commitments for the refurbished products. Whereas, absence of work orders combined with the absence of manufacturing activities of refurbishing, re-engineering, or reconditioning of IT equipments, appears that the stated purpose of import was merely a façade to obtain SEZ benefits while the actual intention was to divert the laptops into the domestic market for unauthorized sale.

8.5 The Directorate General of Foreign Trade (DGFT), vide Notification No. 23/2023 dated 3 August 2023, introduced Policy Condition No. 04 of Chapter 84 in Schedule-I (Import Policy) of the ITC (HS), 2022. This notification classified the import of laptops, tablets, all-in-one personal computers, ultra-small form factor computers, and servers falling under HSN 8471 as 'Restricted', permitting their clearance only upon production of a valid Licence for Restricted Imports.

1. Policy condition No. 04 of the Chapter 84 is introduced as under:

(i) Import of Laptops, Tablets, All-in-one Personal Computers, and Ultra small form factor Computers and Servers falling under HSN 8471 shall be 'Restricted' and their import would be allowed against a valid Licence for Restricted Imports.

(ii) The said Restriction shall not be applicable to Imports under Baggage Rules, as amended from time to time.

(iii). Exemption from Import Licencing requirements is provided for Import of 1 Laptop, Tablet, All-in-one Personal Computer, or Ultra small form factor Computer, including those purchased from e-commerce portals, through post or courier. Imports shall be subject to payment of duty as applicable.

(iv) Exemption from import licence is provided for up to 20 such items per consignment for the purpose of R&D, Testing, Benchmarking and Evaluation, repair and re-export, Product Development purposes. Given imports shall be allowed subject to condition that the imported goods shall be used for the stated purposes only and will not be sold. Further, after the intended purpose, the products would either be destroyed beyond use or re-exported.

(v) In reference to para 2.28 of the FTP regarding re-import of goods repaired abroad, licence for Restricted Imports shall not be required for repair and return of said items.

(vi). Laptops, Tablets, All-in-one Personal Computers, and Ultra small form factor Computers and Servers which are an essential part of a Capital Good shall be exempted from the import licencing requirements.

In the present case, M/s N J Steel Industries Pvt. Ltd. imported 3,300 old and used laptops classified under HSN 8471 vide Bill of Entry No. 1012150 dated 25 October 2024 and diverted the DTA i.e. without obtaining the requisite restricted import licence. As discussed in foregoing paras, the goods were diverted for unauthorised sale in the DTA rather than utilised for any exempted purpose.

8.5.1 Whereas, DGFT vide Notification No. 38/2023 dated 19 October 2023 further amended Policy Condition No. 04, introducing additional provisions. It permitted IT hardware manufactured in Special Economic Zones (SEZs) to be cleared into the DTA without an import authorisation upon payment of applicable duties; however, activities limited to re-packing, labelling, refurbishing, testing, and calibration were expressly excluded from the definition of 'manufacturing' for the purpose of availing this exemption.

In view of the above, the imports by M/s N J Steel Industries Pvt. Ltd. constituted a clear contravention of DGFT Notifications No. 23/2023 and No. 38/2023, resulting in unauthorised clearance of restricted IT hardware into the DTA, circumvention of mandatory licensing

requirements, and evasion of the regulatory framework established to govern imports of sensitive information technology equipment.

8.6 Whereas, Ministry of Environment, Forest and Climate Change vide Notification No. G.S.R. 801(E) dated 02.11.2022 notified the E-Waste (Management) Rules, 2022. The relevant provisions are mentioned below:

Rule 2 of the E-Waste (Management) Rules, 2022 states that "*These rules shall apply to every manufacturer, producer **refurbisher**, dismantler and recycler involved in manufacture, sale, transfer, purchase, refurbishing, dismantling, recycling and processing of e-waste or electrical and electronic equipment listed in Schedule I.*"

Laptops are specifically listed in Schedule I of the E-Waste Rules under category "(i) Information technology and telecommunication equipment" with specific codes ITEW2 (Personal Computing: Personal Computers), ITEW3 (Personal Computing: Laptop Computers), ITEW4 (Personal Computing: Notebook Computers), and ITEW5 (Personal Computing: Notepad Computers).

Rule 7 prescribes the "*Responsibilities of the refurbisher*" and mandates that all refurbishers shall have to:

1. *Register on the portal*
2. *Collect e-waste generated during the process of refurbishing and hand over the waste to registered recycler and upload information on the portal*
3. *Ensure that the refurbished equipment shall be as per Compulsory Registration Scheme of the Ministry of Electronics and Information Technology and Standards of Bureau of Indian Standards framed for this purpose*
4. *File annual and quarterly returns in the laid down form on the portal*

Rule 9 prescribes the "*Responsibilities of the recycler*" including registration on the portal, ensuring that facility and recycling processes are in accordance with standards or guidelines laid down by the Central Pollution Control Board, maintaining records of e-waste collected, dismantled, recycled, and filing annual and quarterly returns.

Rule 11 deals with "*Procedure for storage of e-waste*" and states: "Every manufacturer, producer, refurbisher and recycler may store the e-waste for a period not exceeding one hundred and eighty days and shall maintain a record of sale, transfer and storage of e-wastes and make these records available for inspection and the storage of the e-waste shall be done as per the applicable rules or guidelines for the time being in force."

In view of the foregoing, it appears that the importer, by illegally diverting the imported Old and Used Laptops into the Domestic Tariff Area (DTA) and by not adhering to the mandatory

compliances prescribed under the E-Waste (Management) Rules, 2022, including registration, proper storage, record maintenance and environmentally sound handling of e-waste, has contravened the provisions of the said Rules.

8.7 VIOLATIONS OF COMPULSORY REGISTRATION ORDER (CRO), 2021

Whereas, the Electronics and Information Technology Goods (Requirement of Compulsory Registration) Order, 2021, notified vide S.O. 1248(E) dated 18th March, 2021 by the Ministry of Electronics and Information Technology. This Order, further known as the Compulsory Registration Order (CRO), mandates that specific electronics and information technology goods, including laptops/notebooks/tablets classified under HSN 8471, must conform to the corresponding Indian Standard IS 13252:Part 1:2010 (Information Technology Equipment Safety – General Requirements) and bear the 'Standard Mark' under a license from the Bureau of Indian Standards (BIS) as per Schedule-II of Bureau of Indian Standards (Conformity Assessment) Regulations, 2018. The Order further states that nothing shall apply in relation to goods or articles meant for export which conform to the specification required by the foreign buyer, or to goods or articles for which the Central Government has issued specific exemption. However, no such exemption was obtained by M/s N J Steel Industries Pvt. Ltd. for the diverted laptops cleared into the Domestic Tariff Area (DTA). The firm imported 3,300 old and used laptops under Bill of Entry No. 1012150 dated 25.10.2024, which were subsequently diverted and cleared into the DTA without bearing the mandatory BIS registration mark, thereby violating the fundamental requirement of the CRO, 2021.

8.7.1 Whereas, the imported laptops, which were old and used, were brought into India under the pretext of refurbishment, re-engineering, and re-conditioning in the SEZ for subsequent export. However, as per the investigation, it appears that no such refurbishment activities were ever undertaken, and the laptops were instead clandestinely diverted into the DTA and thus violated the provisions of the CRO, 2021. The deliberate diversion of 3,300 uncertified laptops into the domestic market not only constitutes a serious violation of the CRO, 2021, but also poses significant risks to consumer safety, as these devices were imported as old and used items without any quality certification, safety testing, or compliance verification. This act of bringing unregistered and non-compliant electronic goods into the DTA circumvents the entire regulatory framework established to ensure product safety, quality standards, and consumer protection in the Indian market.

8.8 Further, gross undervaluation of the consignment imported under Bill of Entry No. 3236792 dated 13.07.2025 was found during the Investigation. The importer declared the assessable value of this consignment as Rs.8,91,485/- (Rupees Eight Lakh Ninety-One Thousand Four Hundred Eighty-Five only) for old and used electronic laptops. However, when the goods were examined by DRI officers and subsequently valued by a Chartered Engineer and Government-approved Valuer, the actual assessable value was determined to be Rs. 3,59,15,200/- (Rupees Three Crore Fifty-Nine Lakh Fifteen Thousand Two Hundred only). The

undervaluation of Rs. 2,67,23,715/- (Rupees Two Crore Sixty-Seven Lakh Twenty-Three Thousand Seven Hundred Fifteen only), constituting approximately 300% undervaluation or, stated differently, the actual value being approximately four times the declared value. The declared value of approximately Rs. 180 per laptop is commercially not viable even for old and used equipment. Therefore, having reasons to believe that the subject goods which are grossly undervalued are liable for confiscation under Section 111(m) of the Customs Act, 1962, were placed under seizure in terms of Section 110(1) of the Customs Act, 1962 vide Seizure Memo dated 26.12.2025.

8.9 Based on the investigation conducted by the Directorate of Revenue Intelligence (DRI), Regional Unit, Gandhidham, it appears that M/s N J Steel Industries Pvt. Ltd., operating in Kandla Special Economic Zone (KASEZ), has systematically and deliberately engaged in fraudulent import activities involving old and used laptops under the guise of legitimate refurbishment operations. As discussed in para supra, the Importer has violated the various provisions of the Customs Act, 1962, the Special Economic Zone Act, 2005, the Electronics and Information Technology Goods (Requirement of Compulsory Registration) Order, 2021, and the E-Waste (Management) Rules, 2022. The physical examination findings, statements the importer's own authorized representative and departmental officer, verification of operational capabilities demonstrates beyond reasonable doubt that the company imported 3,300 old and used laptops under Bill of Entry No. 1012150 dated 25.10.2024, claiming the intent to refurbish/re-engineering them for export, but in reality systematically diverted these laptops into the Domestic Tariff Area (DTA) for unauthorized commercial sale without obtaining mandatory restricted import licenses under DGFT Notifications, without BIS certification as required under the Compulsory Registration Order, 2021, and without registration or authorization under the E-Waste Rules, 2022.

9. Role and Culpability of the Noticee and Persons Involved:

9.1 ROLE AND CULPABILITY OF M/s N J STEEL INDUSTRIES PVT. LTD.

M/s N J Steel Industries Pvt. Ltd., located at Shed No. 388 & 389, Type AS-III, Sector-III, Kandla Special Economic Zone (KASEZ), Gandhidham-370230, Kutch, Gujarat, operating under Letter of Approval (LoA) No. KASEZ/IA/23/2008-09 dated 09.02.2009 (as amended and extended), was authorized solely for manufacturing activities including refurbishing, re-engineering, and re-conditioning of electronic and IT equipment, among others, for re-export purposes under the SEZ scheme. However, the importer systematically misused its SEZ status by importing old and used laptops under the pretext of authorized refurbishment activities while lacking any genuine operational setup. No infrastructure, machinery, testing equipment, technicians, or export orders were found during investigation. The company imported two consignments (Bill of Entry No. 1012150 dated 25.10.2024 and No. 3236792 dated 13.07.2025) declared for refurbishment/re-engineering, but the first consignment's 3,300

laptops were clandestinely diverted into the Domestic Tariff Area (DTA) without licenses, or compliance, and replaced with e-waste scrap to conceal the fraud. The second consignment was grossly undervalued (declared Rs.8,91,485/- against actual Rs.3,59,15,200/- per Chartered Engineer's report), indicating deliberate mis-declaration to evade scrutiny. By the aforementioned acts, M/s N J Steel Industries Pvt. Ltd has rendered the goods liable to confiscation under Section 111(d), and 111(m) of the Customs Act, 1962, and has consequently rendered itself liable to penalty under Sections 112(a), 112(b) and 114AA of the Customs Act, 1962.

9.2 Role and Culpability of the Directors (Shri Harpalsinh Zala, and Shri Haresh Kumar Mohanlal Rajyaguru)

The directors, as principal officers of M/s N J Steel Industries Pvt. Ltd. (CIN U31909GJ2009PTC055904), hold ultimate responsibility for the company's decisions, compliance, and operations following its takeover in January 2024. They authorized or acquiesced in maintaining the LoA for refurbishment while allowing the unit to remain non-functional, with no investment in infrastructure, hiring of technical staff, or securing export orders - clear indicators of using the SEZ facility as a façade for restricted imports and diversion. Shri Haresh Kumar Mohanlal Rajyaguru directly appointed Shri Zala (his relative) to manage operations, linking him to the scheme. The directors benefited from or permitted the fraudulent imports, diversion of laptops into DTA without licences/duties, gross undervaluation, non-compliance with BIS certification (CRO 2021), and unregistered e-waste handling (E-Waste Rules, 2022). Their willful non-compliance with multiple summons under Section 108 of the Customs Act, 1962, where they failed to appear, produce documents, or provide explanations, suggesting consciousness of guilt and obstruction of investigation. Summons were issued under Section 108 of Customs Act 1962 on August 22, 2025 (requiring appearance August 28), September 9, 2025 (requiring appearance September 18), and October 10, 2025 (requiring appearance November 4). Despite these three opportunities spanning three months, neither director appear or sent any authorized representative, — demonstrating neglect, deliberate and organized effort to evade the investigation. As controlling authorities, they are liable for the company's violations of the provisions of SEZ Act, 2005, Customs Act, 1962 and Foreign Trade Policy 2023. Their deliberate failure to respond to the summons issued under Section 108 of the Customs Act, 1962 and to furnish information and documents relating to the import, refurbishment, storage and diversion of Old and Used Laptops reflects a clear consciousness of guilt and gives rise to a reasonable inference that they were aware of, or had reason to believe, that the goods were fraudulently imported, grossly undervalued and illicitly diverted into the Domestic Tariff Area. The acts of omission and commission on the part of the said directors have, therefore, rendered each of them separately liable to penalty under Section 112(a), 112(b), 114AA and 117 of the Customs Act, 1962.

9.3 Role and Culpability of Shri Indrajitsinh Devirajsinh Zala:

Shri Indrajitsinh Devirajsinh Zala, the authorized person of M/s N J Steel Industries Pvt. Ltd., played a operational role in executing the fraudulent import scheme and bears significant culpability for the violations committed. As acknowledged in his statement recorded on 07.08.2025, he was responsible for overall operations including supervising on-site activities, coordinating logistics, managing staff and production schedules, and ensuring compliance with SEZ regulations, having been appointed to this position by Director Shri Hareshbhai Rajyaguru (his relative) after the company's takeover in January 2024. Despite this responsibility, Zala admitted that the unit remained non-operational for an extended period with no engineers, technicians, refurbishment infrastructure, machinery, or equipment installed, demonstrating that no genuine business activity was intended. He personally placed both import orders through telephonic conversations with overseas suppliers (Shri Umir Sharjah for the first consignment and Mr. Sehroz in Dubai for the second), notably without formal purchase orders or proper documentation, which itself indicates irregularity. When confronted with the discovery of e-waste scrap instead of the originally imported 3,300 laptops from the first consignment, Zala attempted to fabricate an explanation claiming the supplier had inadvertently sent wrong goods, despite no documentary evidence (emails, letters, or complaints) supporting this claim and despite the SEZ officer's examination confirming 3,300 working laptops upon import, a discrepancy that conclusively establishes the laptops were systematically diverted into the Domestic Tariff Area and deliberately replaced with scrap to conceal the fraud. His admission that no work orders or export orders existed for the purportedly refurbished products, combined with his acknowledgment of the unit's non-operational status and his direct involvement in placing orders and managing operations, renders him personally culpable for knowingly facilitating the illegal diversion of restricted goods, gross undervaluation, circumvention of import licensing requirements, and violations of BIS certification and E-Waste Management Rules, thereby making him liable to penalty under Sections 112(a), 112(b), and 114AA of the Customs Act, 1962.

10. Show Cause Notice

10.1 Now therefore, **M/s N J Steel Industries Pvt. Ltd.**, located at Shed No. 388 & 389, Type AS-III, Sector-III, Kandla Special Economic Zone (KASEZ), Gandhidham-370230, Kutch, Gujarat, is hereby called upon to Show Cause in writing to the Additional/Joint Commissioner of Customs, Customs House Kandla having office situated at Office of the Commissioner of Customs, Custom House, Near Balaji Temple, Kandla-370210 within 30 (thirty) days from the date of receipt of the notice, as to why—

- (i) The declared assessable value in the Bill of Entry No. 1012150 dated 25.10.2024 should not be rejected and the same should not be re-determined at Rs.2,23,04,700/- (Rupees Two Crore Twenty-Three Lakhs Four Thousand Seven Hundred

Only) under Rule 9 of the Customs Valuation (Determination of Value of Imported Goods) Rules, 2007;

(ii) The declared assessable value in the Bill of Entry No. 3236792 dated 13.07.2025 should not be rejected and the same should not be re-determined at Rs. 3,59,15,200/- (Rupees Three Crore Fifty-Nine Lakh Fifteen Thousand Two Hundred only) under Rule 9 of the Customs Valuation (Determination of Value of Imported Goods) Rules, 2007 on the basis of inspection-cum-valuation report CE/MUN/DRI-023/2025-26 dated 22.09.2025 submitted by the Chartered Engineer and Government-approved Valuer;

(iii) The goods imported vide Bill of Entry No. 1012150 dated 25.10.2024 having re-determined value of Rs 2,23,04,700/- should not be confiscated under Section 111(d) and (m) of the Customs Act, 1962;

(iv) The goods imported vide Bill of Entry No. 3236792 dated 13.07.2025 having re-determined value of Rs 3,59,15,200/- should not be confiscated under Section 111(m) of the Customs Act, 1962;

(v) Penalty should not be imposed upon M/s N J Steel Industries Pvt. Ltd. under Sections 112(a), 112(b), 114AA and 117 of the Customs Act, 1962.

10.2 Now therefore, the **Directors of M/s N J Steel Industries Pvt. Ltd., namely Shri Harpalsinh Zala, and Shri Haresh Kumar Mohanlal Rajyaguru**, may individually and separately be called upon to Show Cause in writing to the Additional/Joint Commissioner of Customs, Customs House Kandla having office situated at Office of the Commissioner of Customs, Custom House, Near Balaji Temple, Kandla-370210 within 30 (thirty) days from the date of receipt of the notice, as to why Penalty should not be imposed upon each of them separately under Section 112(a), 112(b), 114AA and 117 of the Customs Act, 1962, for the reasons discussed in foregoing paras.

10.3 Now therefore, **Shri Indrajitsinh Devirajsinh Zala, Authorized Person of M/s N J Steel Industries Pvt. Ltd.**, is hereby called upon to Show Cause in writing to the Additional/Joint Commissioner of Customs, Customs House Kandla having office situated at Office of the Commissioner of Customs, Custom House, Near Balaji Temple, Kandla-370210 within 30 (thirty) days from the date of receipt of the notice, as to why Penalty should not be imposed upon him under Sections 112(a), 112(b), and 114AA of the Customs Act, 1962, for the reasons discussed in foregoing paras.

11. The noticee is hereby required to produce at the time of showing cause all the evidences upon which they intend to rely in support of their defence. They are further required to indicate in their written explanation as to whether they desire to be heard in

person before the case is adjudicated. If no mention is made about this in their written explanation, it will be presumed that they do not desire a personal hearing.

12. If no cause is shown by them against the action proposed to be taken within 30 days of receipt of this notice or if they do not appear before the adjudicating authority when the case is posted for hearing, the case would be liable to be adjudicated on the basis of evidences on records.

13. The department reserves its right to issue addendum/ corrigendum to show cause notice or to make any additions, deletions amendments or supplements to this notice, if any, at a later stage. The department/DRI also reserves its right to issue separate Notice/s for other noticees, offences etc. related to the above case, if warranted.

14. This Show Cause Notice is issued without prejudice to any other actions that may be taken against the persons involved in the subject case, under the provisions of the Customs Act, 1962 or any other Allied Acts for the time being in force.

15. The documents/articles as listed at Annexure-R are relied upon and are enclosed with this show cause notice, and where not enclosed with this Notice will be made available for inspection on demand made in writing.

Vishwajeet Singh
12.01.2026
Vishwajeet Singh
(Commissioner In-Situ)
Custom House, Kandla

F. No.: GEN/ADI/ADC/73/2026-Adjn-O/o Commr-Cus-Kandla

By Speed Post/Regd. Post/E-mail / 3229 to 3232.
To,

1. M/s N J Steel Pvt. Ltd., Located at Shed No. 388 & 389, Type AS-III, Sector-III, KASEZ
2. Shri Harpalsinh Zala, Director of M/s N J Steel Pvt. Ltd.
3. Shri Haresh kumar Mohanlal Rajyaguru, Director of M/s N J Steel Pvt. Ltd.
4. Shri Indrajitsinh Devirajsinh Zala, Authorized Person of M/s N J Steel Industries Pvt. Ltd.,

Copy to:

- (1) The Additional Director General, DRI Zonal Unit, Ahmedabad
- (2) The Additional/Joint Director, Directorate of Revenue Intelligence, Regional Unit, Gandhidham (Kutch).
- (3) Superintendent, EDI, Custom House, Kandla for uploading the same on the official website.

Annexure-R-

List of Relied upon Documents in respect of SCN issue in the matter of M/s N J Steel Industries Pvt. Ltd. (IEC 3709000017), located at Shed No. 388 & 389, Type AS-III, Sector-III, Kandla Special Economic Zone (KASEZ), Gandhidham, Kutch-370230.

RUD No.	Details of the RUD	No. of Pages
RUD-1	Letter of Approval (LOA) granted by the Unit Approval Committee (UAC), KASEZ under Section 15(9) of the SEZ Act, 2005	03
RUD-2	Expansion of LoA through broad-banding on 22.09.2020 to include manufacturing of steel products from iron or non-alloy steel like sheets, coils, circles, and pipes, with the LOA extended until its expiration on 14.07.2025.	03
RUD-3 Coll'y	Panchnama dated 15/16/17/18.07.2025 drawn at the premise of the Importer at Shed No 388 & 389, Type AS-III, Sector-III, KASEZ.	18
RUD-4	Statement of Shri Indrajitsinh Devirajsinh Zala, Authorised person of M/s N J Steel Industries Pvt Ltd., recorded under Section 108 of the Customs Act, 1962, on 07.08.2025	05
RUD-5	Seizure Memo dated 26.12.2025	01
RUD-6	Inspection-cum-valuation report CE/MUN/DRI-023/2025-26 dated 22.09.2025 submitted by the Chartered Engineer.	118
RUD-7	Statement of Shri Amit Pathak, Preventive Officer, KASEZ recorded under Section 108 of the Customs Act, 1962, on 14.11.2025	03