कार्यालय: प्रधान आयुक्त सीमा शुल्क, मुन्द्रा
सीमा शुल्क भवन, मुन्द्रा बंदरगाह, कच्छ, गुजरात-370421
OFFICE OF THE PRINCIPAL COMMISSIONER OF CUSTOMS,
CUSTOMS HOUSE, MUNDRA PORT, KUTCH, GUJARAT-370421
Email ID: group3-mundra@gov.in

A.	File NO.	:	**CUS/APR/SCN/1030/2026-Gr 3-O/o Pr CommrCus-Mundra**
B.	Order-in-Original No.	:	**MCH/ADC/ZDC/203/2026-27**
C.	Passed by	:	**Dipak Zala,** **Additional Commissioner of Customs,** **Customs House, AP & SEZ, Mundra**
D.	Date of order and Date of issue	:	**30.06.2026** **30.06.2026**
E.	Bill of Entry No.	:	**Bills of Entry No. Z-5998358 and 5998420 both dated 29.11.2025**
F.	SCN F. No. & Date	:	**57/2026-27/ADC/ZDC/MCH & 27.05.2026**
G.	Noticee(s)/Party/ Importer	:	**M/s. Neelam International, Kh.No. 11/22, First Floor, Plot No-114/1, Lakhi Ram Park, Blk-B, Suleman Nagar, Village Kirari, Delhi, North West Delhi, Delhi-110086**

1. यह अपील आदेश संबन्धित को नि:शुल्कप्रदान किया जाता है।

   This Order - in - Original is granted to the concerned free of charge.

1. यदि कोई व्यक्ति इस अपील आदेश से असंतुष्ट है तो वह सीमाशुल्क अपील नियमावली 1982 के नियम 3 के साथ पठित सीमाशुल्क अधिनियम 1962 की धारा 128A के अंतर्गत प्रपत्रसीए- 1-में चार प्रतियों में नीचे बताए गए पते पर अपील कर सकता है-

   Any person aggrieved by this Order - in – Original may file an appeal under Section 128 A of Customs Act, 1962 read with Rule 3 of the Customs (Appeals) Rules, 1982 in quadruplicate in Form C. A. -1 to:

सीमाशुल्क आयुक्त (अपील)
चौथी मंजिल, हुडको बिल्डिंग, ईश्वर भुवन रोड,
नवरंगपुरा, अहमदाबाद-380 009
THE COMMISSIONER OF CUSTOMS (APPEALS), Ahmedabad
4th Floor, HUDCO Building, Ishwar Bhuvan Road,
Navrangpura, Ahmedabad-380 009

1. उक्त अपील यह आदेश भेजने की दिनांक से 3 माह के भीतर दाखिल की जानी चाहिए।

Appeal shall be filed within three months from the date of communication of this order.

1. उक्त अपील के उपर न्यायालय शुल्क अधिनियम के तहत 5/- रुपए का टिकट लगा होना चाहिए और इसके साथ निम्नलिखित अवश्य संलग्न किया जाए-

Appeal should be accompanied by a fee of Rs. 5/- under Court Fee Act it must accompanied by –

i. उक्त अपील की एक प्रति और

A copy of the appeal, and

i. इस आदेश की यह प्रति अथवा कोई अन्य प्रति जिस पर अनुसूची-1 के अनुसार न्यायालय शुल्क अधिनियम - 1870 केमदसं॰ -6 में निर्धारित 5/- रुपये का न्यायालय शुल्क टिकट अवश्य लगा होना चाहिए।

This copy of the order or any other copy of this order, which must bear a Court Fee Stamp of Rs. 5/- (Rupees Five only) as prescribed under Schedule – I, Item 6 of the Court Fees Act, 1870.

1. अपीलज्ञापनकेसाथड्यूटि/ ब्याज/ दण्ड/ जुर्मानाआदिकेभुगतानकाप्रमाणसंलग्नकियाजानाचाहिये।

Proof of payment of duty / interest / fine / penalty etc. should be attached with the appeal memo.

1. अपील प्रस्तुत करते समय, सीमाशुल्क (अपील) नियम,1982 और सीमाशुल्क अधिनियम, 1962 के अन्य सभी प्रावधानों के तहत सभी मामलों का पालन किया जाना चाहिए।

While submitting the appeal, the Customs (Appeals) Rules, 1982 and other provisions of the Customs Act, 1962 should be adhered to in all respects.

1. इस आदेश के विरुद्ध अपील हेतु जहां शुल्क या शुल्क और जुर्माना विवाद में हो,अथवा दण्ड में,जहां केवल जुर्माना विवाद में हो, Commissioner (A) के समक्ष मांग शुल्क का 7.5% भुगतान करना होगा।

An appeal against this order shall lie before the Commissioner (A) on payment of 7.5% of the duty demanded where duty or duty and penalty are in dispute, or penalty, where penalty alone is in dispute.

Brief Facts of the Case:

On the basis of Specific information received to DRI unit, AZU, the goods imported by M/s. Neelam International, Kh.No. 11/22, First Floor, Plot No-114/1, Lakhi Ram Park, Blk-B, Suleman Nagar, Village Kirari, Delhi, North West Delhi, Delhi-110086 (IEC: 0513074856), (herein after referred as “the importer” for brevity) under Bills of Entry No. Z-5998358 and 5998420 both dated 29.11.2025,

filed at APSEZ (INAJM6), were identified as high risk for mis-declaration/ mis-classification and/or concealment of prohibited/restricted goods. The goods were destined to M/s OWS Warehouse Services LLP, APSEZ, Mundra (Kutch) Port-INAJM6. Out of the above said 02 BEs, cargo pertaining to BE 5998420 dated 29.11.2025 had already reached OWS Warehouse Services LLP, SEZ unit and the cargo pertaining to BE No. 5998358 dated 29.11.2025 was moved to M/s Hind Terminals Pvt Ltd CFS as per the directions of DRI, AZU. The details of the goods declared in the Bills of Entry No. Z-5998358 and 5998420 both dated 29.11.2025 are detailed below:

Table-I

Sr. No	Bill of Entry No. and Date	Container No.	CTH	Description	Quantity	UQC
1	5998358 dated 29.11.2025	MSBU8730883	60019200	Cut Pile Fabrics	2030	KGS
2			60011020	Long Pile Fabrics	23210	KGS
3	5998420 dated 29.11.2025	SEGU6990316	60019200	Cut Pile Fabrics	2280	KGS
4			60011020	Long Pile Fabrics	19255	KGS

2. **Examination of the Goods:**

2.1. The officers of DRI, AZU has visited the Hind CFS on 15.12.2025. The DRI AZU Officers checked the container no. MSBU8730883 covered under BE no. 5998358 dated 29.11.2025. The seal of the container was checked and was found to be tallied with import documents provided by the representative of importer however and found same as mentioned in import documents but it appeared to be cut and welded. On being asked about the condition of the seal both the importer's representative and CFS representative informed that they have no idea about it. Accordingly, the DRI AZU Officers did not examine the subject goods before proper verification of the seal tampering incident. The DRI AZU Officers recorded the proceedings under Panchnama dated 15.12.2025.

2.2. Further, the officers of DRI, AZU has also visited M/s. OWS Warehouse Services LLP, SEZ unit on 15.12.2025. The DRI AZU Officers checked the container no. SEGU6990316 covered under BE no. 5998420 dated 29.11.2025. The seal of the container was checked and tallied with import documents provided by the representative of importer and found the same to be different from the one mentioned in import documents. On being asked about it, the SEZ unit representative informed that they have no idea about the cutting of seal and that

the present seal found on the container belong to the SEZ unit which has been placed on the container to keep it secured. Accordingly, the DRI AZU Officers did not examine the subject goods before proper verification of the seal tampering incident. The DRI AZU Officers recorded the proceedings under Panchnama dated 15.12.2025.

2.3. Thereafter, DRI AZU has forwarded the investigation of unauthorized cutting of seal of both the above containers pertaining to above said BEs vide their office letter dated 09.01.2026 to the Development Commissioner of Mundra SEZ and Commissioner of Customs, Mundra. Further, this office has e-mailed to DRI AZU regarding examination of the goods pertaining to above said BEs with subsequent reminders. Thereafter, DRI AZU has transferred the investigation of both the above cases to SIIB Custom House, Mundra for examination and further investigation vide their office letter dated 18.03.2026. Accordingly, this office has examined the goods pertaining to both the consignments. The details of which are as below:

2.4. **Examination of container no. MSBU8730883 covered under BE no. 5998358 dated 29.11.2025:**

Whereas, examination of the goods pertaining to Bill of Entry No. Z-5998358 dated 29.11.2025 was done by the SIIB Officers in the premises of CFS M/s Hind Terminals Pvt Ltd. in presence of authorized representative of CFS and the importer on 24.03.2026. The SIIB Officers verified the weighment of goods from the weighment slip dated 02.12.2025 provided by the importer's and CFS authorized representative. The details of the weighment are as follows:

Table-II

Sr. No	Container no.	BE No. and Date	Declared weight in BE	Weighment as per Examination
1	MSBU8730883	5998358 dated 29.11.2025	26210	27100

After verification of the weighment, the SIIB Officers ordered to cut the welded seal of the said container and to de-stuff the goods. Upon de-stuffing, the SIIB Officers noticed that the goods are fabric rolls wrapped with white colour pp wrapping. Total 1239 rolls of 01 type of fabric were found during the course of examination. The fabric appeared same on touch and feel but of different length and colour. From the examination it clearly appeared that the fabric was found of

only one type instead of the declared goods by the importer i.e. 02 types. Therefore, representative sample in triplicate was drawn for testing and further investigation in presence of the importer's Representative. Further, the details of the goods found on examination are as follows:

Table-III

Sr. No.	**Container no.**	No. of rolls found during examination	Average Weight per Roll in KGS
1	MSBU8730883	1239	22 Kgs Approx.

Prima Facie, the SIIB Officers noticed that the goods are mis-declared. The SIIB Officer had drawn the representative samples of 01 item pertaining to above said BE on 24.03.2026 under Panchnama in the presence of Authorized Representative of the importer and CFS. The sample was forwarded to the lab CRCL, Kandla vide Test Memo. 602/2025-26 dated 25.03.2026 for testing.

2.5. **Examination of container no. SEGU6990316 covered under BE no. 5998420 dated 29.11.2025:**

Whereas, the examination of the goods pertaining to Bill of Entry No. Z-5998420 dated 29.11.2025 was done by the SIIB Officers in the premises of SEZ unit M/s OWS warehouse Services LLP in presence of authorized representative of SEZ unit and the importer on 11.04.2026 . The SIIB Officers verified the weighment of goods from the weighment slip dated 11.04.2026 provided by the importer's and SEZ unit authorized representative. The details of the weighment are as follows:

Table-IV

Sr. No	**Container no.**	**BE No. and Date**	**Declared weight in BE**	**Weighment as per Examination**
1	SEGU6990316	5998420 dated 29.11.2025	22470.3	22260

After verification of the weighment the SIIB Officers order to cut the one time SEZ unit seal of the said container and to de-stuff the goods. After, de-stuffing the SIIB Officers noticed that the goods are fabric rolls packed wrapped with white color pp wrapping and a few of with green color wrapping. Total 605 rolls of 01 types of fabric were found during examination. The fabric appeared same on touch and feel but of different length and colour. From the examination it clearly appeared that the fabric was found of only one type instead of the ones declared by

the importer i.e. 02 types. Therefore, representative sample in triplicate was drawn for testing and further investigation in presence of Importer's Representaive. Further, the details of the goods found on examination are as follows:

Table-V

Sr. No.	**Container no.**	No. of rolls found during examination	Average Weight per Roll in KGS
1	SEGU6990316	605	36.7 Kgs Approx.

Prima Facie, the SIIB Officers noticed that the goods are mis-declared. The SIIB Officer had drawn the representative samples of 01 item pertaining to above said BE on 11.04.2026 under Panchnama in the presence of Authorized Representative of the importer and CFS. The sample was forwarded to the lab CRCL, Kandla vide Test Memo. 31/2026-27 dated 13.04.2026 for testing.

3. Analysis of Test Report:

The CRCL, Kandla Lab vide their Lab report no. 10903 dated 21.04.2026 & 293 dated 08.05.2026 in r/o TM no. Test Memo. 602/2025-26 dated 25.03.2026 and Test Memo. 31/2026-27 dated 13.04.2026 respectively has submitted the following observations:

3.1. Lab report no. 10903 dated 21.04.2026:

The sample as received is in the form of a cut piece of dyed (maroon coloured) knitted fabric having cut pile on one side (selvedge on one side).

The base fabric is composed of polyester filament yarn and pile is made of polyester fiber.

GSM (as such) =180.4

Hazardous dye (Banned Aromatic Amines) not detected in the sample.

Note = A separate report is issued for NABL Accreditated parameters.

Sealed remnant sample returned herewith.

3.2. Lab report no. 293 dated 08.05.2026:

The sample as received is in the form of a cut piece of white (undyed) warp knitted fabric having cut pile on one side.

The base fabric is composed of polyester filament yarn and pile is made of polyester fiber.

GSM (as such) =227.7 Width (selvedge to selvedge) = 149 cm
Note = As the sample is white in colour azo dye could not be ascertained.
Sealed remnant sample returned herewith.

The importer vide e-mail dated 07.05.2026 and 15.05.2026 has accepted the test reports pertaining to above mentioned BE. The importer has also requested for provisional release of the goods.

3.3. Classification of the Goods:

3.3.1. In view of both the above Lab Test Reports No. 10903 dated 21.04.2026 & 293 dated 08.05.2026, it appears that the samples appear appropriately covered under Chapter-6001 under the description of pile fabric i.e. '**Pile Fabrics, Including —Long Pile Fabrics and Terry Fabrics, Knitted or Crocheted**'. The relevant extract of CTH is as below:

6001 PILE FABRICS, INCLUDING —LONG PILE FABRICS AND TERRY FABRICS, KNITTED OR CROCHETED -

6001 10 - "Long pile" fabrics:

6001 10 10 --- Of cotton

6001 10 20 --- Of man-made fibres

6001 10 90 --- Of other textile materials

- Looped pile fabrics:

6001 21 00 -- Of cotton

6001 22 00 -- Of man-made fibres

6001 29 00 -- Of other textile materials

- Other:

6001 91 00 -- Of cotton

6001 92 00-- Of man-made fibres

From the above, since the fabric is cut pile on one side. Hence, it, prima facie, appears to classifiable under 60019200 as there is 2nd double dash (--) entry of 3rd single dash (-) level entry for fabric covered with "other" instead, **wherein the applicable duty structure is 20% BCD + 02% SWS+5% IGST**.

3.4. Re-determination of description and classification of goods:

Table-VI

Sr. No.	Bill of Entry No. and Date	Declared Description	Declared CTH	Re-determined Description	Re-determined CTH
1	5998358 dated 29.11.2025	Cut Pile Fabrics	60019200	Polyester Knitted Cut Pile Fabric	60019200
2		Long Pile Fabrics	60011020		
3	5998420 dated 29.11.2025	Cut Pile Fabrics	60019200	Polyester Knitted Cut Pile Fabric	60019200
4		Long Pile Fabrics	60011020		

4. Re-determination of Quantity of the Goods:

The details of the quantity of the both BEs is as follows:

Table-VII

Sr. No.	Bill of Entry No. and Date	Re-determined Description	Re-determined Quantity in KGS
1	5998358 dated 29.11.2025	Polyester Knitted Cut Pile Fabric	27100
2	5998420 dated 29.11.2025	Polyester Knitted Cut Pile Fabric	22260

5. Rejection and Determination of Valuation:

5.1. The inconsistency observed in filing of the Bills of Entry suggests deliberate mis-declaration of restricted goods in quantity and the 2nd item was not found on examination. In both the Bills of Entry No. Z- 5998358 and 5998420 both dated 29.11.2025, the importer declared the goods to be of 02 types as listed in Table-I above.

5.2. As imported items were found to be mis-declared in quantity and restricted item in the Bills of Entry No. Z-5998358 and 5998420 both dated 29.11.2025, hence they were liable to be re-assessed under section 17(4) of the Customs Act, 1962. Owing to the mis-declaration of the goods, discrepancies are observed in

parameters such as valuation and mis-classification, therefore, the declared value of the goods is liable to be determined in terms of Rule 12, explanation 1 (i), of the said Rules, by going sequentially from Rule 2 to 9 thereof.

Determination of valuation:

a) Efforts were made to find out the correct assessable value of the imported goods found undeclared. It was observed that the imported goods were found in different variety, description, specification and quality, so, it was not possible to find and compare the same with other goods having identical/similar description, brand, make, model, quantity and Country of Origin. Further, NIDB data was analyzed for goods with similar description and country of origin, however since no matching descriptions were found, valuation could not be determined using NIDB data. As the import data extracted with respect to contemporaneous imports was general in nature and contemporaneous data for imports of identical/similar goods was not available/found, therefore, the value could not be determined under Rules 4 and 5 of CVR, 2007.

b) As per Rule 6 ibid, if the value cannot be determined under Rules 3, 4 and 5 same shall be determined under the provisions of Rule 7 or when same cannot be determined under that rule then under Rule 8.

c) As the imported goods were found to be non-standard, the sale price of identical or similar goods was not available in the domestic market as the goods are miscellaneous in nature and found in different variety, description, specification, model, brand, make, sizes and quality, therefore, determination of transaction value under Rule 7 of CVR, 2007 was not possible.

d) As substantial data related to the cost or value of materials and fabrication or other processing employed in producing the imported goods required to compute the value under Rule 8 is also not available. Therefore, valuation of the impugned goods could not be ascertained under Rule 8 of CVR, 2007.

e) Hence, valuation of the goods is to be determined under residual method of valuation provided under Rule 9 of the CV Rules *ibid.*

Accordingly, the Chartered Engineer cum valuer was appointed for valuation of the goods. The Chartered Engineer cum valuer vide his CE Report Nos. ABJ:INSP:CE:MUN:SIIB:NY:26-27:01 dated 19.05.2026 and ABJ:INSP:CE:MUN:SIIB:NY:26-27:02 dated 19.05.2026 has suggested that the

declared valuation for the item at Sr. No. 1 in both the Bills of Entry is found to be fair. Notwithstanding the valuation, a variance was observed in the actual quantity of said goods, and the item declared at Sr. No. 2 in both Bills of Entry was not found during the examination. Accordingly, the re-determined assessable value of both the BEs is as follows:

5.2.1. **Valuation of the Bill of Entry No. 5998358 dated 29.11.2025:**

Table-VIII

Sr. No.	**Re-determined Description**	**Total Quantity**	**Measure Unit**	***Unit Suggestive Average C.I.F. Value by C.E. (in USD)***	***Total Suggestive Average C.I.F. Value by C.E. (in USD)***	***Total Suggestive Average C.I.F. Value by C.E. (in INR) $=89.5***
1	Polyester Knitted Cut Pile Fabric	27100	KGS	3.550246	96211.67	8610944
					96211.67/-	86,10,944/-

The chartered engineer cum valuer, empanelled by the government, determined the fair value of the goods to be **Rs. 86,10,944/-** in contrast to the declared assessable value as **Rs. 31,79,308/-.**

5.2.2. **Valuation of the Bill of Entry No. 5998420 dated 29.11.2025:**

Table-IX

Sr. No.	**Re-determined Description**	**Total Quantity**	**Measure Unit**	***Unit Suggestive Average C.I.F. Value by C.E. (in USD)***	***Total Suggestive Average C.I.F. Value by C.E. (in USD)***	***Total Suggestive Average C.I.F. Value by C.E. (in INR) $=89.5***
1	Polyester Knitted Cut Pile Fabric	22260	KGS	3.55	79023	7072559
					79023/-	70,72,559/-

The chartered engineer cum valuer, empanelled by the government, determined the fair value of the goods to be **Rs. 70,72,559/-** in contrast to the declared assessable value as **Rs. 28,26,858/-.**

5.3. With the introduction of self-assessment under Section 17(1) of the Customs Act, 1962, the responsibility lies squarely on the importer to accurately self-assess the Bills of Entry and declare the correct amount of leviable duty. By failing to declare dutiable goods correctly in the Bills of Entry, the importer's actions indicate an intent to evade payment of the correct duties on the imported goods. This deliberate omission raises reasonable grounds to believe that the importer wilfully and intentionally concealed dutiable goods, thereby causing a loss to government revenue.

6. **Import Policy Compliance:**

6.1. The importer has declared the goods as Cut Pile Fabric and Long Pile Fabric in both the above said BEs. The goods were found mis-declared during the course of examination and same was confirmed by the CRCL Kandla Lab reports. The actual goods imported by the importer are Polyester Knitted Cut Pile Fabric. The goods "Polyester Knitted Cut Pile Fabric" are restricted for import as per DGFT Notification No. 05/2025-26 dated 23.04.2025. The government of India has imposed MIP condition for the import of said goods vide DGFT Notification No. 05/2025-26 dated 23.04.2025. The relevant extract of the Notification is as follows:

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

Notification No. 05/2025-26 New Delhi, Dated: 23 April, 2025

Subject: Amendment in Import Policy Condition of Synthetic Knitted Fabrics Covered under Chapter 60 of the ITC (HS), 2022-reg.

S.O.: *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 (FTP), 2023, as amended from time to time, had imposed MIP vide Notification No. 77/2023 dated 16.03.2024, No. 33/2024-25 dated 01.10.2024 and No. 49/2024-25 dated 04.01.2025. It has been decided by the Central Government to impose the condition of Minimum Import Price (MIP) on the following 04 ITC (HS) codes of Synthetic Knitted Fabrics till 31.03.2026 as under:*

ITC(HS) Code	*Item Description*	*Import Policy*	*Policy Condition*
60019200	*Other: Of man-made fibres*	*Restricted*	*However, import is 'Free' if CIF value is 3.5 US Dollar and above per Kilogram*
60053600	*Of synthetic fibres: Other, unbleached or bleached*	*Restricted*	*However, import is 'Free' if CIF value is 3.5 US Dollar and above per Kilogram*
60053790	*Other*	*Restricted*	*However, import is 'Free' if CIF value is 3.5 US Dollar and above per Kilogram*
60053900	*Of synthetic fibres: Other, printed*	*Restricted*	*However, import is 'Free' if CIF value is 3.5 US Dollar and above per Kilogram*

2. MIP condition on above items shall not be applicable for imports by Advance Authorisation holders, Export Oriented Units (EOUs) and units in the SEZ subject to the condition that the imported inputs are not sold into Domestic Tariff Area (DTA).

Effect of the Notification: *Import of Synthetic Knitted Fabrics under ITC (HS) Codes 60019200, 60053600, 60053790 and 60053900, is "Restricted". However, import is "Free" if CIF value is 3.5 US Dollar and above per Kilogram. Further inputs imported by Advance Authorisation holders, Export Oriented Units (EOUs) and units in the SEZ shall be exempted from MIP condition.*

This is issued with the approval of Minister of Commerce & Industry.

6.2. From the above it clearly appears that the goods “Polyester Knitted Cut Pile Fabric” imported vide the above said both BEs are restricted for import as per DGFT Notification No. 05/2025-26 dated 23.04.2025. The government of India has imposed MIP condition for the import of said goods vide DGFT Notification No. 05/2025-26 dated 23.04.2025. The importer has not declared the actual quantity of the said goods in the both BEs to avoid restriction of MIP as per above said Notification. By this act the importer has made the excess quantity of the goods liable for confiscation under Section 111(d), 111(l) and 111(m) of the Customs Act, 1962.

7. <u>Re-determination of Duty:</u>

7.1. Based on the foregoing paragraphs, it is evident that the importer has mis-declared the quantity of imported goods to evade restriction of MIP and payment of duties and taxes. The importer vide email dated 07.05.2026, 15.05.2026 and letter

dated 08.05.2026 has requested for provisional release of the goods, hence it appears that the importer intends to clear the goods for home consumption. Accordingly, the duty liability for the imported goods as per re-determined value is ascertained as follows:

7.1.1. **Duty Calculation for the Bill of Entry No. 5998358 dated 29.11.2025:**

Table-X

Sr No	**Description**	**Total Quantity found on the examination**	**Measure Unit**	***Total Suggestive Average C.I.F. Value by C.E. (in USD)***	***Total Suggestive Average C.I.F. Value by C.E. (in INR) $=89.5***	***BCD @ 20% (in Rs.)***	***SWS @ 10% of BCD(in Rs.)***	***IGST @ 5% (In rs.)***	***Total Duty (in Rs.)***
1	Polyester Knitted Cut Pile Fabric	27100	KGS	96211.67	8610944	1722189	17221	52526	2419675
				96211.67	8610944	1722189	17221	52526	24,19,675/-

From the **Table X above**, it appears that the total duty liability of the importer is Rs. 24,19,675/-. The importer in the BE no. Z- 5998358 dated 29.11.2025, has declared the value of the goods as Rs. 31,79,308/- and calculated the applicable duties and taxes on the good declared, based on the declared value and classification in the Bill of Entry as **Rs. 6,00,675/-.**

7.1.2. **Duty Calculation for the Bill of Entry No. 5998420 dated 29.11.2025:**

Table-XI

Sr No	**Description**	**Total Quantity found on the examination**	**Measure Unit**	***Total Suggestive Average C.I.F. Value by C.E. (in USD)***	***Total Suggestive Average C.I.F. Value by C.E. (in INR) $=89.5***	***BCD @ 20% (in Rs.)***	***SWS @ 10% of BCD(in Rs.)***	***IGST @ 5% (In rs.)***	***Total Duty (in Rs.)***
1	Polyester Knitted Cut	22260	KGS	79023	7072559	1414512	141451	43146	1987389

	Pile Fabric								
				79023	7072559	1414512	141451	431426	19,87,389/-

From the **Table XI above**, it appears that the total duty liability of the importer is Rs. 19,87,389/-. The importer in the BE no. Z-5998420 dated 29.11.2025, has declared the value of the goods as Rs. 28,26,858/- and calculated the applicable duties and taxes on the good declared, based on the declared value and classification in the Bill of Entry as **Rs. 5,51,515/-.**

7.2.1. Based on the calculations from Table-X above, the importer needs to be levied with a differential liability of Rs. 18,19,000/- on the mis-declared goods imported vide Bill of Entry No. 5998358 dated 29.11.2025 after adjustment. This amount represents the additional duty and tax liability that the importer must pay due to the misdeclaration of goods.

7.2.2. Based on the calculations from Table-XI above, the importer needs to be levied with a differential liability of Rs. 14,35,874/- on the mis-declared goods imported vide Bill of Entry No. 5998420 dated 29.11.2025 after adjustment. This amount represents the additional duty and tax liability that the importer must pay due to the misdeclaration of goods.

8. The importer has filed 02 Z type Bills of Entry Nos. 5998358 and 5998420 both dated 29.11.2025 for import of goods declared as Cut pile and Long Pile fabric as declared in above said Table-I. The importer has selected the duty on the goods in the said BEs. Further, the importer has nowhere declared regarding re-export of the goods in Z type BEs or the import documents which clearly indicate the importer imported the said mis-declared goods with the intention to clear the same for home consumption. The importer vide email dated 07.05.2026, 15.05.2026 and letter dated 08.05.2026 has requested for provisional release of the goods, which also means the importer wants to clear the goods for home consumption and they were never meant for re-export. From the above facts it clearly evident the importer has imported the goods for home consumption by the way of mis-declaration to avoid policy condition and to evade applicable duty. Accordingly, the goods are liable for confiscation and the importer is also liable for panel action as per Customs Act, 1962.

9. <u>LEGAL PROVISIONS:</u>

(A) RELEVANT PROVISIONS OF SEZ ACT, 2005:

9.1. 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:

9.2. Section 2 (14) of the Customs Act, 1962, *"**dutiable goods**" means any goods which are chargeable to duty and on which duty has not been paid*;

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 (33) of the Customs Act, 1962, "**prohibited goods**" means any goods the import or export of which is subject to any prohibition under the Customs Act or any other law currently in force.

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.

9.3. **SECTION 46**(4) of the Customs Act, 1962, *prescribes that the importer while presenting a Bills of Entry shall make and subscribe to a declaration as to the truth of the contents of such Bills of Entry and shall, in support of such declaration, produce to the proper officer the invoice, if any, and such other documents relating to the imported goods as may be prescribed.*

9.4. **Section 111** of the of the Customs Act, 1962- **Confiscation of improperly imported goods, etc. as under**

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

…

(d) any goods which are imported or attempted to be imported or are brought within the Indian customs waters for the purpose of being imported, contrary to any prohibition imposed by or under this Act or any other law for the time being in force;

(l) any dutiable or prohibited goods which are not included or are in excess of t hose 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.

…

9.5. **Section 112** of the Customs Act, 1962, penal provisions for improper importation of goods, etc. which read as under**:**

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 section111,

shall be liable, -

(i) in the case of goods in respect of which any prohibition is in force under this Act or any other law for the time being in force, to a penalty not exceeding the value of the goods or five thousand rupees, whichever is the greater;

(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:

Provided *that where such duty as determined under sub-section (8) of section 28 and the interest payable thereon under section 28AA is paid within thirty days from the date of communication of the order of the proper officer determining such duty, the amount of penalty liable to be paid by such person under this section shall be twenty-five per cent. of the penalty so determined;]*

(iii) in the case of goods in respect of which the value stated in the entry made under this Act or in the case of baggage, in the declaration made under section 77 (in either case hereafter in this section referred to as the declared value) is higher than the value thereof, to a penalty not exceeding the difference between the declared value and the value thereof or five thousand rupees], whichever is the greater;

(iv) in the case of goods falling both under clauses (i) and (iii), to a penalty not exceeding the value of the goods or the difference between the declared value and the value thereof or five thousand rupees], whichever is the highest;

(v) in the case of goods falling both under clauses (ii) and (iii), to a penalty not exceeding the duty sought to be evaded on such goods or the difference between the declared value and the value thereof or five thousand rupees, whichever is the highest.

9.6. ***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.

9.7. **SECTION 124** prescribes the mandatory issuance of show cause notice before confiscation of goods, which read as under**:**

No order confiscating any goods or imposing any penalty on any person shall be made under this Chapter unless the owner of the goods or such person –

(a) is given a notice in writing with the prior approval of the officer of Customs not below the rank of an Assistant Commissioner of Customs, informing him of the grounds on which it is proposed to confiscate the goods or to impose a penalty;

(b) is given an opportunity of making a representation in writing within such reasonable time as may be specified in the notice against the grounds of confiscation or imposition of penalty mentioned therein; and

(c) is given a reasonable opportunity of being heard in the matter:
***Provided** that the notice referred to in clause (a) and the representation referred to in clause (b) may, at the request of the person concerned be oral.*

***Provided** further that notwithstanding issue of notice under this section, the proper officer may issue a supplementary notice under such circumstances and in such manner as may be prescribed.*

9.8. **SECTION 125** provides the Option to pay fine in lieu of confiscation as under:

(1) Whenever confiscation of any goods is authorised by this Act, the officer adjudging it may, in the case of any goods, the importation or exportation whereof is prohibited under this Act or under any other law for the time being in force, and shall, in the case of any other goods, give to the owner of the goods or, where such owner is not known, the person from whose possession or custody such goods have been seized, an option to pay in lieu of confiscation such fine as the said officer thinks fit:
***Provided** that where the proceedings are deemed to be concluded under the proviso to sub-section (2) of section 28 or under clause (i) of sub-section (6) of that section in respect of the goods which are not prohibited or restricted, 3 [no such fine shall be imposed]:*

***Provided** further that, without prejudice to the provisions of the proviso to sub-section (2) of section 115, such fine shall not exceed the market price of the goods confiscated, less in the case of imported goods the duty chargeable thereon.*

(2) Where any fine in lieu of confiscation of goods is imposed under sub-section (1), the owner of such goods or the person referred to in sub-section (1), shall, in addition, be liable to any duty and charges payable in respect of such goods.]

(3) Where the fine imposed under sub-section (1) is not paid within a period of one hundred and twenty days from the date of option given thereunder, such option shall become void, unless an appeal against such order is pending.

9.9. **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. Deductive value.- *(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. Computed value.-

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. Residual method:-

(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.*

10. **Outcome of Investigation:**

On the basis of Specific information received to DRI unit, AZU, the goods imported by M/s. Neelam International, Kh.No. 11/22, First Floor, Plot No-114/1, Lakhi Ram Park, Blk-B, Suleman Nagar, Village Kirari, Delhi, North West Delhi, Delhi-110086 (IEC: 0513074856), (herein after referred as “the importer” for brevity) under Bills of Entry No. Z- 5998358 and 5998420 both dated 29.11.2025, filed at APSEZ (INAJM6), were identified as high risk for mis-declaration/ mis-classification and/or concealment of prohibited/restricted goods. The goods were destined to M/s OWS Warehouse Services LLP, APSEZ, Mundra (Kutch) Port-

INAJM6. Out of the above said 02 BEs one BE 5998420 dated 29.11.2025 was already reached in OWS Warehouse Services LLP, SEZ unit and the second BE 5998358 dated 29.11.2025 was moved to CFS M/s Hind Terminals Pvt Ltd. as per the directions of DRI, AZU.

10.1. **Examination and Findings:**

- The examination of container no. MSBU8730883 and SEGU6990316, conducted on 24.03.2026 and 11.04.2026 and samples were drawn under Panchnama in the presence of authorized representative. The examination revealed huge discrepancies in the goods imported by M/s. Neelam International vide Bills of Entry No. Z-5998358 and 5998420 both dated 29.11.2025.
- Samples were drawn and sent to CRCL, Kandla, for testing, which confirmed the goods as Polyester Knitted Cut Pile Fabric in both BEs.
- **Declared goods**: Cut Pile Fabric and Long Pile Fabric, classified under the CTH 60019200 and 60011020 respectively in both BEs.
- **Found goods**: Polyester Knitted Cut Pile Fabric, that merit classification under the CTH 60019200, indicating mis-declaration in quantity and long pile fabric was not found in both BEs.
- The goods were found to be grossly mis-declared in terms of quantity. In fact, the goods Polyester Knitted Cut Pile Fabric is restricted as per import policy of CTH 60019200 when imported by mis-declaration or less than USD 3.5 per KGS.

10.2. **Valuation of the Goods:**

- **Declared Value**: The importer declared an assessable value in both BEs 5998358 and 5998420 both dated 29.11.2025 of INR 31,79,308 and 28,26,858/- respectively.
- **Redetermined Value**: The Chartered Engineer's report (ref no. ABJ:INSP:CE:MUN:SIIB:NY:26-27:01 and ABJ:INSP:CE:MUN:SIIB:NY:26-27:02 both dated 19.05.2026) determined the fair CIF value at USD 96211.67/-, equivalent to INR 86,10,944/- and at USD 79023/-, equivalent to INR 70,72,559/- (at INR 89.5/USD) for both BEs respectively.
- **Valuation Method**: The declared value was rejected under Rule 12 of CVR Rules, 2007, due to undervaluation/mis-declaration and mis-classification. Valuation was determined under Rule 9 of the Customs Valuation Rules

(CVR), 2007 (residual method), as values under Rules 4–8 could not be established due to lack of comparable data, non-standard nature of goods, and absence of domestic market sale prices.

10.3. **Classification**:

Sr. No.	Bill of Entry No. and Date	Declared Description	Declared CTH	Re-determined Description	Re-determined CTH
1	5998358 dated 29.11.2025	Cut Pile Fabrics	60019200	Polyester Knitted Cut Pile Fabric	60019200
2		Long Pile Fabrics	60011020		
3	5998420 dated 29.11.2025	Cut Pile Fabrics	60019200	Polyester Knitted Cut Pile Fabric	60019200
4		Long Pile Fabrics	60011020		

10.4. **Duty Evasion:**

10.4.1. From the **Table X above**, it appears that the total duty liability of the importer is Rs. 24,19,675/-. The importer in the BE no. Z- 5998358 dated 29.11.2025, has declared the value of the goods as Rs. 31,79,308/- and calculated the applicable duties and taxes on the good declared, based on the declared value and classification in the Bill of Entry as **Rs. 6,00,675/-.**

10.4.2. Based on the calculations from **Table-X above**, the importer needs to be levied with a differential liability of Rs. 18,19,000/- on the mis-declared goods imported vide Bill of Entry No. 5998358 dated 29.11.2025 after adjustment. This amount represents the additional duty and tax liability that the importer must pay due to the misdeclaration of goods.

10.4.3. From the **Table XI above**, it appears that the total duty liability of the importer is Rs. 19,87,389/-. The importer in the BE no. Z-5998420 dated 29.11.2025, has declared the value of the goods as Rs. 28,26,858/- and calculated the applicable duties and taxes on the good declared, based on the declared value and classification in the Bill of Entry as **Rs. 5,51,515/-.**

10.4.4. Based on the calculations from **Table-XI above**, the importer needs to be levied with a differential liability of Rs. 14,35,874/- on the mis-declared goods imported vide Bill of Entry No. 5998420 dated 29.11.2025 after adjustment. This

amount represents the additional duty and tax liability that the importer must pay due to the misdeclaration of goods.

10.5. **Conclusion:**

The importer has, by their acts of omission and commission, rendered the goods mentioned at Sr. No. 1 of the both BEs, found mis-declared in terms of quantity, imported under Bills of Entry No. Z- 5998358 and 5998420 both dated 29.11.2025, liable for confiscation under Section 111(m) of the Customs Act, 1962. Further, the goods Polyester Knitted Cut Pile fabric found excess in quantity against the declared quantity during the examination imported under Bills of Entry No. Z-5998358 and 5998420 both dated 29.11.2025, are also liable for confiscation under Section 111(d), 111(l) and 111(m) of the Customs Act, 1962. The importer has, by their acts of omission and commission, rendered himself liable for penalty under Section 112(a)(i) of the Customs Act, 1962. As the importer has mis-declared the quantity and also imported restricted mis-declared goods in violation of import policy, rendered himself also liable for penalty under Section 114AA of the Customs Act, 1962.

11. In view of above, after completion of investigation, Show cause notice 57/2026-27/ADC/ZDC/MCH dated 27.05.2026 was issued, wherein:-

11.1 M/s. Neelam International (IEC-0513074856) had been called upon to show cause in writing to the Additional/Joint Commissioner of Customs, Customs House, Mundra, as to why:-

a) The declared description, classification, weighment, Quantity and No. of Items imported vide Bills of Entry No. 5998358 and 5998420 both dated 29.11.2025 should not be rejected and re-determined as per above discussion.
b) The declared total assessable value of the goods, i.e. INR 31,79,308 and 28,26,858/- imported vide BEs 5998358 and 5998420 both dated 29.11.2025 respectively should not be rejected and re-determined as INR 86,10,944/- and INR 70,72,559/- respectively under Rule 9 of the Customs Valuation Rules, 2007.
c) The self-assessment done by the importer in both the above said BEs should not be rejected and re-assessed under Section 17(4) of the Customs Act, 1962 with applicable duty if the goods released for home consumption.

d) The goods mentioned at Sr. No. 1 of above-mentioned Table-I having declared quantity as 2030 KGS and 2280 KGS imported vide Bills of Entry No. 5998358 and 5998420 both dated 29.11.2025 having declared value of Rs. 6,45,026.50/- and 7,24,413/- should not be held liable for confiscation under Section 111(m) of the Customs Act, 1962.

e) The goods Polyester Knitted Cut Pile fabric found excess in quantity against the declared quantity during the examination imported under Bills of Entry No. Z- 5998358 and 5998420 both dated 29.11.2025 having re-determined value of Rs. 79,65,917.5/- and 63,48,146 respectively should not be held liable for confiscation under Section 111(d), 111(l) and 111(m) of the Customs Act, 1962.

f) The importer should not be held liable for penalty under Section 112(a)(i) and 114AA of the Customs Act, 1962.

12. **Personal Hearing and Submission: -**

The importer, vide letter dated 03.06.2026, submitted their reply wherein they stated that they had fully cooperated with the investigation conducted by the Department and furnished all the required documents, records, and information to the investigating authorities. They further submitted that there was no intention to withhold any material information.

Vide the said letter, the importer accepted the re-determined classification, quantity, and valuation as proposed in the subject Show Cause Notice and expressed their willingness to discharge the applicable duty liability. They contended that there was no deliberate intention to violate the provisions of the Customs Act. They further submitted that the description and declaration made in the Bills of Entry were based on the documents received from the overseas supplier and that the discrepancies, if any, were inadvertent and without any mala fide intention. Accordingly, the importer requested that a lenient and sympathetic view be taken in the matter.

The importer further submitted that they did not wish to avail themselves of a personal hearing in the matter and requested that the case be adjudicated on the basis of the available records. They also requested that the goods be released for home consumption.

Discussion and Findings

13. I find that the importer, M/s. Neelam International (IEC: 0513074856), vide their email/letter dated 03.06.2026 confirmed agreement with the classification and agreed with the value ascertained as per the Chartered Engineer report and requested to waive Personal Hearing and requested to decide the matter on merit. In view of the importer's explicit waiver of Personal Hearing, the principles of natural justice under Section 124 of the Customs Act, 1962, have been duly complied with. Considering the importer's waiver and the availability of all material evidence on record, including the Bill of Entry, examination report, CRCL test reports, Chartered Engineer report, packing list, and invoice, the case is ripe for adjudication on merits without Personal Hearing, as per the provisions of Section 124 of the Customs Act, 1962.

13.1 As the principles of natural justice stand complied with in view of the importer's submission and explicit waiver personal hearing vide their emails/letters dated 03.06.2026, I now proceed to adjudicate the matter on merits. After going through the facts of the case as brought out in the Investigation Report, the following key issues are identified for determination:

(i) Whether the declared description, classification, weighment, Quantity and No. of Items imported vide Bills of Entry No. 5998358 and 5998420 both dated 29.11.2025 should not be rejected and re-determined or otherwise.

(ii) Whether the declared total assessable value of the goods, i.e. INR 31,79,308 and 28,26,858/- imported vide BEs 5998358 and 5998420 both dated 29.11.2025 respectively should not be rejected and re-determined as INR 86,10,944/- and INR 70,72,559/- respectively under Rule 9 of the Customs Valuation Rules, 2007 or otherwise.

(iii) Whether self-assessment done by the importer in both the above said BEs should not be rejected and re-assessed under Section 17(4) of the Customs Act, 1962 with applicable duty.

(iv) Whether goods mentioned at Sr. No. 1 of above-mentioned Table-I having declared quantity as 2030 KGS and 2280 KGS imported vide Bills of Entry No. 5998358 and 5998420 both dated 29.11.2025 having declared value of Rs. 6,45,026.50/- and 7,24,413/- should not be held liable for confiscation under Section 111(m) of the Customs Act, 1962.

(v) Whether the goods Polyester Knitted Cut Pile fabric found excess in quantity against the declared quantity during the examination imported under Bills of Entry No. Z- 5998358 and 5998420 both dated

29.11.2025 having re-determined value of Rs. 79,65,917.5/- and 63,48,146 respectively should not be held liable for confiscation under Section 111(d), 111(l) and 111(m) of the Customs Act, 1962

(vi) Whether the importer should not be held liable for penalty under Section 112(a)(i) and 114AA of the Customs Act, 1962.

14. I observe that the investigation was initiated by DRI, AZU on the basis of specific information received regarding the goods imported under Bills of Entry No. Z-5998358 and 5998420 both dated 29.11.2025 by M/s. Neelam International (IEC: 0513074856). The goods were identified as high risk for mis declaration/ mis-classification and/or concealment of prohibited/restricted goods. The details of the goods declared in the Bills of Entry No. Z-5998358 and 5998420 both dated 29.11.2025 are detailed below:

Table-I

Sr. No	Bill of Entry No. and Date	Container No.	CTH	Description	Quantity	UQC
1	5998358 dated 29.11.2025	MSBU8730883	60019200	Cut Pile Fabrics	2030	KGS
2			60011020	Long Pile Fabrics	23210	KGS
3	5998420 dated 29.11.2025	SEGU6990316	60019200	Cut Pile Fabrics	2280	KGS
4			60011020	Long Pile Fabrics	19255	KGS

14.1 I observe that goods of BE no. 5998358 dated 29.11.2025 were imported under container no. MSBU8730883 and seal of the container was found as per import documents however, the container seal was cut and welded. Further, goods of BE no. 5998420 dated 29.11.2025 imported under container no. SEGU6990316 and seal of the container was found different from the import documents. I observe that SEZ unit representative informed that they have no idea about the cutting of seal and that the present seal found on the container belong to the SEZ unit which has been placed on the container to keep it secured.

Accordingly, the DRI AZU Officers did not examine the subject goods before

proper verification of the seal tampering incident. The DRI AZU Officers recorded the proceedings under Panchnama dated 15.12.2025 for both the cases. Further, DRI AZU has transferred the investigation of both the above cases to SIIB Custom House, Mundra for examination and further investigation vide their office letter dated 18.03.2026.

14.2 I observe that goods pertaining to Bill of Entry No. Z- 5998358 dated 29.11.2025 were examined by the SIIB Officers in the premises of CFS M/s Hind Terminals Pvt Ltd. in presence of authorized representative of CFS and the importer on 24.03.2026. The goods found during examination are fabric rolls wrapped with white colour pp wrapping. The fabric appeared same on touch and feel but of different length and colour. The fabric was found of only one type instead of the declared goods by the importer i.e. 02 types. The details of the goods found on examination are as follows:-

Sr. No.	**Container no.**	No. of rolls found during examination	Average Weight per Roll in KGS	**Declared weight in BE**	**Weighment as per Examination**
1	MSBU8730883	1239	22 Kgs Approx.	26210	27100

14.3 I further observe that goods pertaining to Bill of Entry No. Z- 5998420 dated 29.11.2025 were examined by the SIIB Officers in the premises of M/s OWS warehouse Services LLP in presence of authorized representative of SEZ unit and the importer on 11.04.2026. The goods found during examination are fabric rolls wrapped with white colour pp wrapping and a few of with green color wrapping. The fabric appeared same on touch and feel but of different length and colour. The fabric was found of only one type instead of the declared goods by the importer i.e. 02 types. The details of the goods found on examination are as follows:-

Sr. No.	**Container no.**	No. of rolls found during examination	Average Weight per Roll in KGS	**Declared weight in BE**	**Weighment as per Examination**

1	SEGU6990316	605	36.7 Kgs Approx	22470.3	22260

14.4 To verify the exact nature, composition and description, representative samples were drawn and forwarded to the Central Revenues Control Laboratory (CRCL), Kandla vide Test Memo No. 602/2025-26 dated 25.03.2026 in Bill of Entry No. Z- 5998358 dated 29.11.2025 and vide test memo no. 31/2026-27 dated 13.04.2026 in Bill of Entry No. Z- 5998420 dated 29.11.2025. The CRCL, Kandla Lab vide their Lab report no. 10903 dated 21.04.2026 & 293 dated 08.05.2026 in r/o Test Memo. 602/2025-26 dated 25.03.2026 and Test Memo. 31/2026-27 dated 13.04.2026 respectively. The key findings from the CRCL test reports is as under:

Test Memo No.	**Test Report No. (Lab No.)**	**Test Report**
Memo No. 602/2025-26 dated 25.03.2026	10903 dated 21.04.2026	*The sample as received is in the form of a cut piece of dyed (maroon coloured) knitted fabric having cut pile on one side (selvedge on one side).* *The base fabric is composed of polyester filament yarn and pile is made of polyester fiber.* *GSM (as such) =180.4* *Hazardous dye (Banned Aromatic Amines) not detected in the sample.* *Note = A separate report is issued for NABL Accreditated parameters.* *Sealed remnant sample returned herewith.*
Test Memo. 31/2026-27 dated 13.04.2026	293 dated 08.05.2026	*The sample as received is in the form of a cut piece of white (undyed) warp knitted fabric having cut pile on one side.* *The base fabric is composed of polyester filament yarn and pile is made of polyester fiber.* *GSM (as such) =227.7 Width (selvedge to selvedge) = 149 cm* *Note = As the sample is white in colour azo dye could not be ascertained.* *Sealed remnant sample returned herewith.*

14.5 As per test reports received from the CRCL, Kandla, it is observed that the items declared are mis-declared in terms of description and classification as tabulated as below:

Sr. No.	Bill of Entry No. and Date	CTH as per BE	Description of Goods as per BE	Actual CTH as per Test Report	Actual Description of Goods as per Test Report	Remarks
1	5998358 dated 29.11.2025	60019200	Cut Pile Fabrics	60019200	Polyester Knitted Cut Pile Fabric	Found as declared
		60011020	Long Pile Fabrics			Mismatch in Description and Classification
2.	5998420 dated 29.11.2025	60019200	Cut Pile Fabrics	60019200	Polyester Knitted Cut Pile Fabric	Found as declared
		60011020	Long Pile Fabrics			Mismatch in Description and Classification

14.6 Regarding the match between declared and actual description, the declared goods in both the Bill of Entries as " Cut Pile Fabrics " under CTH 60019200 and “Long Pile Fabrics” under CTH 60011020 do not fully correspond to the tested characteristics. The importer vide their emails dated 07.05.2026 and 15.05.2026 has accepted the above test reports. The importer agreed that CTH of the imported item should be 60019200 without contesting the findings.

14.7 I find that the goods imported under the present shipments were mis-declared in respect of description, classification and other particulars. The above findings clearly establish that the importer failed to make a true and correct

declaration of the imported goods as mandated under Section 46 of the Customs Act, 1962.

15. Regarding the classification - the importer declared both the consignment under CTH 60019200 and 60011020, while the Investigation supported by the CRCL test results, establishes classification of goods covered under both the Bills of Entry is under CTH 60019200.

15.1 Heading 6001 of the Customs Tariff Act, 1975 covers " **Pile Fabrics, Including —Long Pile Fabrics and Terry Fabrics, Knitted or Crocheted**'. The sub-headings are structured based on the type of fabric i.e. Long pile, looped pile and other piles. Relevant Entries under the CTH 6001 are as under:-

6001 PILE FABRICS, INCLUDING —LONG PILE FABRICS AND TERRY FABRICS, KNITTED OR CROCHETED -

6001 10 - “Long pile” fabrics:

6001 10 10 --- Of cotton

6001 10 20 --- Of man-made fibres

6001 10 90 --- Of other textile materials

- Looped pile fabrics:

6001 21 00 -- Of cotton

6001 22 00 -- Of man-made fibres

6001 29 00 -- Of other textile materials

- Other:

6001 91 00 -- Of cotton

6001 92 00-- Of man-made fibres

This heading covers weft knitted or crotched fabrics of a width exceeding 30cm containing no elastomeric yarn or rubber thread or containing by weight less than 5% of such yarn or thread.

15.2 The CRCL test provide the following findings:

Lab Report no.	**Key Test Findings**	**Composition**	**Pile Type**	**Appropriate CTH**
10903 dated 21.04.2026	*The sample as received is in the form of a cut piece of dyed (maroon coloured) knitted fabric having cut pile on one side (selvedge on one side).* *The base fabric is composed of polyester filament yarn and pile is made of polyester fiber.* *GSM (as such) =180.4*	**% Composition:-** *The base fabric is composed of polyester filament yarn and pile is made of polyester fiber.* .	Cut Pile	60019200
293 dated 08.05.2026	*The sample as received is in the form of a cut piece of white (undyed) warp knitted fabric having cut pile on one side.* *The base fabric is composed of polyester filament yarn and pile is made of polyester fiber.* *GSM (as such) =227.7* *Width (selvedge to selvedge) = 149 cm*	*The base fabric is composed of polyester filament yarn and pile is made of polyester fiber.*	Cut Pile	60019200

15.3 The importer had declared goods covered under both the Bills of Entry under CTH 60019200 and 60011020, however as per the investigation carried out and as per the findings of the test report, the correct CTH of goods comes as 60019200. The CRCL test reports provides the samples are consisted of Polyester knitted fabric having cut pile on one side and cut pile fabric of polyester is correctly classifiable under CTH 60019200 which is for other pile fabric made of man-made fibres. The importer's acceptance of the test reports vide email dated 07.05.2026 and 15.05.2026 further confirms the discrepancies.

Therefore, in view of above discussions, I hold that:

- Fabrics of Bill of Entry No. Bill of Entry No. 5998358 dated 29.11.2025 is correctly classifiable under CTH 60019200;
- Fabrics of Bill of Entry No. Bill of Entry No. 5998420 dated 29.11.2025 is correctly classifiable under CTH 60019200

The mis-classification of the consignment has resulted in incorrect duty assessment also.

16. Regarding the quantity of goods, I find that the importer has declared the total quantity of goods as 2030 Kgs of Cut Pile Fabrics and 23210 Kgs of Long pile Fabrics in Bill of Entry no. 5998358 dated 29.11.2025 and 2280 Kgs of Cut Pile Fabrics and 19255 Kgs of Long pile Fabrics in Bill of Entry no. 5998420 dated 29.11.2025.

However, from the investigation carried out the goods in both the Bill of Entry is Polyester Knitted Cut Pile Fabric only and as per the examination finding and CRCL findings, the quantity of is re-determined as below:-

Sr. No.	Bill of Entry No. and Date	Re-determined Description	Re-determined Quantity in KGS
1	5998358 dated 29.11.2025	Polyester Knitted Cut Pile Fabric	27100
2	5998420 dated 29.11.2025	Polyester Knitted Cut Pile Fabric	22260

The Chartered Engineer vide his report no. ABJ:INSP:CE:MUN:SIIB:NY:26-27:01 dated 19.05.2026 and report no. ABJ:INSP:CE:MUN:SIIB:NY:26-27:02 dated 19.05.2026 also provided the total quantity of the goods as 27100 Kgs and 22260 Kgs in Bill of Entry no. 5998358 dated 29.11.2025 and 5998420 dated 29.11.2025 respectively.

In view of above, as per the examination of goods and as per the finding of the CRCL, Kandla, I hold that the actual quantity of the goods imported is 27100 Kgs and 22260 Kgs in Bill of Entry no. 5998358 dated 29.11.2025 and 5998420 dated 29.11.2025 respectively and therefore importer had also mis-declared the quantity of the goods also.

17. From the above, it is evident that the importer had mis-declared the goods in both the Bills of Entry in terms of description, classification, and valuation. The goods were declared as " cut pile fabric under CTH 60019200 and long pile fabrics under CTH 60011020", whereas the examination and CRCL test reports conclusively established that imported goods in both the Bills of Entry are Polyester knitted cut pile fabrics only and Polyester knitted cut pile fabrics specifically classifiable under CTH 60019200. Hence, the value declared in the Bills of Entry cannot be considered as true assessable value when the nature of goods declared in the Bills of Entry are itself wrong. Hence the declared value of the both the consignments are liable to be rejected as per Rule 12 of Customs Valuation (Determination of Value of Imported Goods) Rules, 2007 for reasons for mis-declaration of goods in parameters such as description and classification, non-declaration of specifications of goods by the importer at the time of filing Bill of Entry. Therefore, the declared transaction value of Rs. 31,79,308/- in B/E no. 5998358 dated 29.11.2025 and Rs. 28,26,858/- in B/E no. 5998420 dated 29.11.2025 cannot be considered as true transaction value.

17.1 The importer, during the course of investigation, accepted the CRCL test report vide email dated 07.05.2026 and 15.05.2026. Thus, the declared value is not acceptable as the true transaction value and merits rejection in terms of Section 14 of the Customs Act, 1962 read with Rule 12 of the Customs Valuation (Determination of Value of Imported Goods) Rules, 2007. The value is required to be re-determined by sequentially applying Rules 4 to 9 of the Customs Valuation Rules, 2007.

3. Determination of the method of valuation-

(1) Subject to rule 12, the value of imported goods shall be the transaction value adjusted in accordance with provisions of rule 10;

(2) Value of imported goods under sub-rule (1) shall be accepted:

Provided that -

(a) there are no restrictions as to the disposition or use of the goods by the buyer other than restrictions which -

(i) are imposed or required by law or by the public authorities in India; or

(ii) limit the geographical area in which the goods may be resold; or

i. *do not substantially affect the value of the goods;*

(b) the sale or price is not subject to some condition or consideration for which a value cannot be determined in respect of the goods being valued;

(c) no part of the proceeds of any subsequent resale, disposal or use of the goods by the buyer will accrue directly or indirectly to the seller, unless an appropriate adjustment can be made in accordance with the provisions of rule 10 of these rules; and

(d) the buyer and seller are not related, or where the buyer and seller are related, that transaction value is acceptable for customs purposes under the provisions of sub-rule (3) below.

(3) (a) Where the buyer and seller are related, the transaction value shall be accepted provided that the examination of the circumstances of the sale of the imported goods indicate that the relationship did not influence the price.

(b) In a sale between related persons, the transaction value shall be accepted, whenever the importer demonstrates that the declared value of the goods being valued, closely approximates to one of the following values ascertained at or about the same time.

(i) the transaction value of identical goods, or of similar goods, in sales to unrelated buyers in India;

(ii) the deductive value for identical goods or similar goods;

(iii) the computed value for identical goods or similar goods:

Provided that in applying the values used for comparison, due account shall be taken of demonstrated difference in commercial levels, quantity levels, adjustments in accordance with the provisions of rule 10 and cost incurred by the seller in sales in which he and the buyer are not related;

(c) substitute values shall not be established under the provisions of clause (b) of this sub-rule.

(4) 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.

***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;

Provided that such transaction value shall not be the value of the goods provisionally assessed under section 18 of the Customs Act, 1962.

(b) In applying this rule, the transaction value of identical goods in a sale at the same commercial level and in substantially the same quantity as the goods being valued shall be used to determine the value of imported goods.

(c) Where no sale referred to in clause (b) of sub-rule (1), is found, the transaction value of identical goods sold at a different commercial level or in different quantities or both, adjusted to take account of the difference attributable to commercial level or to the quantity or both, shall be used, provided that such adjustments shall be made on the basis of demonstrated evidence which clearly establishes the reasonableness and accuracy of the adjustments, whether such adjustment leads to an increase or decrease in the value.

(2) Where the costs and charges referred to in sub-rule (2) of rule 10 of these rules are included in the transaction value of identical goods, an adjustment shall be made, if there are significant differences in such costs and charges between the goods being valued and the identical goods in question arising from differences in distances and means of transport.

(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 such transaction value shall not be the value of the goods provisionally assessed under section 18 of the Customs Act, 1962.

(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.

Further, as per Rule 6 of the CVR, 2007, if the value cannot be determined under Rule 3, 4 & 5, then the value shall be determined under Rule7 of CVR, 2007.

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.

17.2 I state that "Value" has been defined under Section 2(41) of the Customs Act, 1962 as "Value", in relation to any goods, means the value thereof determined in accordance with the provisions of sub-section (1) or sub-section (2) of section 14".

17.3 The Section 14 ibid provides, inter alia, that the value of the imported goods shall be the transaction value of such goods, that is to say, the price actually paid or payable for the goods when sold for export to India for delivery at the time and place of importation, where the buyer and seller of the goods are not related and price is the sole consideration for the sale subject to such their conditions as may be specified in the rules made in this behalf. Further, its proviso provides that such transaction value in the case of imported goods shall include, in addition to the price as aforesaid, any amount paid or payable for costs and services, including commissions and brokerage, engineering, design work, royalties and license fees, costs of transportation to the place of importation, insurance, loading, unloading and handling charges to the extent and in the manner specified in the rules made

in this behalf. I find that as per the above provision value of any imported goods is the price actually paid or payable for the goods plus the components of other incidental charges to the extent mentioned in proviso to Section 14 ibid and in the manner specified in the Rules made under Section 14 ibid.

17.4 I find that Rule *4* (1) (a) of Rules 2007 stipulates determination of value of goods on the basis of value of identical goods. Rule 5, providing for transaction value of similar goods. I observed that the imported goods were found of different description, specification and quality, so, it was not possible to find and compare the same with other goods having identical/similar description, brand, make, model, quantity and Country of Origin. As the import data with respect to contemporaneous imports was general in nature and contemporaneous data for imports of identical/similar goods was not available/found, therefore, the value cannot be determined under Rules 4 and 5 of CVR, 2007. As per Rule 6 ibid, if the value cannot be determined under Rules 3, 4 and 5 same shall be determined under the provisions of Rule 7 or when same cannot be determined under that rule then under Rule 8. I also noticed that no exact sales values and data required for quantification of the deductions was available, hence, rule 7 cannot be invoked. Further, computed value, as provided under Rule 8, cannot be calculated in the absence of quantifiable data relating to cost of production, manufacture or processing of import goods. In such scenario, I find it appropriate to invoke the provisions of Rule 9 i.e. residual method for determining the value of the impugned import goods. Rule 9 provides for determination of value using reasonable means consistent with the principles and general provisions of these rules.

17.5 I find that in the absence of credible contemporaneous import data for identical or similar goods (due to the unbranded nature, varying specifications, and lack of detailed matches in NIDB/DGOV databases during the relevant period), the value of these goods cannot be determined in terms of Rules 4, 5, 6, 7, or 8 of the Customs Valuation (Determination of Value of Imported Goods) Rules, 2007. Hence, the value is to be determined in terms of Rule 9 of the said Rules.

17.6 For the purpose of valuation, the empanelled Chartered Engineer, vide his report ref no. ABJ:INSP:CE:MUN:SIIB:NY:26-27:01 dated 19.05.2026 and ABJ:INSP:CE:MUN:SIIB:NY:26-27:02 dated 19.05.2026, has suggested the valuation of the goods as detailed under Table-VIII & IX at para 5.2 above. The contents of the tables are summarised as below also:-

Sr. No.	**Bill of Entry no.**	**Re-determined Description**	**Total Quantity**	**Measure Unit**	***Unit Suggestive Average C.I.F. Value by C.E. (in USD)***	***Total Suggestive Average C.I.F. Value by C.E. (in USD)***	***Total Suggestive Average C.I.F. Value by C.E. (in INR) $=89.5***
1	5998358 dated 29.11.2025	Polyester Knitted Cut Pile Fabric	27100	KGS	3.550246	96211.67	86,10,944/-
2.	5998420 dated 29.11.2025	Polyester Knitted Cut Pile Fabric	22260	KGS	3.55	79023	70,72,559/-
	Total						1,56,83,503/-

17.7 In view of the above, I find that the value as provided by the Chartered Engineer has to be considered as the basis for arriving at the assessable value of these goods. I hold that the declared value in respect of the aforementioned goods is liable to be rejected under Rule 12 of the CVR, 2007 and the same is liable to be re-determined under Section 14 of the Customs Act, 1962 read with Rule 9 of the CVR, 2007. Thus, I find it appropriate to consider the value suggested by the Chartered Engineer for the present shipments and re-determine the same at Rs. 86,10,944/- for Bill of Entry no. 5998358 dated 29.11.2025 and Rs. 70,72,559/- for Bill of Entry no. 5998420 dated 29.11.2025.

17.8 The re-determined assessable value is based solely on the independent expert opinion of the empanelled Chartered Engineer, as no reliable contemporaneous imports of identical or similar goods with matching specifications could be established from NIDB data or previous imports by the importer.

18.1 On the basis of the re-determined assessable value, the differential duty short-levied due to undervaluation and mis-classification is calculated as follows:

Duty Calculation for the Bill of Entry No. 5998358 dated 29.11.2025

Sr No	Description	Total Quantity found on the examination	Measure Unit	*Total Suggestive Average C.I.F. Value by C.E. (in USD)*	*Total Suggestive Average C.I.F. Value by C.E. (in INR) $=89.5*	*BCD @ 20% (in Rs.)*	*SWS @ 10% of BCD(in Rs.)*	*IGST @ 5% (In rs.)*	*Total Duty (in Rs.)*
1	Polyester Knitted Cut Pile Fabric	27100	KGS	96211.67	8610944	1722189	172219	525268	2419675
				96211.67	8610944	1722189	172219	525268	24,19,675/-

In view of above, the total duty liability of the importer comes as Rs. 24,19,675/-, however the importer had declared the total duty in the Bill of Entry no. 5998358 dated 29.11.2025 as Rs. 6,00,675.

18.2 On the basis of the re-determined assessable value, the differential duty short-levied due to undervaluation and mis-classification of **Bill of Entry No. 5998420 dated 29.11.2025** is calculated as follows:

Sr No	Description	Total Quantity found on the examination	Measure Unit	*Total Suggestive Average C.I.F. Value by C.E. (in USD)*	*Total Suggestive Average C.I.F. Value by C.E. (in INR) $=89.5*	*BCD @ 20% (in Rs.)*	*SWS @ 10% of BCD(in Rs.)*	*IGST @ 5% (In rs.)*	*Total Duty (in Rs.)*
1	Polyester Knitted Cut Pile Fabric	22260	KGS	79023	7072559	1414512	141451	431426	1987389

				79023	7072559	1414512	141451	431426	19,87,389/-

In view of above, the total duty liability of the importer comes as Rs. 19,87,389/-, however the importer had declared the total duty in the Bill of Entry no. 5998420 dated 29.11.2025 as Rs. 5,51,515.

19.1 I observe that the importer has declared the goods as Cut Pile Fabric and Long Pile Fabric in both the Bills of Entry, however, the goods were found mis-declared as per the finding of investigation and the CRCL Kandla Lab reports. The actual goods imported by the importer are Polyester Knitted Cut Pile Fabric only. The goods "Polyester Knitted Cut Pile Fabric" are restricted for import as per DGFT Notification No. 05/2025-26 dated 23.04.2025. The government of India has imposed MIP condition for the import of said goods vide DGFT Notification No. 05/2025-26 dated 23.04.2025. The relevant extract of the Notification is as follows:

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

Notification No. 05/2025-26 New Delhi, Dated: 23 April, 2025

Subject: Amendment in Import Policy Condition of Synthetic Knitted Fabrics Covered under Chapter 60 of the ITC (HS), 2022-reg.

S.O.: *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 (FTP), 2023, as amended from time to time, had imposed MIP vide Notification No. 77/2023 dated 16.03.2024, No. 33/2024-25 dated 01.10.2024 and No. 49/2024-25 dated 04.01.2025. It has been decided by the Central Government to impose the condition of Minimum Import Price (MIP) on the following 04 ITC (HS) codes of Synthetic Knitted Fabrics till 31.03.2026 as under:*

ITC(HS) Code	*Item Description*	*Import Policy*	*Policy Condition*
60019200	*Other: Of man-made fibres*	*Restricted*	*However, import is 'Free' if CIF value is 3.5 US*

ITC(HS) Code	*Item Description*	*Import Policy*	*Policy Condition*
			Dollar and above per Kilogram
60053600	*Of synthetic fibres: Other, unbleached or bleached*	*Restricted*	*However, import is 'Free' if CIF value is 3.5 US Dollar and above per Kilogram*
60053790	*Other*	*Restricted*	*However, import is 'Free' if CIF value is 3.5 US Dollar and above per Kilogram*
60053900	*Of synthetic fibres: Other, printed*	*Restricted*	*However, import is 'Free' if CIF value is 3.5 US Dollar and above per Kilogram*

2. MIP condition on above items shall not be applicable for imports by Advance Authorisation holders, Export Oriented Units (EOUs) and units in the SEZ subject to the condition that the imported inputs are not sold into Domestic Tariff Area (DTA).

Effect of the Notification: *Import of Synthetic Knitted Fabrics under ITC (HS) Codes 60019200, 60053600, 60053790 and 60053900, is "Restricted". However, import is "Free" if CIF value is 3.5 US Dollar and above per Kilogram. Further inputs imported by Advance Authorisation holders, Export Oriented Units (EOUs) and units in the SEZ shall be exempted from MIP condition.*

This is issued with the approval of Minister of Commerce & Industry.

19.2 Accordingly, I find that the goods “Polyester Knitted Cut Pile Fabric” imported vide the above said both BEs is restricted for import as per DGFT Notification No. 05/2025-26 dated 23.04.2025, however, import is free, if CIF value is 3.5 USD/Kg and above. The government of India has imposed MIP condition for the import of said goods vide DGFT Notification No. 05/2025-26 dated 23.04.2025. The importer has not declared the actual quantity of the said goods in the both BEs to avoid restriction of MIP as per above said Notification

20. It is proposed in the Show Cause Notice that the goods are liable for confiscation under Section 111(d), 111(l) and 111(m) of the Customs Act, 1962. In this regard, I find that Section 111 of the Customs Act, 1962 prescribes the confiscation of improperly imported goods. The relevant clauses of Section 111 are reproduced below:

(d) any goods which are imported or attempted to be imported or are brought within the Indian customs waters for the purpose of being imported, contrary to any prohibition imposed by or under this Act or any other law for the time being in force;

(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.

20.1 In view of the facts and material evidence on record, it is clearly established that the goods imported in the present shipment have been found mis-declared in respect of description, classification, valuation and other material particulars. The imported goods were subject to the provisions of the Customs Act, 1962, including confiscation provisions for mis-declaration.

20.2 I find that the goods imported by M/s. Neelam International were not correctly declared in respect of their description, classification, and value. The importer had declared the goods in both the Bills of Entry as " cut pile fabric under CTH 60019200 and long pile fabrics under CTH 60011020", however, the examination and CRCL test reports conclusively established that imported goods are Polyester knitted cut pile fabrics only and Polyester knitted cut pile fabrics specifically classifiable under CTH 60019200. Further, the goods "Polyester Knitted Cut Pile Fabric" imported vide the above said both BEs are restricted for import as per DGFT Notification No. 05/2025-26 dated 23.04.2025. The declared value did not correspond to the actual transaction value, as established by the rejection under Rule 12 of the CVR, 2007 and re-determination under Rule 9 at a higher value based on the Chartered Engineer's report.

20.3 Section 111 of the Customs Act, 1962, enumerates the circumstances under which improperly imported goods are liable to confiscation. Specifically, clause (l) provides: "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." This clause targets omissions or excesses in the declaration, where goods are either concealed (not declared) or declared in lesser quantities than actually imported, thereby evading proper assessment and duty payment. Clause (m) states: "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 transhipment, with the declaration for transhipment referred to in the proviso to sub-section (1) of section 54." This addresses mismatches in value, description, classification, or other particulars, where the declared details do not align with the actual goods, leading to undervaluation, misclassification, or other discrepancies that affect duty liability. Both clauses are invoked when there is a breach of the importer's obligation under Section 46(4) to make a true declaration in the Bill of Entry and under Section 46(4A) to ensure accuracy, completeness, and compliance. Such acts or omissions render the goods subject to "smuggling" as defined under Section 2(39), i.e., any act or omission making goods liable to confiscation under Section 111.

20.4 I find that the importer had mis-declared the quantity of goods of item no. 1 of both the Bill of Entry and accordingly brings the goods within the ambit of Section 111(m) of the Customs Act, 1962, as the goods do not correspond in respect of quantity and other material particulars with the entry made under the Customs Act, 1962 and are used to import restricted goods. The goods declared as “Cut pile fabrics” in both the Bills of Entry are not correctly included in respect of quantity in the entry, attracting Section 111(m) of The Customs Act, 1962.

Further, I find that the excess quantity of goods i.e. “Polyester Knitted Cut Pile Fabric” imported vide the above said both BEs are restricted for import as per DGFT Notification No. 05/2025-26 dated 23.04.2025. The government of India has imposed MIP condition for the import of said goods vide DGFT Notification No. 05/2025-26 dated 23.04.2025. The importer has not declared the actual quantity of the said goods in the both BEs to avoid restriction of MIP as per above said Notification. Therefore, by this act the importer has made the excess quantity of the goods liable for confiscation under Section 111(d) of The Customs Act, 1962. Further, the excess quantity of goods i.e. “Polyester Knitted Cut Pile Fabric” which is not correctly included in both the Bills of Entry and mis-declared in terms of description, classification, and quantity in the Bill of Entry and accordingly brings the goods within the ambit of Section 111(m) of the Customs Act, 1962, as the goods do not correspond in respect of description, classification, quantity and other material particulars with the entry made under the Customs Act, 1962. Additionally, the goods not correctly included in respect of quantity and value in the entry, attracting Section 111(l) read with Section 111(m) of The Customs Act, 1962. Accordingly, I find that the imported goods i.e. excess quantity of Polyester Knitted Cut Pile Fabric found during examination in both the Bills of Entry are

liable for confiscation under Sections 111(d), 111(l) and 111(m) of the Customs Act, 1962.

21.1 From the above, it is evident that the importer has mis-declared the goods in respect of description, classification, quantity, valuation, and other particulars. The importer had imported the goods which are restricted in nature as per DGFT Notification No. 05/2025-26 dated 23.04.2025. Thus, by these acts of omission and commission, I had held that the importer has rendered the subject goods liable for confiscation under Section 111(d), 111(l) and 111(m) of The Customs Act, 1962, and also rendered themselves liable for penal action under the provisions of Section 112(a) of the Customs Act, 1962. I find that the importer is liable for penalty under Section 112(a)(i) of the Customs Act, 1962.

21.2 As regards the penalty on the importer under Section 114AA of the Customs Act, 1962 is concerned, Section 114AA provides for penal action against any person who 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 business for the purposes of the Act. From the investigation and material on record, it is observed that the importer has filed both the Bill of Entry with incorrect declaration in material particulars such as description (Cut pile Fabrics and Long Pile Fabrics instead of cut pile fabrics only), classification (CTH 60019200 & 60011020 instead of single CTH 60019200), and undervalued both the Bills of Entry against re-determined value as per CE. The importer had knowingly and intentionally made/signed/used and/or caused to be made/signed/used the import documents and related declarations which were false or incorrect in these material particulars. Therefore, the importer is also liable to penalty under Section 114AA of the Customs Act, 1962.

22. As the impugned goods have been found liable to confiscation under Sections 111(d), 111(l) and 111(m) of the Customs Act, 1962 (as discussed in para 20 above), it becomes necessary to examine whether redemption fine under Section 125 of the said Act is imposable in lieu of confiscation. The statutory provision reads as under:

> *"Section 125. Option to pay fine in lieu of confiscation.—(1) Whenever confiscation of any goods is authorised by this Act, the officer adjudging it may, in the case of any goods, the importation or exportation whereof is prohibited under this Act or under any other law for the time being in force,*

and shall, in the case of any other goods, give to the owner of the goods [or, where such owner is not known, the person from whose possession or custody such goods have been seized,] an option to pay in lieu of confiscation such fine as the said officer thinks fit: Provided that... [provisos omitted for brevity]"

22.1 A plain reading of the above provision reveals that the imposition of redemption fine serves as an alternative to confiscation, providing the owner of the goods an opportunity to redeem them on payment of a fine, wherever their clearance is not restricted under any policy or statutory provision.

22.2 In the instant case, the goods found in excess quantity i.e. Polyester Knitted Cut Pile Fabric are restricted goods, the RF option is discretionary, as goods are imported below the minimum import price mandated by DGFT Notification No. 05/2025-26 dated 23.04.2025. As per DGFT Notification No. 05/2025-26 dated 23.04.2025, Polyester Knitted Cut Pile Fabric" is restricted, however, import is free, if CIF value is 3.5 USD/Kg and above. This procedural violation, unlike absolute prohibitions, permits discretion, as clearance may be feasible post compliance of DGFT Notification No. 05/2025-26 dated 23.04.2025. The goods found in excess quantity support a discretionary RF, subject to compliance of DGFT Notification No. 05/2025-26 dated 23.04.2025, to balance regulatory enforcement with release feasibility.

In view of the foregoing, I find and hold that under Section 125(1) of the Customs Act, 1962, goods of both the Bills of Entry are eligible for release upon payment of a Redemption Fine subject to compliance with DGFT Notification No. 05/2025-26 dated 23.04.2025.

23. In view of the foregoing discussion and findings, I pass the following order:

Order

(i) I reject the self-assessment made by the importer in Bill of Entry (for SEZ import Z type) No. 5998358 and 5998420 both dated 29.11.2025 under Section 17(1) of the Customs Act, 1962. Further, I order for re-assessment of the said Bills of Entry under the provisions of Section 17(4) of the Customs Act, 1962 with the re-determined description, classification, quantity and value as discussed in para

15.3 and 17.6. The duty arising consequent to such re-assessment shall be payable by the importer.

(ii) I reject the declared assessable value of Rs. 31,79,308/-(Rupees Thirty One Lakh Seventy Nine Thousand Three Hundred Eight only) and Rs. 28,26,858/-(Rupees Twenty Eight Lakh Twenty Six Thousand Eight Hundred Fifty Eight only) for Bills of Entry no. 5998358 and 5998420 both dated 29.11.2025 respectively under Rule 12 of the Customs Valuation (Determination of Value of Imported Goods) Rules, 2007 and order to re-determine the same at Rs. 86,10,944/-(Rupees Eighty Six Lakh Ten Thousand Nine Hundred Forty Four Only) and Rs. 70,72,559/-(Rupees Seventy Lakh Seventy Two Thousand Five Hundred Fifty Nine only) respectively under Rule 9 ibid, read with Section 14 of the Customs Act, 1962.

(iii) I order to confiscate the item no. 01 of Both the Bills of Entry No. 5998358 and 5998420 both dated 29.11.2025 having declared quantity as 2030 KGS and 2280 KGS having declared value of Rs. 6,45,026/-(Rupees Six Lakh Forty Five Thousand Twenty Six only) and 7,24,413/-(Rupees Seven Lakh Twenty Four Thousand Four Hundred Thirteen only) under Section 111(m) of the Customs Act, 1962. However, I give an option to the importer to redeem the said goods on payment of a redemption fine of Rs. 1,30,000/- (Rupees One Lakh Thirty Thousand only) under Section 125 of the Customs Act, 1962.

(iv) I order to confiscate the goods Polyester Knitted Cut Pile fabric found excess in quantity against the declared quantity under Bills of Entry No. Z- 5998358 and 5998420 both dated 29.11.2025 having re-determined value of Rs. 79,65,918/-(Rupees Seventy Nine Lakhs Sixty Five Thousand Nine Hundred Eighteen only) and 63,48,146/- (Rupees Sixty Three Lakh Forty Eight Thousand One Hundred Forty Six only) respectively under Section 111(d), 111(l) and 111(m) of the Customs Act, 1962. However, I give an option to the importer to redeem the said goods on payment of a redemption fine of Rs. 14,00,000/- (Rupees Fourteen Lakh only) under Section 125 of the Customs Act, 1962.

(v) I impose a penalty of Rs. 7,00,000/- (Rupees Seven Lakh only) upon the importer, M/s. Neelam International (IEC: 0513074856), under Section 112(a)(i) of the Customs Act, 1962.

(vi) I impose a penalty of Rs. 1,00,000/- (Rupees One Lakh only) upon the importer, M/s. Neelam International (IEC: 0513074856), under Section 114AA of the Customs Act, 1962.

24. This Order is issued without prejudice to any other action that may be taken against the importer or the goods under the provisions of the Customs Act, 1962 or rules made thereunder or under any other law for the time being in force.

Digitally signed by Dipakbhai Zala
Date: 01-07-2026 16:49:53

Additional Commissioner,
Customs House, Mundra

To:-

M/s. Neelam International (IEC: 0513074856),
Kh.No. 11/22, First Floor, Plot No-114/1,
Lakhi Ram Park, Blk-B, Suleman Nagar,
Village Kirari, Delhi, North West Delhi,
Delhi-110086

Copy to:

1. The Deputy/Assistant Commissioner (SIIB), Customs House, Mundra.
2. The Dy./Asstt. Commissioner (Review Cell), Customs House, Mundra.
3. The Dy./Asstt. Commissioner TRC, Customs House, Mundra
4. The Dy./Asstt. Commissioner, EDI, Customs House, Mundra
5. Concerned file