| | | |
|---|---|---|
| | **प्रधान आयुक्त का कार्यालय, सीमा शुल्क सदन, मुन्द्रा**<br>**OFFICE OF THE PRINCIPAL COMMISSIONER OF CUSTOMS, CUSTOM HOUSE: MUNDRA, KUTCH**<br>**MUNDRA PORT & SPL ECONOMIC ZONE, MUNDRA-370421**<br>ई-मेल/ E-Mail: group5-mundra@gov.in | |
| A | फा /.सं .FILE NO. | CUS/APR/MISC/141/2026-Gr 5-6-O/o Pr Commr-Cus-Mundra |
| B | मूल आदेश सं.<br>ORDER-IN- ORIGINAL NO. | MCH/ADC/ZDC/539/2025-26 |
| C | द्वारा पारित किया गया<br>PASSED BY | **Dipak Zala,**<br>Additional Commissioner of Customs, Custom House, Mundra |
| D | आदेश की तिथि<br>DATE OF ORDER | 13-01-2026 |
| E | जारी करने की तिथि<br>DATE OF ISSUE | 13-01-2026 |
| F | कारण बताओ नोटिस संएवं तिथि .<br>SCN NO. & DATE | Importer requested for SCH & PH Waiver |
| G | नोटिसीपार्टी / आयातक/<br>NOTICEE/PARTY/ IMPORTER | M/s. Respect Inc. (IEC: 0510028047)<br>Second Floor, 310, Prakash Gali, Teliwara, Delhi-110006 |
| H | डिन DIN | 20260171MO0000115451 |

1. यह अपील आदेश संबन्धित को नि:शुल्क प्रदान किया जाता है।
   This Order - in - Original is granted to the concerned free of charge.

2. यदि कोई व्यक्ति इस अपील आदेश से असंतुष्ट है तो वह सीमा शुल्क अपील नियमावली 1982 के नियम 6(1) के साथ पठित सीमा शुल्क अधिनियम 1962 की धारा 129A(1) के अंतर्गत प्रपत्र सीए3-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:

   **"सीमा शुल्क आयुक्त) अपील(, चौथी मंजिल, हुडको बिल्डिंग, ईश्वर भुवन रोड, नवरंगपुरा, अहमदाबाद 380009"**

   **"The Commissioner of Customs (Appeals), Mundra, 4TH Floor, Hudco Building, Ishwar Bhuvan Road, Navrangpura, Ahmedabad-380009."**

3. उक्त अपील यह आदेश भेजने की दिनांक से तीन माह के भीतर दाखिल की जानी चाहिए।
   Appeal shall be filed within three months from the date of communication of this order.

4. उक्त अपील के पर 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 –

5. उक्त अपील पर न्यायालय शुल्क अधिनियम के तहत 5/- रूपये कोर्ट फीस स्टाम्प जबकि इसके साथ संलग्न आदेश की प्रति पर अनुसूची- 1, न्यायालय शुल्क अधिनियम, 1870 के मदसं°-6 के तहत निर्धारित 0.50 पैसे की एक न्यायालय शुल्क स्टाम्प वहन करना चाहिए।
   The appeal should bear Court Fee Stamp of Rs.5/- under Court Fee Act whereas the copy of this order attached with the appeal should bear a Court Fee stamp of Rs.0.50 (Fifty paisa only) as prescribed under Schedule-I, Item 6 of the Court Fees Act, 1870.

6. अपील ज्ञापन के साथ ड्यूटि/ दण्ड/ जुर्माना आदि के भुगतान का प्रमाण संलग्न किया जाना चाहिये। Proof of payment of duty/fine/penalty etc. should be attached with the appeal memo.
7. अपील प्रस्तुत करते समय, सीमाशुल्क (अपील) नियम, 1982 और सीमा शुल्क अधिनियम, 1962 के सभी मामलों में पालन किया जाना चाहिए।

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

8. 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 (Appeals) 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 intelligence developed, it was found, that the consignment of goods imported by the importer M/s. Respect Inc. (IEC: 0510028047), Second Floor, 310, Prakash Gali, Teliwara, Delhi-110006 (hereinafter referred as 'Importer' for sake of brevity) and covered under SEZ (Z type) Bill of Entry No. 5461817 dated 03.11.2025 which is declared to contain Welding Machine under CTH 84682010, Welding Machine Spare Parts under CTH 84689000 and Hammer Machine Spare Parts under CTH 84679900, appear to be risky for mis-declaration/concealment of goods. Accordingly, the said consignment was put on hold for 100% examination by SIIB, Custom House, Mundra.

## EXAMINATION AND INVESTIGATION:

**2.1** The relevant details as mentioned in the SEZ (Z type) Bill of Entry No. 5461817 dated 03.11.2025 are as follows:

- Name & Address of the Importer: Respect Inc. ( IEC: 0510028047), Second Floor, 310, Prakash Gali, Teliwara, Delhi-110006, Name & Address of the Supplier: M/s Quingdao Haohan Welding Outfit Co. Ltd., 252, Gumiao Industrial Park, Chengya, NG Subdistrict, Chengyan, District Q, Ingdao, China, Qingdao, China.
- No of Packages declared: 1515 Pkgs.

Further, summary of the goods/items have been declared by the importer in the Bill of Entry are as under:

**Table-1**

| Item No. | CTH | Description of Item | Unit Price (in USD) | Quantity | UQC | Amount (in USD) |
|---|---|---|---|---|---|---|
| 1 | 84682010 | Welding Machine | 3.1 | 2092 | Pcs | 6485.2 |
| 2 | 84689000 | Welding Machine Spare Parts | 0.5 | 92 | Pcs | 46.00 |
| 3 | 84679900 | Hammer Machine Spare Parts | 0.22 | 11548 | Doz | 2540.56 |

**2.2** The officers of the SIIB Section, Customs House, Mundra conducted examination of the said consignment imported vide SEZ (Z type) Bill of Entry No. 5461817 dated 03.11.2025, stuffed in Container No. ZCSU6765790/40'on 11.11.2025 in presence of authorized representative of the importer.

**2.3** During examination of the goods imported, the total number of Package/bundles

has been found as 1515 Packages. Further, the details of the Goods found during examination are as mentioned as below:

**Table-2**

| Sr. No. | SEZ (Z Type) Bill of Entry No & Date | Description of Item | | No. of packages/CTN found on examination | No. of pieces/unit found on examination | Weight of cargo as per CFS weighment slip (in kgs |
|---|---|---|---|---|---|---|
| 1 | 5461817 dated 03.11.2025 | Welding Machine | Welding Machine MMA 200 | 65 | 130 | 16040 |
| 2 | | | Welding Machine MMA 250 | 322 | 644 | |
| 3 | | | Welding Machine MMA 300 | 409 | 818 | |
| 4 | | | Welding Machine MMA 350 | 250 | 500 | |
| 5 | | Welding Machine Spare Parts | | 3 | 92 | |
| 6 | | Hammer Machine Spare Parts | 801 new A | 49 | 24500 | |
| 7 | | | 801 new B | | | |
| 8 | | | 801 Big | 7 | 2800 | |
| 9 | | | CM4SA | 50 | 20000 | |
| 10 | | | 6-100 Red | 30 | 15000 | |
| 11 | | | 34 | 4 | 2000 | |
| 12 | | | 120 | 2 | 2000 | |
| 13 | | | 2-20 Black Single Speed | 35 | 7000 | |
| 14 | | | 2-20 Red Variable | | | |
| 15 | | | 335 | 30 | 7500 | |
| 16 | | | 5016 A(Safe Lock) | 2 | 500 | |
| 17 | | | 0810 T | 30 | 7500 | |
| 18 | | | G15SA2 | 48 | 12000 | |
| 19 | | | CM5PRO | 14 | 3500 | |
| 20 | | | Vibrator | 8 | 2000 | |
| 21 | | | Mixer C | 8 | 2000 | |
| 22 | | | 2000 | 3 | 510 | |
| 23 | | | 28700/CC14STD | 2 | 200 | |
| 24 | | | 200 | 1 | 100 | |
| 25 | | | 871(28700) | 4 | 600 | |
| 26 | | | 10A | 20 | 2000 | |
| 27 | | | Screw Driver C | 19 | 4750 | |
| 28 | | | Screw Driver D | 20 | 5000 | |
| 29 | | | 2-26 re | 31 | 4650 | |
| 30 | | | 13RE | 3 | 600 | |

| | | | | | | |
|---|---|---|---|---|---|---|
| 31 | | | 20-180 | 10 | 1000 | |
| 32 | | | 2-26 knob | 10 | 5000 | |
| 33 | | | 2310 Two Point | 16 | 4000 | |
| 34 | | | 2410 Two Point | 10 | 2500 | |
| Total | | | | 1515 | 141394 | |

**2.4** In view of above, it appears that goods are found as declared in terms of quantity, and are classified as per below mentioned table:

**Table-4**

| Sr. No | CTH as declared in SEZ (Z Type) BE | Description of goods as per Examination | Appropriate CTH as per Examination Report |
|---|---|---|---|
| 1 | 84682010 | Electric Welding Machine | 85153990 |
| 2 | 84689000 | Electric Welding Machine Spare Parts | 85159000 |
| 3 | 84679900 | Hammer Machine Spare Parts | 84679900 |

From above, it appears that goods mentioned at Sr. No. 1 and 2 of Table No. 04 have been declared as Welding Machine under CTH: 84682010 and Welding Machine Spare Parts under CTH: 84689000 while goods were found as Electric Welding Machine classifiable under CTH: 85153990 and Electric Welding Machine Spare Parts classifiable under CTH: 85159000.

**2.5** In the present matter, DTA Bill of Entry has not been filed till date. Here, it is pertinent to mention that as per Rules 48 of SEZ rules, 2006, some of the provisions of Customs Act, 1962 come in picture only after filling of DTA bill of Entry.

> ***The Rule 47 (4) of the SEZ Rules, 2006 read as under:***
> ***(4) Valuation and assessment of the goods cleared into Domestic Tariff Area shall be made in accordance with Customs Act and rules made thereunder.***
> ***The Rule 48(2) of the SEZ rules is reproduced below:***
> ***"(2) Valuation of the goods and/or services cleared into Domestic Tariff Area shall be determined in accordance with provisions of Customs Act and rules made thereunder as applicable to goods when imported into India"***

**2.6** Here, it is pertinent to mention that the importer has filed a SEZ WH/Z Type Bill of Entry for Home consumption without any mention of re-export, and during self-assessment, they have levied the applicable BCD instead of recognizing the non-applicability of BCD in the case of re-export. Additionally, it should be noted that when goods are imported for re-export purposes, this must be declared in the import Bill of Entry (BOE). Upon examining the submitted documents, it is clear that the invoice and packing list were issued to the buyer/consignee declared as the importer in the Bill of Entry and the Bill of Lading listed the importer as the consignee.

**2.7** Furthermore, a warehouse/Z Type BOE is typically filed when goods are imported and stored in a bonded warehouse without immediate payment of customs duties. The duties are deferred until the goods are either cleared for domestic consumption or re-exported. During the self-assessment process, the importer levied the applicable BCD, which further supports the interpretation that the goods were not intended for re-export. In the case of goods meant for re-export, the BCD would be zero, and this should be explicitly stated. The self-assessment process allows importers to

declare the classification and applicable duties on imported goods. By levying the BCD, the importer effectively confirmed that the goods were meant for domestic clearance (DTA) and not for re-export. Therefore, based on these facts, it is evident that the, though the SEZ Unit/Importer did not file a DTA BE, but the available information supports the conclusion that the goods were intended for DTA clearance only.

**2.8** Further, the assessable value of the imported items declared by the importer under Rule 3 of the Customs Valuation (Determination of value of imported goods) Rules, 2007 ('CV Rules' for sake of brevity) in the SEZ- Z Type B.E as Rs. 8,04,665/- [9071.76/- USD] appears appropriate to be rejected in terms of Rule 12 of the Rules, *ibid*. To ascertain the value of cargo, attempts have been made to get the details from the previous bills of entry filed by the importer and as well as NIDB data for similar and identical during the relevant period was done. However, due to various items without specification and detail, valuation of identical or similar items cannot be ascertained. Thus, valuation of the item under import could not be determined in terms of Rule 4 to 8 of the CV Rules, ibid. Therefore, valuation of the goods was found appropriate to be determined under residual method of valuation provided under Rule 9 of the CV Rules *ibid* and hence, opinion of the empanelled Chartered Engineer was sought for determination of the value of the goods under import. The empanelled Chartered Engineer Shri Ajay Jhala has submitted his observations vide report ABJ:INSP:CE:MUN:SIIB:SH:RES:25-26:17 dated 16.12.2025. The Empanelled CE has ascertained the CIF value of the imported consignment 19,09,081/- (21,522.9/- USD) as item-wise details mentioned here under:

**TABLE-5**

| Sr. No. | Description of Item | | No. of packages/CTN found on examination | No. of pieces/unit found on examination | Per Unit Suggestive Average C.I.F. Value in Bulk Quantity (IN USD Approx) | Total Suggestive Average C.I.F. Value in Bulk Quantity (in USD Approx) | Assessable Value (in INR) as per CE valuation) |
|---|---|---|---|---|---|---|---|
| 1 | Welding Machine | Welding Machine MMA 200 | 65 | 130 | 7.33 | 952.9 | 84522 |
| 2 | | Welding Machine MMA 250 | 322 | 644 | 7.89 | 5081.16 | 450699 |
| 3 | | Welding Machine MMA 300 | 409 | 818 | 9.02 | 7378.36 | 654461 |
| 4 | | Welding Machine MMA 350 | 250 | 500 | 10.15 | 5075 | 450153 |
| 5 | Welding Machine Spare Parts | | 3 | 92 | 2.82 | 259.44 | 23012 |
| 6 | | 801 new A | 49 | 24500 | | | |
| 7 | | 801 new B | | | 0.019 | 465.5 | 41290 |
| 8 | | 801 Big | 7 | 2800 | 0.02 | 56 | 4967 |
| 9 | | CM4SA | 50 | 20000 | 0.019 | 380 | 33706 |
| 10 | | 6-100 Red | 30 | 15000 | 0.019 | 285 | 25280 |
| 11 | | 34 | 4 | 2000 | 0.019 | 38 | 3371 |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| 12 | Hammer Machine Spare Parts | 120 | 2 | 2000 | 0.019 | 38 | 3371 |
| 13 | | 2-20 Black Single Speed | 35 | 7000 | | | |
| 14 | | 2-20 Red Variable | | | 0.019 | 133 | 11797 |
| 15 | | 335 | 30 | 7500 | 0.019 | 142.5 | 12640 |
| 16 | | 5016 A (Safe Lock) | 2 | 500 | 0.02 | 10 | 887 |
| 17 | | 0810 T | 30 | 7500 | 0.019 | 142.5 | 12640 |
| 18 | | G15SA2 | 48 | 12000 | 0.019 | 228 | 20224 |
| 19 | | CM5PRO | 14 | 3500 | 0.019 | 66.5 | 5899 |
| 20 | | Vibrator | 8 | 2000 | 0.025 | 50 | 4435 |
| 21 | | Mixer C | 8 | 2000 | 0.02 | 40 | 3548 |
| 22 | | 2000 | 3 | 510 | 0.019 | 9.69 | 860 |
| 23 | | 28700/CC14STD | 2 | 200 | 0.019 | 3.8 | 337 |
| 24 | | 200 | 1 | 100 | 0.019 | 1.9 | 169 |
| 25 | | 871(28700) | 4 | 600 | 0.019 | 11.4 | 1011 |
| 26 | | 10A | 20 | 2000 | 0.019 | 38 | 3371 |
| 27 | | Screw Driver C | 19 | 4750 | 0.03 | 142.5 | 12640 |
| 28 | | Screw Driver D | 20 | 5000 | 0.03 | 150 | 13305 |
| 29 | | 2-26 re | 31 | 4650 | 0.019 | 88.35 | 7837 |
| 30 | | 13RE | 3 | 600 | 0.019 | 11.4 | 1011 |
| 31 | | 20-180 | 10 | 1000 | 0.019 | 19 | 1685 |
| 32 | | 2-26 knob | 10 | 5000 | 0.019 | 95 | 8427 |
| 33 | | 2310 Two Point | 16 | 4000 | 0.02 | 80 | 7096 |
| 34 | | 2410 Two Point | 10 | 2500 | 0.02 | 50 | 4435 |
| Total | | | 1515 | 141394 | | 21522.9 | 1909081 |

**2.9** The importer has declared the total assessable value of the consignment as **Rs.** 8,04,665/- [9071.76/- USD] in the SEZ Z Type Bill of Entry No. 5461817 dated 03.11.2025. However, as per the report submitted by the Chartered Engineer the suggestive value of the consignment is Rs. 19,09,081/- (21,522.9/- USD *88.7 (Exchange Rate). Thus, it appears that the subjected consignment has been undervalued to the extent of **Rs. 11,04,416/-** on account of mis-declaration of the imported goods by the said importer.

**2.10** Thus, by way of mis-declaration of the items in terms of description, as discussed above, short levy of the Customs duty to the tune of **Rs. 3,59,522/- (BCD- 1,23,827/-+ SWS-12,382 +IGST- 2,23,313/-** (as calculated in Annexure-A attached) has been observed in the present matter.

**2.11** The said importer vide their letter dated 18.12.2025 also submitted that they are agreed with the value ascertained for each of the products as per CE report The importer has also submitted that they do not want any show cause notice or personal hearing in this matter and they are ready to pay whatever duty, penalty, redemption fine or other charges as imposed by the Competent Authority under the provisions of Customs Law.

**LEGAL PROVISIONS:**

**3.1** As per 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*;

**3.2** **SECTION 46** of the Act, prescribes that the importer while presenting a bill of entry stall make and subscribe to a declaration as to the truth of the contents of such bill of entry and shall, in support of such declaration, produce to the proper officer the invoice, if any, and such other documents relating to the imported goods as may be prescribed.

**3.3** Further, **Section 111** of the Act, prescribes the Confiscation of improperly imported goods, etc. as under

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

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

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

**3.4** **Further, Section 112** of the Act provides the 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, harboring, 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.*

**3.5 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.*

**3.6 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.*

## 4. OUTCOME OF THE INVESTIGATION:

**4.1** From the above discussion, it appears that the importer has filed SEZ Z Type Bill of Entry No. 5461817 dated 03.11.2025 for import of Welding Machine under CTH 84682010, Welding Machine Spare Parts under CTH 84689000 and Hammer Machine Spare Parts under CTH 84679900. Upon investigation, it was noticed that the items under import were mis-declared in term of classification as mentioned at Table 04 above. Therefore, value of the consignments declared by the importer under Rule 3 of the Customs Valuation (Determination of value of imported goods) Rules, 2007 ('CV Rules' for sake of brevity) appears liable to be rejected in terms of Rule 12 of the Rules, *ibid*. Since, the items found during the examination are of unbranded with no specification, the valuation of the same could not be determined in terms of Rule 4 to 8 of the CV Rules, ibid. Therefore, valuation of the goods was found to be determined under residual method of valuation provided under Rule 9 of the CV Rules *ibid* and hence, opinion of the empanelled Chartered Engineer was sought for determination of the value of the goods under import.

**4.2** Further, as per the empanelled Chartered Engineer report, the value of the consignment under import is ascertained to Rs. 19,09,081/- (21,522.9/- USD) against declared value of Rs. **Rs.** 8,04,665/- [9071.76/- USD]. Thus, it appears that the subjected consignment was undervalued to the tune of Rs. 11,04,416/- on account of mis-declaration of the imported goods in terms of classification. Thus, by way of mis-declaration of the items under import, in terms of classification, as worked out at Para-2.12 short levy of the Customs duty to the tune of Rs. **3,59,522/- (BCD- 1,23,827/-+ SWS- 12,382 +IGST- 2,23,313/-**as calculated in Annexure A) has been detected in the present case & the same is recoverable from the importer.

**4.3** Accordingly, it is found that the goods imported by the said having assessable value ascertained to **Rs. 19,09,081/-** (21,522.9/- USD) are not correctly included in the SEZ Z Type Bill of Entry No. 5461817 dated 03.11.2025 filed by the said importer as well as do not correspond in respect of value and particulars thereof. Hence, the said goods having assessable value ascertained to Rs. 19,09,081/- (21,522.9/- USD) are found liable for confiscation under Section 111 (l) and 111 (m) of the Customs Act, 1962.

**4.4** In view of the above, it is found that the importer has mis declared the items under import vide SEZ Z Type Bill of Entry No. 5461817 dated 03.11.2025 in terms of description and value thereof. Therefore, it appears that the importer has contravened Section 14 and Section 46 of the Customs Act, 1962 read with Rule 11 of the CVR, 2007 in as much as the failed to declare correct value of the goods in the Customs document filed by them. These acts of omission and commission on the part of importer have made the imported goods having re-determined value of **Rs 19,09,081/-** (21,522.9/- USD) covered under SEZ Z Type Bill of Entry No. 5461817 dated 03.11.2025 are liable for confiscation under Section 111 (l) & 111 (m) of the Act, *ibid* and has thus rendered themselves liable for penal action under Section 112 (a) of the Customs Act, 1962.

**4.5** In the instant case, as mentioned in above paras, the goods imported vide the said Bill of Entry have been found mis-declared by the said importer. Further, Section 114AA of the Customs Act, 1962, prescribed that "*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*". Accordingly, in the instant case, it also appears that the importer made themselves liable to the

penalty leviable under said Section 114AA of the said Act.

**4.6** Furthermore, it appears that by mis-declaring the classification and accordingly, value of the goods under import, the importer has also short levied the duty amounting to Rs **3,59,522/- (BCD- 1,23,827/-+ SWS-12,382+IGST- 2,23,313/-** as calculated at Annexure A) which is required to be added into the respective DTA Bill of Entry, likely to be filed by the importer.

**5.** The said importer vide their email dated 18.12.2025 also submitted that they do not want any show cause notice or personal hearing in this matter and they are ready to pay whatever duty, penalty, redemption fine or other charges as imposed by the Competent Authority under the provisions of Customs Law.

## PERSONAL HEARING AND SUBMISSIONS

**6 .** The importer M/s. Respect Inc. vide letter dated 07.01.2026 has submitted the following:

> *"……we would like to inform you that the subject Bill of Entry filed by us which was held for further investigation purposes. The investigation has now been completed, and the file has been put up for adjudication.*
>
> *In this regard, we respectfully request your good office to **kindly waive the issuance of a Show Cause Notice and Personal Hearing and decide the matter on merits**. We hereby undertake to abide by the decision taken by your good office in this matter.*
>
> *Your kind and lenient consideration in this regard will be highly appreciated."*

## DISCUSSION AND FINDINGS

**7 .** I have carefully gone through the records of the case and Investigation Report No. 197/2025-26 dated 27.12.2025. The importer vide letter dated 07.01.2026 has requested for waiver of Show Cause Notice and personal hearing in the matter. Thus, I find that the principles of natural justice as provided under Section 122A of the Customs Act, 1962 have been complied with and I proceed to decide the case on the basis of documentary evidence available on record. The main issues to be decided are:

**(i)** Whether the declared classification of the goods i.e. **CTH 84682010**: Welding Machine and **CTH 84689000**: Welding Machine Spare Parts in the SEZ Z Type Bill of Entry No. 5461817 dated 03.11.2025 are liable to be rejected and need to be re-classified under **CTH 85153990**: Electric Welding Machine and **CTH 85159000**: Electric Welding Machine Spare Parts;

**(ii)** Whether the declared assessable value of **Rs. 8,04,665/-** for the goods under SEZ Z Type Bill of Entry No. 5461817 dated 03.11.2025 is liable to be rejected under Rule 12 of CVR, 2007 and re-determined as **Rs. 19,09,081/-** as per the Chartered Engineer's valuation report in terms of Rule 9 of CVR, 2007;

**(iii)** Whether the self-assessment done by the importer is liable to be rejected and the SEZ Z Type Bill of Entry No. 5461817 dated 03.11.2025 needs to be re-assessed with differential duty of **Rs. 3,59,522/-** under Section 17(4) of the Customs Act, 1962;

**(iv)** Whether the goods imported vide SEZ Z Type Bill of Entry No. 5461817 dated 03.11.2025 are liable for confiscation under **Section 111(l)** and **Section 111(m)** of the Customs Act, 1962;

**(v)** Whether penalties under **Section 112(a)(ii)** and **114AA** of the Customs Act, 1962

are imposable on the importer M/s. Respect Inc.

**8.1** Regarding the first issue, I find that the importer vide SEZ Z Type Bill of Entry No. 5461817 dated 03.11.2025 has declared the goods as "Welding Machine" under CTH 84682010 and "Welding Machine Spare Parts" under CTH 84689000. However, upon physical examination conducted on 11.11.2025 by the officers of SIIB Section, Customs House, Mundra, it was found that the goods are Electric Welding Machines and Electric Welding Machine Spare Parts.

**8.2** I find that the declared description does not accurately describe the actual goods imported. CTH 8468 covers gas-operated welding machines, while CTH 8515 covers electric welding machines. The examination revealed that the imported goods are electric welding machines, not gas-operated welding machines as declared. I find that from the physical examination, it is evident that the imported welding machines operate on electricity, not gas. The goods found during examination fall under CTH 85153990 (Electric Welding Machine) and the spare parts fall under CTH 85159000 (Electric Welding Machine Spare Parts).

**8.3** I find that the importer vide letter dated 18.12.2025 has accepted the examination findings and has not disputed the classification. The importer has also not provided any contrary evidence to support their declared classification. Accordingly, it appears that the importer has misclassified and misdeclared the goods.

**8 . 4** In view of the above, I hold that the declared classification CTH 84682010 and CTH 84689000 are liable to be rejected and the same are to be re-classified as CTH 85153990 (Electric Welding Machine) and CTH 85159000 (Electric Welding Machine Spare Parts) respectively as per the examination findings.

**9.1** Regarding the second issue, I find that the declared assessable value was Rs. 8,04,665/- for the goods covered under SEZ Z Type Bill of Entry No. 5461817 dated 03.11.2025. The per-unit declared values were: Welding Machine at USD 3.1 per piece, Welding Machine Spare Parts at USD 0.5 per piece, and Hammer Machine Spare Parts at USD 0.22 per dozen.

**9.2** I find that the declared value appears to be significantly undervalued and does not appear to reflect the true market value of such goods. As per Rule 12 of CVR, 2007, when the proper officer has reason to doubt the truth or accuracy of the value declared in relation to any imported goods, and after receiving further information or in the absence of a response, 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.

**9.3** I find that as per Rule 3(4) of CVR, 2007, if the value cannot be determined under the provisions of sub-rule (1), the value shall be determined by proceeding sequentially through Rules 4 to 9. Attempts were made to determine the value of identical or similar goods as per Rules 4 to 8 of CVR, 2007 by examining previous bills of entry filed by the importer and NIDB data. However, the subject consignment comprises unbranded goods without proper specifications, and in the absence of credible data of import of similar/identical goods, the value of these goods cannot be determined under Rules 4 to 8 of CVR, 2007.

**9 . 4** I find that accordingly, the value is to be determined under Rule 9 (Residual method) of CVR, 2007. The empanelled Chartered Engineer Shri Ajay Jhala was engaged for valuation purposes and vide CE Report No. ABJ:INSP:CE:MUN:SIIB:SH:RES:25-26:17 dated 16.12.2025, has provided the valuation of the goods. The Chartered Engineer has determined that the suggestive CIF value of the goods is **Rs. 19,09,081/-.** The

importer vide letter dated 18.12.2025 has accepted the Chartered Engineer's valuation report.

**9.5** I find that the declared assessable value was **Rs. 8,04,665/-**, whereas the re-determined assessable value as per the Chartered Engineer's report is **Rs. 19,09,081/-**, showing an undervaluation of **Rs. 11,04,416/-**. This significant undervaluation clearly establishes that the declared value is not acceptable. I note that Rule 47(4) of the SEZ Rules, 2006 provides that "Valuation and assessment of the goods cleared into Domestic Tariff Area shall be made in accordance with Customs Act and rules made thereunder." Further, Rule 48(2) of the SEZ Rules, 2006 states that "Valuation of the goods and/or services cleared into Domestic Tariff Area shall be determined in accordance with provisions of Customs Act and rules made thereunder as applicable to goods when imported into India."

**9.6** In view of the above, I hold that the declared assessable value of **Rs. 8,04,665/-** is liable to be rejected under Rule 12 of CVR, 2007 and the value is re-determined at **Rs. 19,09,081/-** (Rupees Nineteen Lakh Nine Thousand Eighty One Only) in terms of Rule 9 of CVR, 2007 based on the Chartered Engineer's valuation report dated 16.12.2025. This re-determined value shall be applicable at the time of filing DTA Bill of Entry.

**10.1** Regarding the third issue, I find that Section 17(4) of the Customs Act, 1962 provides that "*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.*" In the present case, I find that the self-assessment is incorrect and incomplete as it is based on wrong classification and undervalued goods. The declared value has been rejected and re-determined as **Rs. 19,09,081/-** as discussed above. The duty liability needs to be re-calculated based on the re-determined assessable value.

**10.2** I find that as per the re-determined assessable value of **Rs. 19,09,081/-,** the duty liability is as follows:

| **Particulars** | **Amount (Rs.)** |
|---|---|
| Re-determined Assessable Value (as per CE Report) | 19,09,081 |
| BCD (at applicable rates) | 1,84,177 |
| SWS @ 10% of BCD | 18,418 |
| IGST @ 18% on (Assessable Value + BCD + SWS) | 3,80,101 |
| Total Duty Payable | **5,82,696** |
| Duty already paid | 2,23,174 |
| **Differential Duty Recoverable** | **3,59,522** |

**10.3** Therefore, I hold that the self-assessment done by the importer is liable to be rejected and SEZ Z Type Bill of Entry No. 5461817 dated 03.11.2025 needs to be re-assessed under Section 17(4) of the Customs Act, 1962 with differential duty of **Rs. 3,59,522/-** (Rupees Three Lakh Fifty Nine Thousand Five Hundred Twenty Two Only).

**11.1** Regarding the fourth issue, I find that Section 111(l) of the Customs Act, 1962 provides for confiscation of "*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.*" In the present case, I find that the importer declared "Gas Operated Welding Machine" under CTH 84682010 and "Welding Machine Spare Parts" under CTH 84689000 in the Bill of Entry. However, on examination, "Electric Welding Machines" classifiable under CTH 85153990 and "Electric Welding Machine Spare Parts" classifiable under CTH 85159000 were found. The actual goods imported,

being electric welding machines, were not included in the entry made under this Act as the importer had declared gas operated welding machines. This clearly establishes that the goods found were not included in the entry made under the Act.

**11.2** I find that Section 111(m) of the Customs Act, 1962 provides for confiscation of "*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.*" I find that in the present case, the goods do not correspond with the entry made in the Bill of Entry in multiple respects i.e. classification and value. The declared value of **Rs. 8,04,665/-** was found to be incorrect, and the actual value was determined as **Rs. 19,09,081/-** by the empanelled Chartered Engineer. I find that the importer has violated Section 46(4) of the Customs Act, 1962 by not making a true declaration as to the contents of the Bill of Entry. Further, the importer has violated Section 46(4A) of the Customs Act, 1962 by not ensuring the accuracy and completeness of the information given in the Bill of Entry. The significant discrepancies in classification and value clearly establish that the declaration made was false and incorrect.

**11.3** I find that the importer's acts of omission and commission have rendered the goods liable to confiscation. The mis-declaration of classification wherein electric welding machines were not included in the declared entry, and significant undervaluation collectively establish that the goods do not correspond with the entry made under the Act. Therefore, I hold that the goods imported vide SEZ Z Type Bill of Entry No. 5461817 dated 03.11.2025 having re-determined assessable value of **Rs. 19,09,081/-** are liable for confiscation under **Section 111(l)** and **Section 111(m)** of the Customs Act, 1962.

**11.4** Further, I note that as per Section 125(1) of the Customs Act, 1962, in case of confiscation of goods other than prohibited goods, an option to pay fine in lieu of confiscation shall be given to the owner. In the present case, since the imported goods are not prohibited goods, I find it appropriate to give the importer an option to redeem the confiscated goods on payment of appropriate redemption fine under **Section 125** of the Customs Act, 1962.

**12.1** Regarding the fifth issue, I find that Section 112(a)(ii) of the Customs Act, 1962 provides for penalty in the case of dutiable goods, other than prohibited goods, on any person 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. In the present case, I find that the importer has imported mis-classified and undervalued goods with differential duty liability of **Rs. 3,59,522/-.** The importer's acts of declaring wrong classification and significant undervaluation have rendered the goods liable to confiscation under Section 111(l) and Section 111(m) of the Customs Act, 1962. These acts of omission and commission attract penalty under **Section 112(a)(ii)** of the Customs Act, 1962.

**12.2** I find that Section 114AA provides for penalty for "use of false and incorrect material". In the present case, I find that the importer knowingly suppressed material facts regarding the actual nature, classification and value of the goods. The importer declared the goods as gas operated welding machines under CTH 84682010 and 84689000 while the actual goods were electric welding machines classifiable under CTH 85153990 and 85159000. Further, the importer declared assessable value of Rs. 8,04,665/- while the actual re-determined value is Rs. 19,09,081/-, resulting in undervaluation of Rs. 11,04,416/-. This suppression of material facts regarding the classification and value of goods constitutes use of false and incorrect material particulars in documents filed for

Customs purposes, thereby attracting penalty under **Section 114AA** of the Customs Act, 1962.

**12.3** Therefore, I find that penalties under **Sections 112(a)(ii)** and **114AA** of the Customs Act, 1962 are imposable upon the importer M/s. Respect Inc.

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

**ORDER**

**(i)** I order to reject the declared classification of goods i.e. **CTH 84682010** (Welding Machine) and **CTH 84689000** (Welding Machine Spare Parts) in the SEZ Z Type **Bill of Entry No. 5461817 dated 03.11.2025** and I further order that the goods be re-classified under **CTH 85153990** (Electric Welding Machine) and **CTH 85159000** (Electric Welding Machine Spare Parts) respectively;

**(ii)** I order to reject the declared total assessable value of **Rs. 8,04,665/-** of the consignment covered under Z Type SEZ Bill of Entry No. 5461817 dated 03.11.2025 under Rule 12 of the Customs Valuation Rules, 2007 and I further order that the value be re-determined at **Rs. 19,09,081/-** in terms of Rule 9 of CVR, 2007, read with Rule 47(4) of the SEZ Rules, 2006. This re-determined value shall be applicable at the time of filing DTA Bill of Entry;

**(iii)** I reject the self-assessment of SEZ Z Type Bill of Entry No. 5461817 dated 03.11.2025 and order to re-assess the same under **Section 17(4)** of the Customs Act, 1962. The differential duty on the imported goods comes out to **Rs. 3,59,522/-** (Rupees Three Lakh Fifty Nine Thousand Five Hundred Twenty Two Only);

**(iv)** I hold that the goods imported vide SEZ Z Type Bill of Entry No. 5461817 dated 03.11.2025 having re-determined value of **Rs. 19,09,081/-** are liable for confiscation under Sections **111(l) and 111(m)** of the Customs Act, 1962. However, I give an option to the importer to redeem the same on payment of fine of **Rs. 1,90,000/-** (Rupees One Lakh Ninety Thousand Only) under Section 125 of the Customs Act, 1962;

**(v)** I impose a penalty of **Rs. 35,000/-** (Rupees Thirty Five Thousand Only) upon M/s. Respect Inc. under **Section 112(a)(ii)** of the Customs Act, 1962;

**(vi)** I impose a penalty of **Rs. 50,000/-** (Rupees Fifty Thousand Only) upon M/s. Respect Inc. under **Section 114AA** of the Customs Act, 1962.

**14.** This Order-in-Original is issued without prejudice to any other action that may be taken against the importer or any other person under the Customs Act, 1962 or any other law for the time being in force.

Digitally signed by Dipakbhai Zala
Date: 13-01-2026 18:42:27

**(Dipak Zala)**
Additional Commissioner of Customs
Custom House, Mundra

Encl: Annexure-A

**To,**

M/s. Respect Inc. (IEC: 0510028047)
Second Floor, 310, Prakash Gali, Teliwara,
Delhi-110006

**Copy to:**

1. The Deputy Commissioner, SIIB, Customs House, Mundra
2. The Deputy Commissioner, Review, Customs House, Mundra
3. The Deputy Commissioner, TRC, Custom House, Mundra
4. The Deputy Commissioner, EDI, Custom House, Mundra
5. The Deputy Commissioner, SEZ, APSEZ, Mundra
6. Guard File