

		<p>प्रधान आयुक्त का कार्यालय, सीमा शुल्क सदन, एमपी और एसईजेड, मुंद्रा, कच्छ-गुजरात - 370421</p> <p>OFFICE OF THE PRINCIPAL COMMISSIONER OF CUSTOMS, CUSTOMS HOUSE, MP & SEZ MUNDRA, KUTCH-GUJARAT EMAIL: group1-mundra@gov.in</p>	
A	File No.	CUS/APR/1831/2026-Gr 3-O/o Pr Commr-Cus-Mundra	
B	Order-in-Original No.	MCH/ADC/ZDC/49/2026-27	
C	Passed by	Dipak Zala Additional Commissioner of Customs, Custom House, Mundra.	
D	Date of order	24.04.2026	
E	Noticee/Party/Importer	M/s Raj Traders (IEC – AGEPP4320L)	
F	DIN No.	20260471M0000000A2F2	

1. यह अपील आदेश संबन्धित को निःशुल्क 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 3 के साथ पठित सीमा शुल्क अधिनियम 1962 की धारा 128 A के अंतर्गत प्रपत्र सीए- 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:

**“ सीमा शुल्क आयुक्त (अपील),
चौथी मंजिल, हुडको बिल्डिंग, ईश्वर भुवन रोड, नवरंगपुरा, अहमदाबाद-380 009”
“THE COMMISSIONER OF CUSTOMS (APPEALS), MUNDRA
Having his office at 4th Floor, HUDCO Building, Ishwar Bhuvan Road,
Navrangpura, Ahmedabad-380 009.”**

3. उक्त अपील यह आदेश भेजने की दिनांक से 60 दिन के भीतर दाखिल की जानी चाहिए ।

Appeal shall be filed within sixty days 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 –

(i) उक्त अपील की एक प्रति और

A copy of the appeal, and

(ii) इस आदेश की यह प्रति अथवा कोई अन्य प्रति जिस पर अनुसूची-1 के अनुसार न्यायालय शुल्क अधिनियम-1870 के मद सं०-6 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.

5. अपील ज्ञापन के साथ ड्यूटी/ ब्याज/ दण्ड/ जुर्माना आदि के भुगतान का प्रमाण संलग्न किया जाना चाहिये ।

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

6. अपील प्रस्तुत करते समय, सीमा शुल्क (अपील) नियम, 1982 और सीमा शुल्क 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.

7. 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 letter No. DRI/AZU/CI-02/INT-56/2025 dated 28.02.2026 received from the Directorate of Revenue Intelligence (DRI), Ahmedabad Zonal Unit, forwarding intelligence regarding possible mis-declaration in import consignments of laminated fabrics, the consignment imported vide Z-Bill of Entry No. 7759569 dated 26.02.2026 filed by M/s. Raj Traders (IEC-AGEPP4320L) BLDG No.4, Shop

No.20, Avenue J, Narangi Bypass, Virar West, Vasai Virar, Palghar, Maharashtra-401303 (hereinafter referred to as “the importer” for the sake of brevity) was put on hold for examination. Subsequently, as per the allotment order issued through email dated 10.03.2026, the case pertaining to M/s. Raj Traders in respect of Bill of Entry No. 7759569 dated 26.02.2026 was allocated to SIIB Group-B for detailed examination and further investigation.

1.1 The importer had filed the above Bill of Entry declaring the goods as “Polyester PVC Coated Fabric” classifiable under CTH 59031090 imported from China imported in Container No. WHSU8082980. The goods were destined for M/s OWS Warehouse Services LLP (SEZ Unit), APSEZ, Mundra (Kutch) Port – INAJM6. The importer, in the said Bill of Entry No. Z-7759569 dated 26.02.2026, had declared the assessable value as Rs. 9,31,314.6/- and total duty amounting to Rs. 2,61,699/-. The details of the goods declared in the aforesaid Bill of Entry are as under:

Table-I

Sr. No	CTH	Description	Quantity	No of Rolls	Unit Price (In USD)	Declared Assessable value(Rs.)
1	(CTH-59031090)	Polyster PVC Coated Fabric	56,300 SQM	954	0.18	9,31,314.6

Examination of the Goods:

2. The consignment was examined on 16.03.2026 at OWS Warehouse Services LLP, Mundra SEZ, under examination report dated 16.03.2026 in presence of Shri Umesh Kumar – authorised representative of importer and Shri Anil Kumar – Operational Manager, OWS Warehouse. During examination the container number and seal were verified with the Bill of Lading and found intact. After opening the container, the goods were found to be fabric rolls wrapped in transparent polythene packing bearing marking “MTC Gold”. Based on physical appearance and GSM difference, the fabric appeared to be two different types.

The details of the examination conducted are as under:

Table-II

Goods found during examination	No. of fabric rolls found	Average Net weight per roll (after deduction of packing material)	Total Net weight found during examination (Approx.)	Sample mark

Type-1 fabric	689	32.1 KGS	22116.9 KGS	Red Colour
Type-2 fabric	265	14.1 KGS	3736.5 KGS	Black Colour
	954		25853 KGS	

However, to ascertain the correct classification and composition, two representative samples were drawn in triplicate and forwarded to CRCL, Kandla vide Test Memo No. 592/2025-26 (Type-1 fabric) and 593/2025-26 dated 18.03.2026 (Type-2 fabric) for testing.

3. Classification of the Goods:

The CRCL, Kandla vide Lab Report No. 10784 dated 01.04.2026 and Lab Report No. 10785 dated 23.03.2026, received in respect of Test Memo No. 592/2025-26 and 593/2025-26 respectively, has submitted the following observations.

<p>Lab Report No. 10784 dated 01.04.2026 i/r of TM 592/2025-26 for Type-1 fabric</p> <p>The sample as received is in the form of a cut piece of dyed (red colour) Woven fabric having polymeric coating marked as MTC Gold on one Side.</p> <p>base fabric is composed of polyester filament yarn and coating is composed of polymer based on compounded polyvinyl chloride (PVC).</p> <p>GSM (as such): 425.7</p> <p>Selvedge to Selvedge width(cms)-152</p> <p>% Composition</p> <p>Polyester: 51.30 % by weight</p> <p>Coating material (PVC): Balance</p> <p>Note: As the sample is coated fabric, hence Azo dye in the sample could not be ascertained</p>	<p>Lab Report No. 10785 dated 23.03.2026 i/r of TM 593/2025-26 for Type-II fabric</p> <p>The sample as received is in the form of a cut piece of dyed (black colour) Woven fabric having coating on one side.</p> <p>The base fabric is composed of polyester filament yarn and coating is composed of compounded polyvinyl chloride (PVC).</p> <p>GSM (as such): 143.66</p> <p>Selvedge to Selvedge width-150 CM</p> <p>% Composition</p> <p>Polyester: 80.68 %</p> <p>PVC: Balance</p> <p>Note: The sample is coated fabric, hence Azo dye in the sample could not be ascertained</p>
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Thus, the CRCL report confirmed that the goods are PVC coated polyester fabric and appear to be correctly classifiable under CTH 59031090 as declared.

The relevant extract of the Customs Tariff Heading (CTH) is reproduced below
5903 Textile Fabric impregnated, coated, covered or laminated with plastics, other than those of heading 59.02

590310 - With Polyvinyl chloride:

59031010 --- Imitation leather fabrics of Cotton

59031090 --- Other

590320 - With Polyurethane:

59032010 --- Imitation leather fabrics, of cotton

59032090 --- Other

590390 - Other:

59039010 --- Of Cotton

59039020 --- Polyethylene laminated jute fabrics

59039090 --- Other.

Accordingly, as per the CRCL test reports, the goods appear to be in conformity with the description and classification declared in the Bill of Entry.

4. Re-determination of Quantity of the Goods:

The importer has declared 954 packages (rolls) having a total quantity of 56,300 SQM in the Z-Bill of Entry No. 7759569 dated 26.02.2026.

During the examination conducted on 16.03.2026, a total of 954 rolls were physically counted comprising two different types of fabrics, namely Type-1 and Type-2. The total net weight of the cargo was found to be approximately 25,853 Kgs.

Representative samples of both types of fabrics were drawn and forwarded to CRCL, Kandla vide Test Memo Nos. 592/2025-26 and 593/2025-26 dated 18.03.2026. As per the CRCL test reports, the GSM of the samples was reported as 425.7 GSM for Type-1 fabric and 143.66 GSM for Type-2 fabric.

Further, the goods were examined and evaluated by a Chartered Engineer, who issued CE Report No. ABJ:INSP:CE:SIIB:OWS:GI:25-26:05 dated 15.04.2026. As per the said report, the quantity of the goods was determined based on the actual weight and GSM of the respective fabrics as reported in the CRCL test reports.

The quantity calculation is summarized below:

Table-III

Type of Fabric	No. of Rolls	Net Weight	GSM	Quantity (SQM)
Type-1 Fabric	689	22116.9 KGS	425.7	51955
Type-2 Fabric	265	3736.5 KGS	143.66	26010

Total	954	25853 KGS		77,965
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Accordingly, the total quantity of the goods works out to 77,965 SQM (approx.) as against the declared quantity of 56,300 SQM, resulting in a substantial mis-declaration of quantity.

5. Rejection and Determination of Valuation:

As the goods imported vide Z-Bill of Entry No. 7759569 dated 26.02.2026, were found to be mis-declared in terms of Quantity, thus value, hence they were liable to be re-assessed under section 17(4) of the Customs Act, 1962. Further, the value declared by the importer in the corresponding Bills of Entry and invoices did not appear to be the true transaction value under the provisions of Section 14 of the Customs Act, 1962 read with the provisions of the Customs Valuation (determination of Value of Imported Goods) Rules, 2007 and thus the same appear liable to be rejected in terms of Rule 12 of CVR, 2007. The value is required to be re-determined by sequentially proceeding in terms of Rules 4 to 9 of CVR, 2007.

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. 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 was appointed for valuation of the goods. The Chartered Engineer vide his CE Report No. ABJ:INSP:CE:SIIB:OWS:GI:25-26:05 Dated: 15/04/2026 has suggested the valuation of the imported goods as under:

Table-IV

(1 USD=91.90)

S r . N o .	Description of Goods - As found after examination - As per test report.	No. of Fab ric roll s	We ight of one Gre en PP Bag s (K GS.)	Total Quantit y of goods in KGS. - As found after exami nation – As per Weigh ment Slip	Total Quanti ty of goods in SQM - As found after exami nation. (In)SQ M	Per Unit Decl ared C.I. F. Bill Of Entr y Val ue of the Goo ds in US D	Total Decl ared C.I.F . Bill Of Entry Valu e of the Good s in USD	Per Unit Aver age Sugg estiv e C.I.F . Valu e of the Good s in bulk quant ity in USD	Total Avera ge Sugge stive C.I.F. Value of the Good s in bulk quanti ty in USD (Appr ox.)

								(App rox.)	
1	The base fabric is composed of polyester filament yarn and coating is composed of polymer based on compounded polyvinyl chloride (PVC) (GSM 425.70) Polyester: 51.30% by Wt.	689	32. 1	22116. 90	51955	0.18	1013 4 USD	0.20 USD	10391 USD
2	The base woven fabric is composed of polymer filament yarn and coating is composed of compounded polyvinylchloride (PVC) (GSM 143.66) Polyester : 80.68% by Wt.	265	14. 1	3736.5 0	26010			0.18 USD	4681. 80 USD
	TOTAL AVERAGE C.I.F. AMOUNT IN USD (APPROX.):			25853 KGS.	77965 SQM		1013 4 USD		15072 .80 USD

As per the Chartered Engineer's report, the total suggestive CIF value of the goods works out to USD 15,072.80 (approx.), which is equivalent to ₹13,85,190/- (at exchange rate ₹91.90/USD) (Rs. Thirteen Lakh Eighty-Five Thousand One Hundred Ninety only) in contrast to the declared assessable value as Rs. 9,31,314.6/-.

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 Bill of Entry and declare the correct amount of leviable duty. By failing to declare dutiable goods correctly in the Bill 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. **Re-determination of Duty:**

6.1. Based on the foregoing paragraphs, it is evident that the importer has undervalued and mis-declared in quantity the imported goods to evade payment of duties and taxes . The duty liability for the imported goods as per re-determined value is ascertained as under:

Table-V

Sr No	Description	Total Quantity (SQM)	Total Suggestive Average C.I.F. Value by C.E. (in USD)	Total Suggestive Average C.I.F. Value by C.E. (in INR) \$=91.9	BCD @ 20% (In Rs.)	SWS @ 10% of BCD (in Rs.)	IGST @ 5% (In Rs.)	Total Duty (In Rs.)
1	PVC coated polyester fabric	77965	15072.80 USD	13,85,190	2,77,038	27,704	84,497	3,89,239

From the Table V above, it appears that the total duty liability of the importer is Rs. 3,89,239/- (Rupees Three Lakh Eighty Nine Thousand Two Hundred Thirty-Nine only).

6.2. The importer, in Z-Bill of Entry No. 7759569 dated 26.02.2026, had declared the assessable value of the goods as ₹9,31,314.60/- and calculated the applicable duties based on the declared value is amounting to ₹2,61,699/-.

6.3. Based on the calculations shown in Table-V above, the importer is liable to pay a **differential duty of ₹1,27,540/- (₹3,89,239 – ₹2,61,699)** on the imported goods. The said differential duty has arisen on account of mis-declaration of quantity and undervaluation of the goods.

7. **LEGAL PROVISIONAS:**

7.1. **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;

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

7.3. **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:

...--

(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.

...

7.4. **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 section 111,

shall be liable, -

(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.

7.5. **114AA. Penalty for use of false and incorrect material.—**

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

7.6. **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.

7.7. **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.

7.8. **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.

8. **Outcome of Investigation:**

On the basis of specific intelligence received from the Directorate of Revenue Intelligence (DRI), Ahmedabad Zonal Unit regarding possible mis-declaration in the import of laminated fabrics, an investigation was initiated by the Special Intelligence and Investigation Branch (SIIB), Customs House, Mundra in respect of the import consignment of M/s Raj Traders (IEC – AGEPP4320L) covered under Z-Bill of Entry No. 7759569 dated 26.02.2026, filed at APSEZ, Mundra (INAJM6).

The investigation revealed mis-declaration in terms of quantity and valuation, indicating intent to evade Customs duties. The outcomes of the investigation are as follows:

8.1. **Examination and Findings:**

The consignment consisting of 954 rolls was examined on 16.03.2026 at M/s OWS Warehouse Services LLP (SEZ Unit), APSEZ, Mundra. The consignment contained 954 fabric rolls which physically tallied with the declared number of rolls. However, based on the weighment conducted during examination, CRCL test results and GSM analysis, the actual quantity of the goods was calculated to be 77,965 SQM,

as against the declared quantity of 56,300 SQM, thereby establishing substantial mis-declaration of quantity.

8.2 Classification of Goods

The CRCL, Kandla Laboratory vide Lab Report No. 10784 dated 01.04.2026 and Lab Report No. 10785 dated 23.03.2026 confirmed that the samples are woven polyester fabric coated with Polyvinyl Chloride (PVC). Accordingly, the goods are correctly classifiable under CTH 59031090, i.e., Textile fabrics impregnated, coated, covered or laminated with plastics – with Polyvinyl Chloride (PVC). Thus, the classification declared by the importer appears to be correct.

8.3. Valuation of the Goods:

- Declared Value: The importer declared the assessable value of the goods as ₹9,31,314.60/-

- Re-determined Value:

The Chartered Engineer vide CE Report No. ABJ:INSP:CE:SIIB:OWS:GI:25-26:05 dated 15.04.2026 determined the fair CIF value of the goods at USD 15,072.80, equivalent to ₹13,85,190/- (at exchange rate ₹91.90/USD).

- Valuation Method: The declared value was rejected under Rule 12 of the Customs Valuation (Determination of Value of Imported Goods) Rules, 2007 due to mis-declaration and undervaluation.

Since valuation under Rules 4 to 8 could not be determined due to absence of identical or similar contemporaneous import data and non-standard nature of goods, the value was determined under Rule 9 (Residual Method) of the CVR, 2007 based on the Chartered Engineer's valuation.

8.4. Duty Evasion:

Due to mis-declaration of quantity and consequent undervaluation, the importer has short paid Customs duty. The duty calculation reveals that:

- Total Duty Payable (Re-determined): ₹3,89,239/-
- Duty Declared and Paid by Importer: ₹2,61,699/-

Accordingly, the differential duty liability works out to ₹1,27,540/-, which has arisen due to mis-declaration of quantity and undervaluation of the imported goods.

8.5. **Conclusion:**

From the foregoing investigation, it appears that the importer M/s Raj Traders (IEC – AGEPP4320L) has mis-declared the quantity and value of the imported goods covered under Z-Bill of Entry No. 7759569 dated 26.02.2026, thereby resulting in short payment of applicable Customs duty. Accordingly, the imported goods having re-determined assessable value of ₹13,85,190/- appear liable for confiscation under Section 111(l) and 111(m) of the Customs Act, 1962 for mis-declaration of quantity and value.

Further, the importer also appears liable for penalty under Section 112(a)(ii) of the Customs Act, 1962 for improper importation of goods. Since incorrect declaration was made in the import documents, the importer is also liable for penalty under Section 114AA of the Customs Act, 1962.

Waiver of Notice and Personal Hearing:

9. The importer, M/s Raj Traders, BLDG No.4, Shop No.20, Avenue J, Narangi Bypass, Virar West, Vasai Virar, Palghar, Maharashtra-401303, was informed of the CRCL test report and the Chartered Engineer's valuation report, which were shared with the importer through email. The importer has accepted the CRCL test report as well as the valuation suggested in the Chartered Engineer's report on mail. Further, letter 16.04.2026, the importer has requested waiver of issuance of Show Cause Notice and personal hearing in the matter and has requested that necessary adjudication proceedings/action may be initiated in respect of the said Bill of Entry as per the provisions of the Customs Act, 1962.

10. **In view of the above, it appears that:**

- a) The declared quantity of 56,300 SQM is liable to be rejected and the actual quantity of the goods is correctly determined as 77,965 SQM, establishing mis-declaration of quantity.
- b) The declared assessable value of ₹9,31,314.60/- is liable to be rejected and the assessable value is correctly re-determined as ₹ 13,85,190/- under Rule 9 of the Customs Valuation Rules, 2007.

- c) The self-assessment done by the importer is liable to be rejected and the Bill of Entry requires re-assessment under Section 17(4) of the Customs Act, 1962, involving differential duty of ₹ 1,27,540/.
- d) The goods imported vide Bill of Entry No. Z- 7759569 dated 26.02.2026, having re-determined assessable value of ₹13,85,190/-, are liable for confiscation under Section 111(l) and 111(m) of the Customs Act, 1962 for mis-declaration of quantity, classification and value.
- e) The importer is liable for penalty under Section 112(a)(ii) and 114AA of the Customs Act, 1962.

11. As the Importer vide email dated 16.04.2026 has already requested for waiver of the show cause notice and personal hearing in the matter, necessary adjudication proceeding/action may be initiated in respect of the said Bill of Entry as per the Customs Act, 1962. Outcome of the recoveries made may please be intimated to this office.

DISCUSSION AND FINDINGS

12. I have carefully gone through the facts of the case and Investigation report. I observed that the Importer during the investigation already waived the right of Show Cause Notice and personal hearing. I find that the condition of Principles of Natural Justice under Section 122A of the Customs Act, 1962 has been complied. Considering this scenario, I find it appropriate to proceed with the adjudication proceedings in terms of merit of the case. I find that the following issues needed to be decided in the present proceedings:

- (i) Whether the declared Quantity 56,300 SQM of the goods is liable to be rejected and needs to be re-determined as 77,965 SQM or otherwise.
- (ii) Whether the declared value i.e., Rs. 9,31,314.60/- of the goods is liable to be rejected and the same is required to be re-determined as Rs. 13,85,190/- or otherwise;
- (iii) Whether the subject Bill of Entry is liable to be re-assessed accordingly under Section 17(4) of the Customs Act, 1962 or otherwise;
- (iv) Whether the impugned goods are liable for confiscation under Section 111(l) and 111(m) of the Customs Act, 1962 or otherwise.
- (v) Whether the importer is liable for Penalty under Section 112(a)(ii) and 114AA of the Customs Act, 1962 or otherwise.

13. I find that the present proceedings arise from specific intelligence received from DRI, Ahmedabad regarding possible mis-declaration and irregularities in the import consignment filed by M/s Raj Traders under Bill of Entry No. Z-7759569 dated 26.02.2026 at APSEZ, Mundra. Acting upon such intelligence, the consignment was intercepted and subjected to detailed examination by SIIB, Mundra. I observe that the importer declared the goods as "Polyester PVC Coated Fabric" under CTH 59031090 with a declared quantity of 56,300 SQM. However, upon 100% examination conducted on 16.03.2026 in the presence of the authorised representative, the goods were found to consist of 954 rolls of fabric appears to be two different types of fabric.

13.1 I further find that samples drawn during examination were sent to CRCL, Kandla vide vide Test Memo No. 592/2025-26 (Type-1 fabric) and 593/2025-26 dated 18.03.2026 (Type-2 fabric) for testing. I find that CRCL has issued 10784 dated 01.04.2026 and Lab Report No. 10785 dated 23.03.2026, received in respect of Test Memo No. 592/2025-26 and 593/2025-26 respectively, and reported the test results as per the below table:

Lab Report No. 10784 dated 01.04.2026 i/r of TM 592/2025-26 for Type-1 fabric	Lab Report No. 10785 dated 23.03.2026 i/r of TM 593/2025-26 for Type-II fabric
<p>The sample as received is in the form of a cut piece of dyed (red colour) Woven fabric having polymeric coating marked as MTC Gold on one Side.</p> <p>base fabric is composed of polyester filament yarn and coating is composed of polymer based on compounded polyvinyl chloride (PVC).</p> <p>GSM (as such): 425.7</p> <p>Selvedge to Selvedge width(cms)-152</p> <p>% Composition</p> <p>Polyester: 51.30 % by weight</p> <p>Coating material (PVC): Balance</p> <p>Note: As the sample is coated fabric, hence Azo dye in the sample could</p>	<p>The sample as received is in the form of a cut piece of dyed (black colour) Woven fabric having coating on one side.</p> <p>The base fabric is composed of polyester filament yarn and coating is composed of compounded polyvinyl chloride (PVC).</p> <p>GSM (as such): 143.66</p> <p>Selvedge to Selvedge width-150 CM</p> <p>% Composition</p> <p>Polyester: 80.68 %</p> <p>PVC: Balance</p> <p>Note: The sample is coated fabric, hence Azo dye in the sample could not be ascertained</p>

not be ascertained	
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From the above, I find that the goods found to in line with the importer declaration in respect of description and classification. I find that the importer has reviewed and accepted the above said re-test report

14. I find that the importer has declared the quantity of the imported goods as 56,300 SQM in the Bill of Entry, whereas the physical examination and subsequent testing have established a substantial difference in the actual quantity. During examination, the net weight of the consignment was verified as approx. 25,853 Kgs. However, I observe that mere correctness of weight does not validate the correctness of declared quantity, especially in the case of textile fabrics where GSM (grams per square meter) is the determining factor for deriving area-based quantity. I further find that CRCL Test reported the GSM of the imported fabric as 425.7 gm/m² for Type-I fabric and 143.66 gm/m² for Type-2 Fabric. Details are already mentioned at table-III, hence, the same are not repeated here for the sake of brevity. Based on this GSMs and the verified net weight, the actual quantity of the imported goods works out to **77,965 SQM**. I note that the importer has declared the goods in terms of area (SQM), which is directly dependent upon GSM. I further observe that such mis-declaration of quantity has a direct bearing on the assessable value as well as duty liability, since the valuation in the present case is linked to per unit (per SQM) pricing. By suppressing the actual quantity, the importer has reduced the declared assessable value and tried to evade the appropriate Customs duty.

14.1 I further take note of the fact that the importer was provided with the CRCL test report as well as the Chartered Engineer's valuation report and, thereafter, the importer has accepted the findings. I also find that the importer, vide email dated 16.04.2026, has requested for waiver of show cause notice and personal hearing and has agreed for adjudication on merits. In view of the same, I find that the investigation has clearly brought out that the goods imported under the said Bill of Entry were not declared in a true and correct manner in terms of quantity and value.

15. Valuation:

15.1 I find that the goods were found to be mis-declared in respect of quantity and GSM. The investigation suggested undervaluation by way of mis-declaring the GSM. Thus, the value of goods declared by the importer in the subject Bill of Entry does not appear to be true transaction value under the provisions of Section 14 of the Customs Act, 1962 read with the provisions of the Customs Valuation (determination of Value of Imported Goods) Rules, 2007. The Importer during the investigation, in principle, agreed with the valuation suggested by the Chartered Engineer/valuer. Thus, the declared value appeared to be not acceptable as transaction value and merits rejection in terms of Section 14 of Customs Act, 1962 read with Rule 12 of Customs Valuation (Determination of Value of Imported Goods) Rules, 2007. The value is required to be re-determined by sequentially proceeding in terms of Rules 4 to 9 of Customs Valuation (Determination of Value

of Imported Goods) Rules, 2007. I find that Rule 3(1) of Rules 2007 provides that “*subject to rule 12, the value of imported goods shall be the transaction value adjusted in accordance with provisions of rule 10*”. Rule 3(4) *ibid* states that “*if the value cannot be determined under the provisions of sub-rule (1), the value shall be determined by proceeding sequentially through rule 4 to 9 of Custom Valuation Rules, 2007*”.

15.2 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 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. 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.

15.3 I find that in absence of credible data of import of similar goods and other constraints the value of these goods cannot be determined in terms of Rule 4, 5, 6, 7, 8 of Customs Valuation Rules 2007. Hence, the value is to be determined in terms of Rule 9 of said rules. For the purpose of valuation, the Chartered Engineer submitted his report having ref no. ABJ:INSP:CE:SIIB:OWS:GI:25-26:05 Dated: 15/04/2026. I find that the market price 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 to 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/valuer for the present shipments as Rs. **13,85,190/-** as shown in Table-IV above. Accordingly, I find that the importer is liable to pay differential duty of Rs. **Rs. 1,27,540/-** (as calculated under Table-V above) through re-assessment under Section 17(4) of the Customs Act, 1962.

16. I find that the Show Cause Notice proposes confiscation of the imported goods under the provisions of Section 111 (l) and 111(m) of the Customs Act, 1962. From the above, it is clear that the goods are found to be mis-declared in respect of quantity and valuation. The importer has not declared correct quantity and value of the goods at the time of filing of bill of entry. These acts were done to evade the legitimate Customs Duty by filing incorrect declaration in the bill of entry. I find

that these act on the part of the importer made the goods liable for confiscation under Section 111(l) and 111(m) of the Customs Act, 1962 which was done to evade Customs Duties. Accordingly, I find that the goods are liable to confiscation under the provisions of Section 111(l) and 111(m) of the Customs Act, 1962.

17. As the impugned goods are found to be liable for confiscation under Section 111 of the Customs Act, 1962, I find it necessary to consider as to whether redemption fine under Section 125 of Customs Act, 1962, is liable to be imposed in lieu of confiscation in respect of the impugned goods. The Section 125 ibid 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 1[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.”

A plain reading of the above provision shows that imposition of redemption fine is an option in lieu of confiscation. It provides for an opportunity to owner of confiscated goods for release of confiscated goods by paying redemption fine where there is no restriction on policy provision for domestic clearance. I find that there is no post clearance policy restriction on the imported goods, hence, an option to the Importer may be given for clearance of the goods for home consumption on payment of redemption fine.

18. From the above, it is evident that the importer has mis-declared the goods in respect of quantity and value. The charges have been agreed by the Importer during the investigation period. These acts on the part of the Importer rendered the goods liable for confiscation under the provisions of the Section 111 of the Customs Act and also made them liable for penalty under **Section 112(a)(ii)** of the Customs Act, 1962.

19. I find that after introduction of self-assessment vide Finance Act, 2011, the onus lies on the importer for making true and correct declaration in all aspects in the Bill of Entry and to pay the correct amount of Duty. In terms of Section 17 & 46 (4) of the Customs Act, 1962, the importers are required to make a declaration as to the truth of the contents of the Bill of Entry submitted for assessment of Customs duty. I find that the importer has filed bill of entry with the documents which were later on found false/incorrect in respect of quantity and value. These documents were submitted before the Customs Authority for clearance of goods. Importer knowingly and intentionally made/signed/used and/or caused to be made/signed/used the documents of their company for import of the offending goods having false and incorrect material particular, therefore I hold that the Importer is liable for penalty under **Section 114AA** of the Customs Act, 1962

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

ORDER

- i. I order to reject the declared quantity i.e., 56,300 Sqm and order to re-determine the same to 77,965 SQM.
- ii. I order to reject the declared assessable value of Rs. 9,31,314.60/- goods imported vide Bill of Entry No. Z-7759569 dated 26.02.2026 and order to re-determination the same at **Rs. 13,85,190/-** under Rule 9 of the CVR, 2007 as illustrated in Table-IV above of the said order. Further, I also order for re-assessment of the subject Bill of Entry under Section 17(4) of the Customs Act, 1962, as discussed under foregoing paras.
- iii. I order for confiscation of the goods imported under Bill of Entry no Z-7759569 dated 26.02.2026 having re-determined value of Rs. 13,85,190/- under Section 111(l) & 111(m) of the Customs Act, 1962. However, considering facts of the case and provisions of the Section 125 of the Customs Act, 1962, I give an option to the Importer to redeem the same on payment of redemption fine of Rs. **1,40,000/- (Rupees One Lakh Forty Thousand only)**.
- iv. I impose a penalty of **Rs. 12,000/- (Rupees Twelve Thousand only)** upon the importer under Section 112(a)(ii) of the Customs Act, 1962.
- v. I impose a penalty of **Rs. 25,000/- (Rupees Twenty Five Thousand only)** upon the importer under Section 114AA of the Customs Act, 1962.

21. This order is issued without prejudice to any other action that may be taken against the claimant under the provisions of the Customs Act, 1962 or rules made there under or under any other law for the time being in force.

Additional Commissioner,
Customs House, Mundra.

To,

M/s Raj Traders,
Building No. 4, Shop No. 20, Avenue J,
Narangi Bypass Road, Virar West,
Vasai Virar, Palghar, Maharashtra – 401303.

Copy submitted to:

1. The Deputy Commissioner (SIIB), Custom House, Mundra
2. The Deputy Commissioner (Review/TRC/EDI), Custom House, Mundra.
3. Guard file.