कार्यालय: प्रधान आयुक्त सीमा शुल्क, मुन्द्रा,
सीमा शुल्क भवन, मुन्द्रा बंदरगाह, कच्छ, गुजरात- **370421**
OFFICE OF THE PRINCIPAL COMMISSIONER OF CUSTOMS,
CUSTOM HOUSE, MUNDRA PORT, KUTCH,
GUJARAT-370421
PHONE:02838-271426/271423 FAX:02838-271425
Email: adj-mundra@gov.in

File. No.: GEN/ADJ/COMM/561/2026-Adjn-O/o Pr Commr-Cus-Mundra

Show Cause Notice No.: 49/2026-27/COMM/N.S./Adjn/MCH

SHOW CAUSE NOTICE

[Issued under Section 28(4) read with 124 of the Customs Act, 1962]

BRIEF FACTS OF THE CASE :

Specific intelligence was developed by DRI, Zonal Unit, Ahmedabad, that M/s. Mindra Green Energy LLP (hereinafter referred to as 'M/s. Mindra Green' or 'the importer' for sake of brevity) situated at C-502, Nirmal Residency, Nr. Malav Talav, Vejalpur, Ahmedabad-380051 (New Address : 160, Devraj Industrial Park, Pirana Road, Ahmedabad-382405), having IEC – ABHFM6198B), had imported "***Solar on-grid Inverters / Solar Inverters in SKD/CKD condition***", by declaring the imported items in their individual Chapter Headings as "***Display Control Power PCB for Solar on-grid Inverter, Inductor Choke Coils for Solar on-grid Inverter, Static Converter Parts/ Hardware Accessories for Static Power Converter Circuit, AC/DC Wiring Harness, Static (Power) Converter Circuit etc.***" in order to evade the applicable Customs Duties under the correct classification. Accordingly, an investigation was initiated against the said importer.

2) M/s. Mindra Green was importing the Solar Inverter in Semi Knocked Down (SKD) form by declaring the individual parts in their respective Chapter Tariff Item as "***Display Control Power PCB for Solar on-grid Inverter, Inductor Choke Coils for Solar on-grid Inverter, Static Converter Parts – Control Card/DVI Cable/LED Board, Touch Screen/Shunt Register/ Holder/ Sensor/ Holder Parts, Hardware Accessories for Static Power Converter Circuit – Different Ratings, Cover-Parts of Solar Micro Inverters (in SKD form), AC Wiring Harness – Parts of Solar Micro Inverters (in SKD form), DC Wiring Harness – Parts of Solar Micro***

Inverters (in SKD form), Input Output Board – Parts of Solar Micro Inverters (in SKD form), Static (Power) Converter Circuit rating 2.2 KVA/3 KVA/ 4.2 KVA/ 60KVA/ 80 KVA (in sets with corresponding set of Display rating of 2.2 KVA/3 KVA/ 4.2 KVA/ 60KVA/ 80 KVA), Spare parts of Static Converter & Transformer under CTH 85049090; Display Control Power PCB for Solar on-grid Inverter with different rating, Inductor Choke Coils for Solar on-grid Inverter with different rating, Inductor, Choke Coils and PCB, Static (Power) Converter Circuit with different rating, Transformised Module Parts, Spare Parts for Static Converter & Transformer under CTH 85045090; Spare Parts for Static Converter & Transformer : PVC Terminal Connector Strip, 4-PIN Connector, MC4 Male Connector, MC4 Female Connector / Dust under CTH 85369090; Spare Parts for Static Converter & Transformer : Temperature Sensor under CTH 90328990". Whereas, it appeared that the imported goods constituted complete Solar Inverters in Completely-Knocked Down (CKD)/ Semi-Knocked Down (SKD) form and were classifiable under CTI 85044090 with applicable rate of BCD at 20%. A sample Bill of Entry and the corresponding import documents filed by M/s. Mindra Green for the import of solar inverter is annexed as **RUD-1** to this Investigation Report.

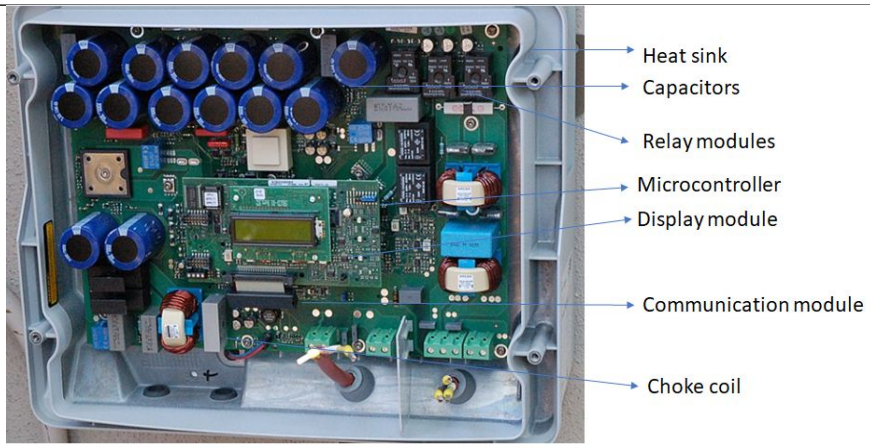
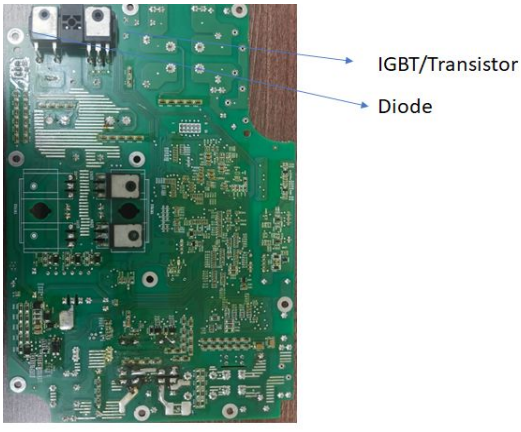
2.1) After claiming the classification of imports items under CTI 85049090, the Basic Customs Duty was being paid at the rate of 10% by availing the benefit of Notification No. 57/2017–Customs dated 30.06.2017 or 15% tariff rate without availing the benefits. Whereas, for the import of items under CTH 85045090, 85369090 and 90328990, the Basic Customs Duty was being paid at the rate of 7.5%/10%/15%, respectively, instead of the merit classification under CTH 85044090 with applicable 20% tariff rate.

2.2) The complete set of import documents i.e. Bills of Entry, Invoice, Packing List etc. pertaining to the imports under investigation are collectively annexed as RUD-1A to this Investigation Report. The 56 Bills of Entry, during the period from 27.11.2021 to 04.05.2026, are covered under the present investigation as per Annexure-A, wherein the importer has availed benefit of Notification No. 57/2017-Customs dated 30.06.2017 and has declared items under CTI 85049090, instead of merit classification under CTH 85044090, which is the correct classification for "Solar Inverters".

3) FUNCTIONING AND COMPONENTS OF SOLAR INVERTER

3.1) A solar inverter or photovoltaic (PV) inverter is a type of power inverter or static converter which converts the direct current (DC) output of a photovoltaic solar panel into a utility frequency alternating current (AC) that can be fed into a commercial electrical grid or used by a local, off-grid electrical network.

3.2) A pictorial representation of a solar inverter is illustrated below. While the design of solar inverters may vary across different models, the fundamental components are consistent and are illustrated in the diagram as follows :

Front pic of solar inverter PCB assembly with components	
Back side of solar inverter PCB Assembly	

3.3) Functioning of the components in brief :

(i) ***Capacitors****: Store and smooth DC voltage, filtering fluctuations.*

(ii) ***Inductors / Choke Coils****: Suppress high-frequency noise and manage current flow during DC to AC conversion.*

(iii) ***Transformer****: Steps up/down voltage and provides galvanic isolation between input and output.*

(iv) ***Relay Modules****: Act as electrical switches, often used for grid connection/disconnection or protection.*

(v) ***Microcontroller / Processor Unit****: Brain of the inverter, handles control logic, monitoring, and communication.*

(vi) ***LCD Display****: Displays operational data such as voltage, current, power output, fault codes, etc.*

(vii) ***Heat Sink****: Dissipates heat from power transistors and other hot components.*

(viii) ***Connectors/Terminals****: For connecting input (solar panels), output (AC to grid/home), and ground connections.*

(ix) ***Communication Modules****: Allow communication with monitoring systems (Wi-Fi, RS-485, Bluetooth, etc.) (optional)*

(x) ***Fuses/Protection Devices****: Protect against overcurrent or short circuits.*

(xi) ***Power Semiconductors (Transistors, IGBTs, or MOSFETs) and Diodes****: Perform the switching operations to convert DC to AC.*

3.4) The components as described above, except heat sink, are assembled on the Printed Circuit Board (PCB) and function together to convert Direct Current to Alternating Current. The Heat Sink merely serves as the component that dissipates heat generated during the functioning of the solar inverter. From the import documents, it is apparent that all the essential components of solar inverter have been imported by M/s. Mindra Green with the declared description as discussed in Para 2 above. The components were imported under various individual descriptions and were taken together constituted complete solar inverters; thus, it appeared that the solar inverters were being imported in completely/semi-knocked down condition in these consignments. Since all the essential components were being imported together, the goods imported had the essential character of the complete inverters and thus, merit classification as “Solar Inverters” under CTH

85044090 in terms of Rule 2(a) of General Rules of Interpretation for import tariff.

4) **GIST OF STATEMENTS RECORDED DURING THE INVESTIGATION UNDER SECTION 108 OF THE CUSTOMS ACT, 1962**

4.1) **Statement of Shri Dhairya M. Shah, Partner, Founder & CEO of M/s Mindra Green**, was recorded on 14.10.2024 under Section 108 of Customs Act, 1962 (**RUD-2**). Shri Dhairya M. Shah, *inter-alia,* stated that :-

4.1.1) M/s Mindra Green was established in year 2017 to deal in the business of Solar and electric vehicle charger. As a Founder & CEO of M/s Mindra Green, he was responsible for all the work related to import and clearance of the imported good in the company.

4.1.2) On being asked about the nature of business of M/ Mindra Green, he stated that the company engaged in business of the solar inverter (on grid and off grid) and Electric Vehicle Charging Station. For the production of Solar Inverter, the company had procured imported components from China.

4.1.3) On being asked about the activity carried out for Solar inverter, he stated that PCB testing was being done firstly, thereafter the supporting components of PCB i.e. Inductor, Capacitor, Display, Cable, Controlling Unit as Hardware, FRC cable were connected/integrated together in PCB. The whole PCB with integrated supporting components was mounted in enclosure (cabinet). The performance of product with quality testing was conducted and if the product passed quality testing, then the product was ready to use.

4.1.4) On being asked about the imported components used in making of Solar Inverter (on grid and off grid), he stated that the parts used in Solar (on grid and off grid) inverter were Static Power Converter Circuit, PCB, Display, Cabinet (Top panel and Bottom), Inductor Choke Coil, Control Card etc. and these components were being imported by the company.

4.1.5) On being asked about the purchase procedure followed for the import of parts/ components of Solar on Grid Inverter, he stated that the planning team complied the requirement of the parts/ components on the basis of requirement of Solar Inverter, thereafter, the purchase orders for import of components were placed to the overseas suppliers. The major components were Power Card, Control Card, Inductor Chock Coil, DC Switch, Display, PCB and enclosure (cabinet).

4.1.6) On being asked about the components included under the description of goods as Inductor Chock Coils & Display Control Power PCB, he stated that the Inductor Chock Coils included the Inductor and its driver circuit and the Display Control Power PCB included the display with assembled PCB and all these were being imported.

4.1.7) On being asked about the parts/ components of Solar Inverter imported in CKD/SKD condition, he stated that the goods imported by the company for manufacturing of Solar Inverter are on CKD (complete knock down) condition.

4.1.8) On being asked about the classification used for clearing the imported parts/ components of solar inverter, he stated that the parts of solar inverter i.e. PCB, Inductor Chock Coil etc. were classified under CTH 85045090 and Display was classified under CTH 85049090.

4.2) **Further, statement of Shri Harish G. Dave, Production Manager of M/s Mindra Green, was recorded on 13.12.2024 under Section 108 of Customs Act, 1962** (**RUD-3**). Shri Harish G. Dave, *inter-alia*, stated that:

4.2.1) He was working as Production Manager in M/s Mindra Green and he looked after every step of production of solar inverter i.e. the testing of the individual components, assembling of components and final quality check of solar inverter.

4.2.2) On being asked about the major components used in Solar Inverter and process adopted to make Solar Inverter, he stated that the major components of solar inverter were PCB, Display, Inductors, Heatsink, Cabinet, MC4, Rely, IGBT, Diode, Capacitors, MOV, Cables, Lugs etc. Further, the important components like Inductors, MC4, Rely, IGBT, Diode, Capacitors, MOV, Cables, Lugs, were mounted on PCB by using the soldering machine on assembly line. The details were as under :

a. Inductor potting machine – It was used in filing of inductor with Inductor compound and in mounting of inductors on heatsink;
b. Compressor – it was used in cleaning of PCB and heatsink by air pressure;
c. Cable Harnessing Machine – it was used in cable cutting and lug crimping;

d. High Voltage Tester – it was used in checking of High Voltage and leakage of Current;
e. IR tester – it was used in testing of insulation resistance of PCB, heatsink and other components;
f. Aging test machine – it was used in inverter Heat Run Test to check the inverter whether it was running properly or not;
g. Software Test Machine – it was used in uploading and upgrading of software in solar inverter;
h. IP (Ingress Protection) Machine – it was used to perform test related to effect of environmental substances i.e. water, dust, air;
i. Automatic Testing Equipment – it was used to check Serial No., Software DC voltage (over-voltage, under-voltage and leakage), AC Voltage (over-voltage, under-voltage, frequency and leakage), Power factor and efficiency;
j. FCT Machine (Function Circuit Test) – it was used to check the PCB overall functioning and check whether all the components in PCB were working or not;
k. THD Test Machine – it was used in testing of harmonics distortion;
l. Inductor Testing Machine – it was used to test the inductor values;
m. Screening Machine – it was used in levelling and screening of Solar Inverter;
n. Oscilloscope – it was used in testing waveforms;
o. DC Supply Machine – it was used in Supply of DC Current in Solar Inverter.

4.2.3) On being asked about the process of assembling the Solar Inverter by using the imported components and the functioning of these components in Solar Inverter, he stated that Display, PCB, PCB Control Card, Inductor Choke Coil, FRC Cable, MC4 Connector etc. were connected/integrated together in assembly line, then the assembled unit as Solar Inverter was placed in cabinet and the cabinet was attached with heatsink. After the completion of above process, the software was installed on PCB. The functioning of components in Solar Inverter were as under :

a) Assembled PCB – all the inverter components were connected to PCB which converts the DC current into AC Current.

b) Display – it display the Voltage, Power, Serial No., Error code and capacity of inverter.

c) Cabinet – Cabinet was used to protect solar inverter from environmental conditions and Display is mounted on it.

d) Heatsink – it was used to transfer the heat out from solar inverter and reduce temperature of solar inverter and protect PCB from overheating.

4.2.4) On being asked about the details of components mounted on PCB in assembly line and the purpose of assembled PCB, he stated that the Rely, IGBT, Diode, MOV, Capacitors, Current Sensors, Box Capacitors were mounted in PCB on assembly line. The assembled PCB in Solar Inverter is used to convert Direct Current (DC) into Alternate Current (AC).

4.2.5) On being asked about the condition of parts received for assembling or mounting in the process of making the Solar Inverter, he stated that the SMD components were pre-assembled in the PCB and other components like Inductors, MC4, Rely, IGBT, Diode, Capacitors, MOV, Cables, Lugs etc. were received as individual components for mounting on PCB.

4.3) **Subsequently, statement of Shri Jainam Shah, Partner of M/s Mindra Green, was recorded on 11.05.2026 under Section 108 of Customs Act, 1962** (**RUD-4**). Shri Jainam Shah, *inter-alia*, stated that :

4.3.1) As a Founder & Partner of M/s Mindra Green, he looked after the sales of Solar Inverter and EV Chargers.

4.3.2) On being asked about the components of Solar Inverter, he stated that the components like cables, switches, fans etc. were procured from domestic market and the rest components i.e. ***Display Control Power PCB for Solar on-grid Inverter, Inductor Choke Coils for Solar on-grid Inverter, Static Converter Parts – Control Card/DVI Cable/LED Board, Touch Screen/Shunt Register/ Holder/ Sensor/ Holder Parts, Hardware Accessories for Static Power Converter Circuit – Different Ratings, Cover-Parts of Solar Micro Inverters (in SKD form), AC Wiring Harness – Parts of Solar Micro Inverters (in SKD form), DC Wiring Harness – Parts of Solar Micro Inverters (in SKD form), Input Output Board – Parts of Solar Micro Inverters (in SKD form), Static (Power) Converter Circuit***

rating 2.2 KVA/3 KVA/ 4.2 KVA/ 60KVA/ 80 KVA (in sets with corresponding set of Display rating of 2.2 KVA/3 KVA/ 4.2 KVA/ 60KVA/ 80 KVA), Spare parts of Static Converter & Transformer – Control Card, Transferred Module Parts for 20 KW/ 30 KW, Current Transducer, Silicone Thermal Potting Adhesive etc., were imported under CTH 85049090.

4.3.3) On being asked about the classification of parts as CTH 85049090 and import of Solar Inverter in CKD/SKD condition, he stated that the classification of parts is CTH 85049090 and the company had imported complete assembled solar inverters under CTH 85044090 and paid the applicable BCD is 20%.

5) Further, this office had issued letter dated 12.02.2026 for seeking the agreements between M/s. Mindra Green and their overseas suppliers and purchase orders, all communication made by them with their overseas suppliers and the details of imported as well as domestic purchase of items/ components/ parts procured for solar inverter. In response to the letter, they had not provided any formal sale/purchase agreement with the overseas suppliers for the import of such parts/ components and the items/ components were being imported from their overseas suppliers on the basis of their requirements.

6) **REJECTION OF CLASSIFICATION OF ITEMS/COMPONENTS UNDER VARIOUS CUSTOMS TARIFF ITEMS AND RE-CLASSIFICATION UNDER CTI 85044090 & DENIAL OF EXEMPTION CLAIMED THEREON**

6.1) The facts come out from the investigation that the main components used by M/s. Mindra Green in making Solar inverter are ***Display Control Power PCB for Solar on-grid Inverter, Inductor Choke Coils for Solar on-grid Inverter, Static Converter Parts/ Hardware Accessories for Static Power Converter Circuit/, AC/DC Wiring Harness, Static (Power) Converter Circuit etc.*** and these items/ components had been imported from China. Further, the function of assembled PCB in solar inverter is to convert Direct Current to Alternate Current and have the essential characteristic of solar inverter in SKD (semi-knocked down) condition.

6.2) Further, the importer have an assembly line in their company premises where the imported components are assembled by using minor tools or

machine to make the complete solar inverters. The importer has carried out only assembly activity on the imported items/components of Solar Inverter so as to make the complete Solar inverter. Thereafter, the finished product i.e. 'Solar on Grid Inverter or Solar Inverter' is placed in cabinet at the company premises. Thus, it appears that the goods imported by M/s. Mindra Green have the essential characteristic of solar inverter in SKD (semi-knocked down) condition.

6.3) The statement of Shri Dhairya M. Shah, Partner of M/s Mindra Green, was recorded on 14.10.2024 under Section 108 of the Customs Act, 1962. In their deposition, Shri Dhairya M. Shah had stated that the main parts used in Solar on Grid Invertor are "***Static Power Converter Circuit, PCB, Display, Cabinet (Top panel and Bottom), Inductor Choke Coil, Control Card etc.***", were imported from China. Shri Dhairya M. Shah had stated the facts in their deposition that they had classified the parts i.e. PCB, Inductor Chock Coil etc. under CTH 85045090 and Display Control Power & other components under CTH 85049090, which were used to assemble the Solar Inverter of different ratings. Further, Shri Dhairya M. Shah has admitted the facts that they had conducted only assembly operations to constitute the Solar Inverters at their unit.

6.5) The statement of Shri Harish G. Dave, Production Manager of M/s Mindra Green was recorded on 13.12.2024 under Section 108 of Customs Act, 1962. In their deposition, Shri Harish G. Dave had stated that major components of solar inverter were "***PCB, Display, Inductors, Heatsink, Cabinet, MC4, Rely, IGBT, Diode, Capacitors, MOV, Cables, Lugs etc.***" and these components were imported. Further, these imported components were assembled in assembly line to form complete solar invertor. Thus, the imported goods were actually Solar Invertor in SKD condition, since they contained all the essential components to form a Solar Invertor.

6.6) Both the Partner and Production Manager has agreed that their imports constitute the import of Solar Invertors in SKD condition. They were doing only assembling of different imported parts with some minor domestically procured parts on the assembly line in their unit. The parts which had been imported, holds the essential characteristics of Solar Invertors and used to convert Direct Current to Alternate Current. Thus, the imported parts when assembled would constitute a complete Solar Inverter ready to use.

6.7) As is apparent from the description of items declared in the subject Bills of Entry filed by importer and the depositions of both the partners as well as production manager that that they were importing all the key components of the Solar inverter i.e. ***Static Power Converter Circuit, PCB, Display, Cabinet (Top panel and Bottom), Inductor Choke Coil, Heatsink, Cabinet, MC4, Rely, IGBT, Diode, Capacitors, MOV, Cables, Lugs, Control Card etc.***, which were essential components of the solar inverter. Further, the domestic components were only minor components which were used for assembly and were not critical to the core functioning of the solar inverter.

6.8) Further, it is observed that the importer has imported the parts/components as "***Display Control Power PCB for Solar on grid Inverter, Inductor Choke Coils for Solar on grid Inverter, Display Rating***" through INAMD4 & INMUN1, "***Display Rating with different ratings, Static (Power) Converter Circuit***" through INMUN1 & INNSA1, "***Transformised Module Parts***" through INNSA1& INSBI6, "***Input Output Power Board - Parts of Solar Micro Inverters (in SKD Forms), Communication Board - Parts of Solar Micro Inverters (in SKD Forms), AC & DC Wiring Harness - Parts of Solar Micro Inverters (in SKD FORMS), Cover-Parts of Solar Micro Inverters (in SKD FORMS), Spare Parts for Static Converter & Transformer, Current Transducer***" through INAMD4, "***Control Board for Static (Power) Converter Circuit, Casing for Static (Power) Converter Circuit, Capacitor for Static (Power) Converter Circuit, Connector Accessories for Static (Power) Converter Circuit***" through INNSA1. Thus, the facts reveal that the importer had imported the parts of Solar Inverters in SKD condition through different ports to avoid the correct and proper declaration in their bills of entry filed at their port of importation. The adoption of this pattern of import of parts through various ports is indicative of the intention of the importer to evade duty of customs by way of mis-classifying the goods under various CTIs, so as to pay less customs duty, instead of the applicable BCD @ 20%.

6.9) From the forgoing paras, it appears that M/s Mindra Green had imported Solar Inverters in SKD condition and assembled the Solar Inverter by using the imported parts/ components. Thus, the merit classification for the subject import parts/ components would be as Solar inverters under CTI

85044090, in terms of Rule 2(a) of the General Rules for Interpretation of Import Tariff of the First Schedule to the Customs Tariff Act, 1975.

7) **Rule 2(a) of General Rules of Interpretation for Import Tariff of the First Schedule to the Customs Tariff Act, 1975 :**

In terms of Rule 2(a) of General Rules of Interpretation for Import Tariff (hereinafter referred to as 'GIR') which reads as, "*Any reference in a heading to an article shall be taken to include a reference to that article incomplete or unfinished, provided that, as presented, the incomplete or unfinished articles has the essential character of the complete or finished article. It shall also be taken to include a reference to that article complete or /finished (or falling to be classified as complete or finished by virtue of this rule), presented unassembled or disassembled.*"

10.1) Further, it has been clarified in the explanatory notes which is reproduced as below :

RULE 2 (a)
(Incomplete or unfinished articles)

(I) The first part of Rule 2 (a) extends the scope of any heading which refers to a particular article to cover not only the complete article but also that article incomplete or unfinished, **provided** that, as presented, it has the essential character of the complete or finished article.

(II) The provisions of this Rule also apply to **blanks** unless these are specified in a particular heading. The term **"blank"** means an article, not ready for direct use, having the approximate shape or outline of the finished article or part, and which can only be used, other than in exceptional cases, for completion into the finished article or part (e.g., bottle preforms of plastics being intermediate products having tubular shape, with one closed end and one open end threaded to secure a screw type closure, the portion below the threaded end being intended to be expanded to a desired size and shape).

Semi-manufactures not yet having the essential shape of the finished articles (such as is generally the case with bars, discs, tubes, etc.) are not regarded as "blanks".

(III) In view of the scope of the headings of Sections I to VI, this part of the Rules does not normally apply to goods of these Sections.

(IV) Several cases covered by the Rule are cited in the General Explanatory Notes to Sections or Chapters (e.g., Section XVI, and Chapters 61, 62, 86, 87 and 90).

RULE 2 (a)
(Articles presented unassembled or disassembled)

(V) The second part of Rule 2 (a) provides that complete or finished articles presented unassembled or disassembled are to be classified in the same heading as the assembled article. When goods are so presented, it is usually for reasons such as requirements or convenience of packing, handling or transport.

(VI) This Rule also applies to incomplete or unfinished articles presented unassembled or disassembled provided that they are to be treated as complete or finished articles by virtue of the first part of this Rule.

GIR

(VII) For the purposes of this Rule, "articles presented unassembled or disassembled" means articles the components of which are to be assembled either by means of fixing devices (screws, nuts, bolts, etc.) or by riveting or welding, for example, provided only assembly operations are involved.

No account is to be taken in that regard of the complexity of the assembly method. However, the components shall not be subjected to any further working operation for completion into the finished state.

Unassembled components of an article which are in excess of the number required for that article when complete are to be classified separately.

(VIII) Cases covered by this Rule are cited in the General Explanatory Notes to Sections or Chapters (e.g., Section XVI, and Chapters 44, 86, 87 and 89).

(IX) In view of the scope of the headings of Sections I to VI, this part of the Rule does not normally apply to goods of these Sections.

Thus, Rule 2 (a) of the Interpretative Rules of the First Schedule to the Customs Tariff Act, 1975, *inter alia*, provides for classification of articles presented in unassembled or disassembled condition as complete article. It also provides for classification of incomplete articles presented unassembled or disassembled, as complete article, provided the incomplete article has the essential characteristic of the complete article. The HSN Explanatory Note to this rule, with reference to articles presented unassembled and disassembled explains these terms by stating, *inter alia*, that the components in such cases are to be assembled either by means of simple fixing devices (by screws, nuts, bolts, etc.) or by riveting or by welding provided only assembly operations are involved. It also states that no account is to be taken to the complexity of the assembly method. However, the components shall not be subjected to any further working operations to bring it to completion into finished state. Thus, this rule is applicable in cases where –

(i) only assembly operations are involved irrespective of the complexities of the assembly methods; and

(ii) components themselves should not be subjected to any further working operations for completion into finished state

7.2) As per explanatory notes of GIR, Rule 2(a) has been taken into two parts:

Part 1 : Incomplete or Unfinished Article

As per this, the scope of the heading is extended to cover not only the complete articles but also incomplete or unfinished articles as presented have the essential characters of complete article.

Part 2 : Articles presented unassembled or disassembled

As per this, the complete or finished article when presented in unassembled or disassembled form has been classified in the same heading as complete article and further stated that this rule applies to incomplete or unfinished article when presented in unassembled or dis-assembled form.

7.3) From the above, it appears that in terms of Rule 2(a) of General Rules of Interpretation for Import Tariff, parts of Solar Inverter being imported by M/s. Mindra Green under various CTIs in SKD condition are to be treated as Complete/Finished goods and accordingly, the same merit classification as a complete 'Solar Inverter' under Customs Tariff Item (CTI) 85044090 of the First Schedule to the Customs Tariff Act, 1975.

7.4) In the instant case, the parts imported by the importer declared as components for manufacturing of solar on grid inverter of various models are actually having all the essential parts of solar inverter which are in unassembled form, i.e. in semi knocked down condition. In other words, the imported parts constitute the majority of the Solar Inverter and when assembled together, they appear to give the essential character of a Solar Inverter.

7.5) Thus, it appears that the classification of the parts/ components under the various Customs Tariff Items (CTI) declaring the goods as individual parts claimed by M/s. Mindra Green is required to be rejected and the said parts/ components as detailed in Bills of Entry (mentioned in Annexure – A) filed by M/s. Mindra Green are required to be correctly re-classified under Customs Tariff Item: 85044090 and charged to Customs duties accordingly.

8) **DENIAL OF BENEFIT UNDER NOTIFICATION NO. 57/2017-CUSTOMS DATED 30.06.2017**

8.1) The importer has claimed the exemption under Notification No. 57/2017-Customs dated 30.06.2017, against Customs Tariff Item 85049090, by describing the goods as parts as "***Display Control Power PCB for Solar on-grid Inverter, Inductor Choke Coils for Solar on-grid Inverter, Static***

Converter Parts – Control Card/DVI Cable/LED Board, Touch Screen/Shunt Register/ Holder/ Sensor/ Holder Parts, Hardware Accessories for Static Power Converter Circuit – Different Ratings, Cover-Parts of Solar Micro Inverters (in SKD form), AC Wiring Harness – Parts of Solar Micro Inverters (in SKD form), DC Wiring Harness – Parts of Solar Micro Inverters (in SKD form), Input Output Board – Parts of Solar Micro Inverters (in SKD form), Static (Power) Converter Circuit rating 2.2 KVA/3 KVA/ 4.2 KVA/ 60KVA/ 80 KVA (in sets with corresponding set of Display rating of 2.2 KVA/3 KVA/ 4.2 KVA/ 60KVA/ 80 KVA), Spare parts of Static Converter & Transformer". On examination of the import data in respect of M/s. Mindra Green at various ports, and documents, and from the statements, it is evident that the imported goods consist of 'Solar Inverters in Semi-Knocked-Down (SKD) condition', comprising the essential and critical components such as power modules, control boards, heat sinks and enclosures, which together constitute an incomplete but substantially assembled solar inverter. In terms of Rule 2(a) of the General Rules for the Interpretation of the First Schedule to the Customs Tariff Act, 1975, an incomplete or unfinished article, presented unassembled or disassembled, which has the essential character of the complete article, is classifiable as the complete article itself. Accordingly, the imported parts/ components have the merit classification of 'Solar Inverters' under Customs Tariff Heading 85044090 and are not as 'Parts of Solar Inverter' under CTI 85049090. The said notifications specifically grant exemption only to 'parts' falling under CTI 85049090 and does not extend the benefit to complete or substantially complete solar inverters imported in SKD or CKD condition.

8.2) Further, it is observed that the importer has declared the components as "Display Control Power PCB for Solar on Grid Inverter" & "Inductor Choke Coils for Solar on Grid Inverter" in Bill of Entry No. 7615158 dated 31.08.2023 and paid the BCD at the rate of 15%. Whereas, the importer has declared the same components under Bill of Entry No. 9878334 dated 29.01.2024, 29-01-2024 and availed the duty benefits at the rate of 10% mentioned under Sr. No. 13A of Notification No. 57/2017-Customs dated 30.06.2017. Such distinctive approach towards the declaration of different tariff rate on same components reveals the facts that the importer has

intentionally taken the attempt to mis-lead the department to avail the duty benefit by way of mis-declaration and tried to escape from the payment of applicable tariff rate.

8.3) Ongoing through the Bills of Entry, it is observed that the importer has mentioned the Sr. No. 13A against the items/ components i.e. Parts of Solar Inverter to avail the duty benefits under Notification No. 57/2017-Customs dated 30.06.2017. However, the said Sr. No. 13A pertains to "All goods other than Printed Circuit Board Assembly of charger or power adapter & Moulded Plastic of Charger or Power Adapter" under CTI 85049090.

8.4) However, it appears that the goods under import were, in substance and in commercial parlance, solar inverters and not mere parts, the conditions of the said notification are not satisfied. Therefore, the exemption claimed under Notification No. 57/2017-Customs dated 30.06.2017, are inadmissible to M/s. Mindra Green, and the imported goods are liable to be re-assessed to CTI 85044090 attracting customs duty at applicable rate of 20%.

8.5) Further, the aforesaid tariff classifications may be applicable where such goods are imported independently for general or multiple end-uses, classification under the Customs Tariff is required to be determined with reference to the condition of import, intended use, and the manner in which the goods are presented as part of a composite system, rather than in isolation.

8.6) In the present case, it is evident from the Bills of Entry, supplier invoices, statements of the Partners and Production Manager and the import pattern that the ***Static Power Converter Circuit, PCB, Display, Cabinet (Top panel and Bottom), Inductor Choke Coil, Heatsink, Cabinet, MC4, Rely, IGBT, Diode, Capacitors, MOV, Cables, Lugs, Control Card etc.*** were imported specifically and exclusively for the assembly of Solar Inverters at the importer's premises. Though the said goods may be classifiable independently when imported in isolation, however, in the present case these goods were imported solely for use in the assembly of Solar Inverters. Thus, it appears that the importer being engaged exclusively in the assembly of Solar Inverters thereby establish that all such imported goods are intended for assembling complete Solar Inverters so as to avoid payment of the applicable customs duty on import of complete solar inverter.

8.7) It is further observed that these goods were imported along with or in close proximity to other essential components of solar inverters, such as Static Power Converter Circuit, PCB, Display, Cabinet (Top panel and Bottom), Inductor Choke Coil, Heatsink, Cabinet, MC4, Rely, IGBT, Diode, Capacitors, MOV, Cables, Lugs, Control Card etc., sometimes through different ports. This pattern clearly establishes that the goods were imported as parts of a single composite system, i.e. Solar Inverters, in Semi-Knocked Down (SKD) condition.

8.8) In terms of Rule 2(a) of the General Rules for Interpretation of the First Schedule to the Customs Tariff Act, 1975, articles presented in unassembled or disassembled form, or incomplete articles having the essential character of the complete article, are required to be classified as the complete article. In the instant case, the imported goods, taken together, clearly possess the essential character of a complete Solar Inverter.

8.9) From the above, it appears that declared classification of items/ components under individual CTI in various Bills of Entry, is liable to be rejected, and the said goods, being integral components of Solar Inverters imported in Semi-Knocked Down (SKD) condition, are required to be re-classified as well as re-assessed under Customs Tariff Item 85044090, being the merit classification for Solar Inverters, attracting the tariff rate of duty as 20%.

9) IMPORT OF GOODS SUBSEQUENT TO THE BILLS OF ENTRY UNDER INVESTIGATION

9.1) Further, it is pertinent to mention that after the initiation of the investigation, the importer has voluntarily changed the classification of imported goods as "***PCBA for Solar On Grid Inverter, Parts for Static Converter – IGBT, Spare Parts for Static Converter & Transformer, Cover for on grid Single Phase 3kw Inverter, Heatsink + PCBA for Solar on Grid Inverter***" as well as complete Solar on grid Inverter with different ratings under CTI 85044090 and started paying BCD at the applicable rate of 20%. This is also indicative of the fact that the importer was aware of the correct classification and after initiation of the inquiry, he has voluntarily corrected the classification of goods as CTI 85044090. A sample Bill of Entry

filed post the Bills of Entry under investigation is also annexed as **RUD-5** [8808826 dated 21.04.2026 & 7148821 dated 27.01.2026]

10) The relevant provisions of law relating to the import of goods in general, the policy and rules relating to the liability of the goods to confiscation and penalty for improper importation under the provisions of Customs Act, 1962 and other relevant laws for the time being in force, are summarized as under :

10.1) **Provisions of Customs Act, 1962**

10.1.1 Section 17- Assessment of duty

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

(2) The proper officer may verify the entries made under section 46 or section 50 and the self-assessment of goods referred to in sub-section (1)] and for this purpose, examine or test any imported goods or export goods or such part thereof as may be necessary:

***[Provided** that the selection of cases for verification shall primarily be on the basis of risk evaluation through appropriate selection criteria.]*

(3) For [the purposes of verification] under sub-section (2), the proper officer may require the importer, exporter or any other person to produce any document or information, whereby the duty leviable on the imported goods or export goods, as the case may be, can be ascertained and thereupon, the importer, exporter or such other person shall produce such document or furnish such information.]

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

*(5) Where any reassessment done under sub-section (4) is contrary to the self-assessment done by the importer or exporter **[***]** and in cases other than those where the importer or exporter, as the case may be, confirms his acceptance of the said reassessment in writing, the proper officer shall pass*

a speaking order on the reassessment, within fifteen days from the date of re-assessment of the bill of entry or the shipping bill, as the case may be.

(6) ***[***]***

Explanation.—For the removal of doubts, it is hereby declared that in cases where an importer has entered any imported goods under section 46 or an exporter has entered any export goods under section 50 before the date on which the Finance Bill, 2011 receives the assent of the President, such imported goods or export goods shall continue to be governed by the provisions of section 17 as it stood immediately before the date on which such assent is received.]

10.1.2 Section 28 : Recovery of [duties not levied or not paid or short-levied or short-paid] or erroneously refunded.

(1) *.....*

(2) *.....*

(3) *.....*

(4) *Where any duty has not been [levied or not paid or has been short-levied or short-paid] or erroneously refunded, or interest payable has not been paid, part-paid or erroneously refunded, by reason of —*

(a) collusion; or

(b) any wilful mis-statement; or

(c) suppression of facts,

by the importer or the exporter or the agent or employee of the importer or exporter, the proper officer shall, within five years from the relevant date, serve notice on the person chargeable with duty or interest which has not been so levied [11][or not paid] or which has been so short-levied or short-paid or to whom the refund has erroneously been made, requiring him to show cause why he should not pay the amount specified in the notice.

10.1.3 Section 28AA : Interest on delayed payment of duty

(1) Notwithstanding anything contained in any judgment, decree, order or direction of any court, Appellate Tribunal or any authority or in any other provision of this Act or the rules made thereunder, the person, who

is liable to pay duty in accordance with the provisions of section 28, shall, in addition to such duty, be liable to pay interest, if any, at the rate fixed under sub-section (2), whether such payment is made voluntarily or after determination of the duty under that section.

(2) Interest, at such rate not below ten per cent and not exceeding thirty-six per cent per annum, as the Central Government may, by notification in the Official Gazette, fix, shall be paid by the person liable to pay duty in terms of section 28 and such interest shall be calculated from the first day of the month succeeding the month in which the duty ought to have been paid or from the date of such erroneous refund, as the case may be, up to the date of payment of such duty.

***10.1.4 Section 46 – Entry of goods on importation** :*

*(1) The importer of any goods, other than goods intended for transit or transhipment, shall make entry thereof by presenting [electronically] **[**on the customs automated system**]** to the proper officer a bill of entry for home consumption or warehousing **[**in such form and manner as may be prescribed**]** :*

*[**Provided** that the [Principal Commissioner of Customs or] Commissioner of Customs may, in cases where it is not feasible to make entry by presenting electronically **[**on the customs automated system**]**, allow an entry to be presented in any other manner:*

***Provided further** that] if the importer makes and subscribes to a declaration before the proper officer, to the effect that he is unable for want of full information to furnish all the particulars of the goods required under this sub-section, the proper officer may, pending the production of such information, permit him, previous to the entry thereof (a) to examine the goods in the presence of an officer of customs, or (b) to deposit the goods in a public warehouse appointed under section 57 without warehousing the same.*

(2) Save as otherwise permitted by the proper officer, a bill of entry shall include all the goods mentioned in the bill of lading or other receipt given by the carrier to the consignor.

[(3) The importer shall present the bill of entry under sub-section (1) ***[****before the end of the day (including holidays) preceding the day****]*** *on which the aircraft or vessel or vehicle carrying the goods arrives at a customs station at which such goods are to be cleared for home consumption or warehousing:*

[Provided *that the Board may, in such cases as it may deem fit, prescribe different time limits for presentation of the bill of entry, which shall not be later than the end of the day of such arrival:*

Provided further *that****]*** *a bill of entry may be presented* ***[****at any time not exceeding thirty days prior to****]*** *the expected arrival of the aircraft or vessel or vehicle by which the goods have been shipped for importation into India:*

[Provided also *that* ***]*** *where the bill of entry is not presented within the time so specified and the proper officer is satisfied that there was no sufficient cause for such delay, the importer shall pay such charges for late presentation of the bill of entry as may be prescribed.]*

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

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

(a) *the accuracy and completeness of the information given therein;*

(b) *the authenticity and validity of any document supporting it; and*

(c) *compliance with the restriction or prohibition, if any, relating to the goods under this Act or under any other law for the time being in force.*

(5) If the proper officer is satisfied that the interests of revenue are not prejudicially affected and that there was no fraudulent intention, he may permit substitution of a bill of entry for home consumption for a bill of entry for warehousing or vice versa.

10.1.5 Section - 110AA : Action subsequent to inquiry, investigation or audit or any other specified purpose

Where in pursuance of any proceeding, in accordance with Chapter XIIA or this Chapter, if an officer of customs has reasons to believe that –

(a) any duty has been short-levied, not levied, short-paid or not paid in a case where assessment has already been made;

(b) any duty has been erroneously refunded;

(c) any drawback has been erroneously allowed; or

(d) any interest has been short-levied, not levied, short-paid or not paid, or erroneously refunded,

then such officer of customs shall, after causing inquiry, investigation, or as the case may be, audit, transfer the relevant documents, along with a report in writing—

(i) to the proper officer having jurisdiction, as assigned under section 5 in respect of assessment of such duty, or to the officer who allowed such refund or drawback; or

(ii) in case of multiple jurisdictions, to an officer of customs to whom such matter is assigned by the Board, in exercise of the powers conferred under section 5,

and thereupon, power exercisable under sections 28, 28AAA or Chapter X, shall be exercised by such proper officer or by an officer to whom the proper officer is subordinate in accordance with sub-section (2) of section 5.]

10.1.6 Section 111 – Confiscation of improperly imported goods, etc.-

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

(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 transhipment, with the declaration for transhipment referred to in the proviso to sub-section (1) of Section 54.

10.1.7 Section 112. Penalty for improper importation of goods, etc.-

Any person, -

(a) who, in relation to any goods, does or omits to do any act which act or omission would render such goods liable to confiscation under section 111, or abets the doing or omission of such an act, or

(b) ----

Shall be liable, -

(i) ----

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

10.1.8 Section 114A. Penalty for short-levy or non-levy of duty in certain cases.

-Where the duty has not been levied or has been short-levied or the interest has not been charged or paid or has been part paid or the duty or interest has been erroneously refunded by reason of collusion or any willful mis-statement or suppression of facts, the person who is liable to pay the duty or interest, as the case may be, as determined under sub-section (8) of section 28 shall also be liable to pay a penalty equal to the duty or interest so determined:

***10.1.9 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 goods39[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, [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.]

10.2 THE GENERAL RULES FOR THE INTERPRETATION OF IMPORT TARIFF- *Classification of goods in this Schedule shall be governed by the following principles:*

Rule 1: The titles of Sections, Chapters and Sub-Chapters are provided for ease of reference only; for legal purposes, classification shall be determined according to the terms of the headings and any relative Section or Chapter Notes and, provided such headings or Notes do not otherwise require, according to the following provisions

2. (a) Any reference in a heading to an article shall be taken to include a reference to that article incomplete or unfinished, provided that, as presented, the incomplete or unfinished articles has the essential character of the complete or finished article. It shall also be taken to include a reference to that article complete or finished (or falling to be classified as complete or finished by virtue of this rule), presented unassembled or disassembled.

(b) Any reference in a heading to a material or substance shall be taken to include a reference to mixtures or combinations of that material or substance with other materials or substances. Any reference to goods of

a given material or substance shall be taken to include a reference to goods consisting wholly or partly of such material or substance. The classification of goods consisting of more than one material or substance shall be according to the principles of rule 3.

3. When by application of rule 2(b) or for any other reason, goods are, prima facie, classifiable under two or more headings, classification shall be effected as follows:

(a) The heading which provides the most specific description shall be preferred to headings providing a more general description. However, when two or more headings each refer to part only of the materials or substances contained in mixed or composite goods or to part only of the items in a set put up for retail sale, those headings are to be regarded as equally specific in relation to those goods, even if one of them gives a more complete or precise description of the goods.

(b) Mixtures, composite goods consisting of different materials or made up of different components, and goods put up in sets for retail sale, which cannot be classified by reference to (a), shall be classified as if they consisted of the material or component which gives them their essential character, in so far as this criterion is applicable.

(c) When goods cannot be classified by reference to (a) or (b), they shall be classified under the heading which occurs last in numerical order among those which equally merit consideration.

4. Goods which cannot be classified in accordance with the above rules shall be classified under the heading appropriate to the goods to which they are most akin.

5. In addition to the foregoing provisions, the following rules shall apply in respect of the goods referred to therein:

(a) Camera cases, musical instrument cases, gun cases, drawing instrument cases, necklace cases and similar containers, specially shaped or fitted to contain a specific article or set of articles, suitable for long-term use and presented with the articles for

which they are intended, shall be classified with such articles when of a kind normally sold therewith. This rule does not, however, apply to containers which give the whole its essential character;

(b) Subject to the provisions of (a) above, packing materials and packing containers presented with the goods therein shall be classified with the goods if they are of a kind normally used for packing such goods. However, this provision does not apply when such packing materials or packing containers are clearly suitable for repetitive use.

6. For legal purposes, the classification of goods in the sub-headings of a heading shall be determined according to the terms of those sub headings and any related sub headings Notes and, mutatis mutandis, to the above rules, on the understanding that only sub headings at the same level are comparable. For the purposes of this rule the relative Section and Chapter Notes also apply, unless the context otherwise requires.

11) Consequent upon the amendment to Section 17 of the Customs Act, 1962 vide Finance Act, 2011, 'Self-Assessment' has been introduced in Customs Act, 1962. Section 17 of the Customs Act, 1962 effective from 08.04.2011, provides for self-assessment of duty on imported goods by the importer by filing a Bill of Entry, in the electronic form. Section 46 of the Customs Act, 1962 makes it mandatory for the importer to make an entry for the imported goods by presenting a Bill of Entry electronically to the proper officer. As per Regulation 4 of the Bills of Entry (Electronic Integrated Declaration and Paperless Processing) Regulation, 2018 (issued under Section 157 read with Section 46 of the Customs Act, 1962), the Bills of Entry shall be deemed to have been filed and self-assessment of duty completed when, after entry of the electronic declaration (which is defined as particulars relating to the imported goods that are entered in the Indian Customs Electronic Data Interchange System) in the Indian Customs Electronic Data Interchange System either through ICEGATE or by way of data entry through the service centre, a Bills of Entry number is generated by the Indian Customs Electronic Data Interchange System for the said declaration. Under the scheme of self-

assessment, it is the importer who must be doubly ensure that he declares the correct classification/CTH of the imported goods, applicable rate of duty, value, benefit of exemption notification claimed, if any, in respect of the imported goods while presenting the Bill of Entry. **Thus, with the introduction of self-assessment by amendment to Section 17, w.e.f. 8th April 2011, it is the added and enhanced responsibility of the importer to declare the correct CTH, description, value, notification, etc. and to correctly determine and pay the duty applies in respect of the imported goods while presenting the Bills of Entry.**

11.1) At the time of filing the bills of entry, the importer has failed to disclose the true nature, composition and functional completeness of the goods, which were imported in Semi-Knocked-Down (SKD) condition and together constituted a solar inverter having the essential character of the complete article. The declaration made by the importer is thus incomplete and misleading, inasmuch as the crucial fact that the imported components collectively form a complete solar inverter was neither declared in the Bill of Entry nor brought to the notice of the assessing authority. Such non-disclosure of material particulars, which were exclusively within the knowledge of the importer, has directly resulted in incorrect classification and wrongful availment of exemptions. Further, the suppression of facts includes not only positive misstatement but also failure to disclose material information necessary for correct assessment. In the present case, the importer, being fully aware of the end-use, configuration and commercial identity of the goods, deliberately declared the same as 'parts' with an intent to evade payment of applicable customs duty.

11.2) In the instant case, it appears that the importer has not exercised due diligence in respect of self-assessing the subject goods on their importation and has thus violated the provisions of the Self-Assessment procedures. It is further observed that the importer, at the time of filing Bills of Entry, declared different CTIs for different parts of the solar inverter and had claimed the duty benefits under Notification No. 57/2017-Customs dated 30.06.2017, and taken the distinctive approach to declare the same parts/components under different tariff rate.

11.3) However, the importer has not disclosed to the Customs authorities that the said goods, though declared as parts of solar based device and imported through multiple consignments and different ports of import, collectively constituted complete Solar Inverters in Semi-Knocked Down (SKD) condition, intended to be assembled at their premises. The declaration of goods merely as "parts of solar inverter", without disclosure of the fact that the imports together represented all essential components required for assembly of complete and functional Solar Inverters, resulted in suppression of material facts relevant for correct classification under CTI 85044090 and proper assessment of duty. The deliberate splitting of imports of inverter components across different ports, while consistently declaring them as parts of solar based device, prevented holistic assessment of the goods and obscured the true nature of the imports, thereby facilitating assessment under incorrect tariff headings.

11.4) The change in port of import for different components, after assessment of the aforesaid Bill of Entry, appears to be a conscious and deliberate act to ensure that various parts of solar based devices are not presented together before the same assessing authority, thereby preventing a consolidated view of the imports as constituting Solar Inverters in Semi-Knocked Down (SKD) condition. Such conduct of the importer, viewed in conjunction with the consistent declaration of goods as parts of solar based device and the subsequent change in import pattern, indicates suppression of material facts and deliberate structuring of imports so as to avoid correct classification of the goods as Solar Inverters under CTI 85044090 and the resultant proper assessment of duty.

11.5) From the foregoing, it is forthcoming that the importer has deliberately suppressed the fact that they were in effect, importing complete solar inverter in SKD condition under the guise of parts of solar based device through different ports, i.e. **INAMD4, INMUN1, INNSAI, INSBI6**, as detailed in Annexure-A, which were subsequently assembled at their premises. Since most of the Bills of Entry were facilitated through the RMS, it appears that the importer deliberately suppressed the true nature and correct classification of the imported goods at the time of filing the Bills of Entry. The deliberate splitting of imports of inverter components across different ports, while consistently declaring them as parts of solar based device, prevented

holistic assessment of the goods and obscured the true nature of the imports, thereby facilitating assessment under incorrect tariff headings.

11.6) In view of the same, for their act of suppressing the true nature of the goods as brought out in this IR and consequent mis-classification to evade the applicable customs duty, extended period under Section 28(4) of the Customs Act, 1962. is rightly invokable in the instant case. Hence, the present investigation report is prepared proposing the demand of duty under Section 28(4) of the Customs Act, 1962. Further, this practice was adopted with the intent to evade the higher rate of customs duty applicable to the import of fully assembled solar inverters. By such acts, the importer has evaded the applicable customs duty on the imported goods and is, therefore, liable to penalty under Section 114A of the Customs Act, 1962.

11.7) Further the description of items mentioned in bills of entry as parts of solar based device with specific sets of individual components indicate that the items imported were Solar Inverters in Semi-Knocked Down (SKD) condition at the time of import, imported vide various bills of entry filed by the importer. The above misdeclaration and misclassification of the imported goods by the importer has rendered these goods liable for confiscation under Section 111(m) of the Customs Act, 1962. And, by such act of omission or commission, the importer has rendered himself liable for penalty under Section 112(a) of the Customs Act, 1962.

12) **DUTY CALCULATION:**

12.1) From the foregoing discussion, it appears that M/s. Mindra Green has incorrectly classified the parts of solar inverter under CTI 85049090, 85045090, 85369090, 90328990 and availed ineligible concession under Sr. No. 13A of the Notification No. 57/2017- Customs dated 30.06.2017. However, the said goods being correctly classifiable under CTI 85044090 and attracts BCD of 20%.

12.2) In view of the above, the total short paid duty by the importer is tabulated below.

TABLE-1

Port/ ICD	Assessable Value of goods imported (Rs.)	BCD+SWS+IGST paid (in Rs.)	Actual BCD+SWS+IGST payable (in Rs.)	Differential BCD+SWS+IGST to be paid (in Rs.)
INAMD4	3,69,90,092	43,22,596	81,37,820	38,15,224
INMUN1	1,78,29,21,667	14,82,83,019	39,22,42,767	24,39,59,748
INNSA1	18,90,93,434	2,06,47,143	4,16,00,555	2,09,53,412
INSBI6	29,67,009	2,44,778	6,52,742	4,07,964
Total	**2,01,19,72,203**	**17,34,97,537**	**44,26,33,885**	**26,91,36,348**

** The details of Bills of Entry wherein the goods were imported by way of mis-classification as discussed supra are enclosed herewith as Annexure-A and summary of differential duty payable is as per the above table.*

13) **WHY CLASSIFICATION CLAIMED NEEDS TO BE CHANGED AND JUSTIFICATION OF INVOKING EXTENDED PERIOD**

13.1) Admission of SKD Imports Recorded Voluntarily Under Section 108

It is observed that Shri Dhairya M. Shah, in their voluntary statement recorded under Section 108 of the Customs Act, 1962 on 14.10.2024 has agreed that the goods imported were solar inverters in SKD condition. These admissions were detailed and voluntary in nature and were further corroborated by explanations relating to the production process, Bill of Materials (BOM), and the assembly line operations undertaken by the importer. Any subsequent denial made after confrontation with documentary and technical evidence is clearly an afterthought and a self-serving retraction, which does not diminish the evidentiary value of the statements so recorded.

13.2) Contemporaneous Documentary Evidence Establishing Nature of Goods

Further, the contemporaneous documentary evidence including Bills of Materials, and proforma invoices (**RUD-6**) consistently describe the imported goods as “Inverters/Part of Solar Inverter.” The import of essential components such as Static Power Converter Circuit, PCB, Display, Cabinet (Top panel and Bottom), Inductor Choke Coil, Heatsink, Cabinet, MC4 and

other critical parts from the overseas supplier, in predetermined combinations, conclusively establishes that complete sets required for manufacture of solar inverters were imported.

13.3) Satisfaction of the Essential Character Test

The Investigation clearly records that the assembled Printed Circuit Board performs the core function of conversion of direct current (DC) into alternating current (AC), which is the defining and essential function of a solar inverter. The importation of all essential and critical components required for such conversion confers upon the goods the essential character of a complete solar inverter. Accordingly, Rule 2(a) of the General Rules for the Interpretation of the Customs Tariff is squarely attracted in the present case.

13.4) Deliberate Splitting of Imports Across Multiple Ports

It is further observed that the importer has deliberately changed the ports of import and distributed essential components across multiple ports. This practice effectively prevented a holistic assessment of the imports by a single assessing authority and indicates a conscious attempt to avoid proper classification and scrutiny of the goods as complete solar inverters.

13.5) Change in Import Behaviour Post-Investigation

It is also noted that after initiation of investigation by the department, the importer altered its import pattern and started importing Solar Inverters (On grid), declaring them correctly under the appropriate tariff heading. This post-investigation conduct demonstrates the importer's awareness that the earlier imports, when viewed collectively, were classifiable as complete solar inverters and had been wrongly declared earlier.

13.7 Claim of Ineligible Exemption Notifications

The importer claimed exemption under the said notifications, which are applicable only to eligible parts and components. However, since the goods imported were complete solar inverters in SKD form, the said exemptions were clearly inadmissible. The wrongful claim of exemption was directly founded on incorrect classification of the goods as parts.

13.8 Mis-declaration at the Time of Filing Bills of Entry

At the time of filing the Bills of Entry, the importer failed to disclose material facts, including that the imported goods formed part of a pre-determined Bill of Materials and that the imports were intended for assembly into complete solar inverters. Such non-disclosure of crucial information materially affected the assessment process and facilitated wrongful availment of exemption.

13.9 With the intent to evade the payment of duty

The Hon'ble Madras Tribunal, in case of ***Kisankraft Machine Tools Pvt. Ltd. Vs Commissioner of Customs, Chennai, reported in (2024) 23 Centax 298 (Tri.-Mad)***, has held that the invocation of extended period of limitation was justified if importer had deliberately mis-classified imported goods under self-assessment procedure by classifying the said goods under the particular Tariff Entry. Thus, the wilful mi-statement and suppression of facts about classification of goods was rightly alleged for invocation of extended period of limitation under Section 28(4) of the Customs Act, 1962.

14) **LIABILITY :**

14.1) The investigation has revealed the facts that the importer was very well aware about the parts imported and its declaration as components of solar on grid inverter of various models which is having all the essential parts of solar inverter but in unassembled form, i.e. in semi knocked down condition. However, the importer has agreed with the facts that the components of the solar inverters, such as ***Static Power Converter Circuit, PCB, Display, Cabinet (Top panel and Bottom), Inductor Choke Coil, Heatsink, Cabinet, MC4, Rely, IGBT, Diode, Capacitors, MOV, Cables, Lugs, Control Card etc.,*** classified under CTI 85049090, 85045090, 85369090, 90328990, had been imported so as to assemble the complete Solar Inverter.

14.2) As apparent from the descriptions of imported goods and the submissions of the importer, the PCB assembly, Inductor Choke coil etc. includes all the essential components of the solar inverters. Thus, it appears that the importer was very well aware of the facts that correct classification/CTH of the imported Solar Invertor is 85044090 whereby BCD

@ 20% is payable, however, the importer has wrongly classified the part of Solar Invertor in CKD/SKD condition with intent to evade payment of applicable duties of Customs and short paid the customs duty in the bills of entry mentioned in Annexure-A.

14.3) M/s. Mindra Green has imported all the main parts of Solar Inverter in SKD form and assembles them to make Solar Inverters. Further, the importer is doing only assembly operations to form Solar Inverter from the parts imported. In the absence of agreement with foreign supplier/vender, it is apparent that the importer has deliberately imported the Solar Inverter in SKD condition by declaring as 'Part of Solar Inverter', to enjoy tariff preferences in the course of import in India. From the above, it appears that the importer has, with deliberate intent, wrongly classified the imported goods in subject bills of entry filed before the Customs Authorities of different ports and thereby they have short paid the applicable Customs Duty. Further, the importer has failed to declare the true nature of the imported goods before the Customs Authorities and failed to determine the correct classification as per the nature of imported goods. These acts of omission and commission clearly show wilful mis-declaration and suppression of facts on the part of importer, therefore, Section 28(4) of the Customs Act, 1962, invoking extended period for demand of duty is amply applicable in the instant case.

14.4) Thus, it appears that the importer has resorted to wilful mis-statement and mis-declaration of the CTH of the imported goods with an intent to evade payment of the applicable Customs Duty on parts of Solar Invertors in CKD/SKD condition imported by them. The importer has wrongly classified the imported goods under CTH 85049090 even though the importer was fully aware of the facts that imported goods merit classification under CTH 85044090. Thus, the importer had contravened the provisions of the Section 46 of the Customs Act, 1962 inasmuch as the importer has not disclosed the correct classification of the imported goods before the Customs Authorities. Therefore, Section 28(4) of the Customs Act, 1962, invoking extended period for demand of duty is amply applicable in the instant case. An Annexure-A containing the details of parts imported by declaring wrong classification have been prepared and hence the differential duty evaded by them totally aggregating to **Rs. 26,91,36,348/- (Rupees Twenty Six Crore Ninety One**

Lakh Thirty Six Thousand Three Hundred Forty Eight Only) leviable on imported goods and cleared under Bills of Entry as listed in attached Annexure-A, by wrongly classifying under CTH 85049090. The duty short-paid/not paid by the importer, is therefore liable to be demanded and recovered from them as per provisions of Section 28(4) of the Customs Act, 1962 along with applicable interest under Section 28AA of the Customs Act, 1962.

14.5) From the foregoing paras, it is evident that the importer has imported the parts in CKD/SKD condition which were later on assembled in their premises to make the Solar Invertor as final product. Despite being fully aware of the correct name, classification/CTH and end use of the imported goods, the importer has wrongly classified under CTH 85049090 in the Bills of Entry filed before Customs Authorities, instead of merit classification under CTH 85044090 to evade payment of appropriate Customs Duty. It appears that the importer has resorted to mis-classification deliberately and intentionally to evade the payment of appropriate Customs Duty. Further, as per provisions of Section 46 of the Customs Act, 1962, the importer had to file the Bills of Entry by mentioning the correct classification/CTH of the goods imported and shall, the food thereof, make and subscribe to a declaration as to the truthfulness of the contents of Bills of Entry. However, it appears that the importer has subscribed to false/wrong declarations and had deliberately wrongly declared the CTH of the imported goods. Thus, by above acts of omission and commission, the importer had contravened the provisions of Section 46 of the Customs Act, 1962 and Section 11 of the Foreign Trade (Development and Regulation) Act, 1992 read with Rules 11 & 14 of the Foreign Trade (Regulation) Rules 1993, in as much as the importer had not disclosed the correct classification/CTH of the imported goods before the Customs authorities while filing the Bills of Entry at the time of the importation of the subject goods. The same was done to evade the payment of applicable Basic Customs Duty leviable thereon under Section 12 of the Customs Act, 1962, at the rates specified in the first Schedule to the Customs Tariff Act, 1975. This has also resulted in short-payment of other Customs levies viz. Social Welfare Cess and IGST as BCD forms part of assessable value for computation of these duties. This act of mis-classification of the subject imported goods by the importer had rendered the goods totally valued

at **Rs. 2,01,19,72,203/-** (as detailed in Annexure-A) liable to confiscation as per provisions of Section 111(m) of the Customs Act, 1962.

14.6) The aforesaid acts of omission and commission tantamount to misdeclaration and suppression of facts by the importer with intent to evade payment of duty. The wrong classification of the subject imported parts of Solar Invertor in CKD/SKD condition has resulted into short payment of customs duty amounting to **Rs. 26,91,36,348/-** as detailed in Annexure-A. The aforesaid acts of omission and commission tantamount to wilful misdeclaration and suppression of facts by the importer with intent to evade payment of duty. For these acts of omission and commission, the importer appears to have rendered themselves liable to penalty under Section 112(a) and /or 114A of the Customs Act, 1962.

PARA 15: SHOW CAUSE

15 (i). Now, therefore, M/s. Mindra Green Energy LLP (IEC – ABHFM6198B), is hereby called upon to show cause to the Adjudicating Authority, within thirty (30) days of receipt of this Notice, as to why:

(ii) The classification under CTH 85049090, 85045090, 85369090, 90328990 of the "Solar Invertor in CKD/SKD condition as parts" imported under Bills of Entry listed in Annexure-A should be liable to be rejected and the same should not be re-classified under CTH 85044090. The subject Bills of Entry should not be re-assessed accordingly under CTH 85044090;

(iii) The differential Customs duty (including BCD, SWS & IGST) amounting to **Rs. 26,91,36,348/- (Rupees Twenty Six Crore Ninety One Lakh Thirty Six Thousand Three Hundred Forty Eight Only)** as determined in Annexure-A of this Investigation Report may be demanded and recovered from M/s. Mindra Green Energy LLP under Section 28(4) of the Customs Act, 1962 along with applicable interest under Section 28AA ibid;

(iv) The goods imported as per details in Annexure-A, valued at **Rs. 2,01,19,72,203/- (Rupees Two Hundred One Crore Nineteen Lakh Seventy Two Thousand Two Hundred Three Only)** as detailed in Annexure-A which have been cleared and are not physically available,

may be held liable for confiscation under the provisions of Section 111(m) of the Customs Act, 1962;

(v) Penalty may be imposed on M/s. Mindra Green Energy LLP under the provisions of Section 112(a) and/or Section 114A of the Customs Act, 1962 for acts of commission and omission discussed hereinabove.

16. The Noticees should state in their written reply to this notice as to whether they desire to be heard in person. If no reply to this notice is received from them within 30 days from the date of receipt of this notice or if they fail to appear for the personal hearing on the date and time intimated to them, the case is liable to be decided based on evidence available and merits, without any further reference to them.

17. In case the Noticee is eligible to avail the facility of settlement of case as per Chapter XIV-A of the Customs Act, 1962, and interested in the same, they may apply to the Settlement Commission as per prescribed procedure and inform the same to the Adjudicating Authority.

18. This notice is issued without prejudice to any other action that may be taken against the Noticee or any other person(s) under the provisions of the Customs Act, 1962 and the Rules & Regulations made thereunder or any other law for the time being in force.

19. The Department reserves its rights to add, alter, amend, modify, or supplement this Notice at any time based on any evidence, or material facts related to the import of goods in question, which may come to the notice of the Department after issuance of this notice and prior to the adjudication of the case.

20. The documents relied upon in this case is listed in 'Annexure-R' attached to this Show Cause Notice. Scanned copies of the same are being supplied in a Compact Disc.

21. The above proposals are without prejudice to the person-wise findings to be recorded at adjudication on the basis of the evidence supplied as Relied Upon Documents and the replies, cross-examination requests, if any, and submissions made by the respective noticees in accordance with law.

Encl.:

(i) Annexure-A.

(ii)Annexure-R

Digitally signed by
Nitin Saini
Date: 30-09-2026
17:27:57

(Commissioner of Customs),
Custom House Mundra

By Speed Post/Regd. Post/E-mail/Hand Delivery

File No.: GEN/ADJ/COMM/561/2026-Adjn-O/o Pr Commr-Cus-Mundra

SCN No. 49/2026-27/COMM/N.S./Adjn/MCH

Noticees:

M/s. Mindra Green Energy LLP (IEC – ABHFM6198B) C-502, Nirmal Residency, Nr. Malav Talav, Vejalpur, Ahmedabad-380051 (New Address : 160, Devraj Industrial Park, Pirana Road, Ahmedabad-382405)

Copy to:

1. The Joint Director, DRI, Zonal Unit, Ahmedabad, 15, Magnet Corporate Park, S.G. Highway, Near Sola Flyover, Thaltej, Ahmedabad-380054.
2. The Deputy Commissioner (EDI), Customs House, Mundra with a request to upload the Show Cause Notice in departmental official website.
3. Notice Board

ANNEXURE-R

List of Records/Documents Relied Upon in the Investigation Report issued to M/s. Mindra Green Energy LLP, situated at C-502, Nirmal Residency, Nr. Malav Talav, Vejalpur, Ahmedabad-380051 (New Address : 160, Devraj Industrial Park, Pirana Road, Ahmedabad-382405)

RUD NO.	DESCRIPTION OF DOCUMENTS/RECORDS
1	Sample Bill of Entry filed by M/s. Mindra Green Energy LLP along with associated import documents
1A	Import documents including Bs/E, Invoice, Packing List pertaining to M/s. Mindra Green Energy LLP (Already Available with importer)

2	Statement of Shri Dhairya M. Shah, Director of M/s Mindra Green Energy LLP, was recorded on 14.10.2024 under Section 108 of Customs Act, 1962
3	Statement of Shri Harish G. Dave, Production Manager of M/s Mindra Green Energy LLP, was recorded on 13.12.2024 under Section 108 of Customs Act, 1962
4	Statement of Shri Jainam Shah, Partner of M/s Mindra Green, was recorded on 11.05.2026 under Section 108 of Customs Act, 1962
5	Sample Bills of Entry No. 8808826 dated 21.04.2026 & 7148821 dated 27.01.2026 filed post the Bills of Entry under investigation
6	Performa Invoice No. DY20220617Y012-1 dated 17.06.2022