कार्यालय: प्रधान आयुक्त सीमाशुल्क, मुन्द्रा,
सीमाशुल्क भवन, मुन्द्रा बंदरगाह, कच्छ, गुजरात- 370421
OFFICE OF THE PRINCIPAL COMMISSIONER OF CUSTOMS:
CUSTOM HOUSE, MUNDRA PORT, KUTCH, GUJARAT- 370421.
PHONE : 02838-271426/271163 FAX :02838-271425
E-mail id- adj-mundra@gov.in

A. File No.	:	GEN/ADJ/ADC/1210/2026-Adjn-O/o Pr Commr-Cus-Mundra
B. SCN No.	:	129/2026-27/ADC/ZDC/MCH
C. Date of Issue		25-08-2026
D. Passed by	:	**Dipak Zala,** Additional Commissioner of Customs, Custom House, AP&SEZ, Mundra.
E. Noticee(s)/Importer	:	**1.** M/s. Krishnaranjan Enterprise (IEC: ATBPP9581F) **2.** Shri Somnath Pandit, Proprietor of M/s. Krishnaranjan Enterprise

(Show Cause Notice under Section 124 of the Customs Act, 1962)

Whereas it appears that:

1.1 Specific intelligence was developed that M/s Krishnaranjan Enterprise situated at 45/1, Nayapatty Road, North 24, Parganas, Kolkata - 700055 holding IEC No. ATBPP9581F (hereinafter referred as "the Importer" for sake of brevity) was importing polyester fabrics of Chinese origin by mis-declaring the description, classification, quantity and value of the imported goods with an intent to evade applicable Customs duties at SEZ, Mundra.

1.2 Acting upon the said intelligence, scrutiny of import documents, Bills of Entry, pertaining to imports made by M/s Krishnaranjan Enterprise was undertaken. The following Bills of Entry filed by M/s. Krishnaranjan Enterprise has been put on hold on 28.02.2026.

TABLE - A

Sr. No.	BE No.	BE Date	Declared Description	Declared CTH
1	7778901 (Z)	27.02.2026	POLYESTER LAMINATED FABRICS	59039090
2	7748237 (Z) -7782497 (T)	27.02.2026	POLYESTER LAMINATED FABRICS	59039090

3	7750908(Z) - 7782501 (T)	27.02.2026	POLYESTER LAMINATED FABRICS	59039090

Z – Bill of Entry for Warehouse at SEZ
T – Bill of Entry for DTA clearance from SEZ

2. EXAMINATION OF GOODS

2.1 The goods imported vide the above referred two Bills of Entry No. 7778901 (Z), 7782497 (T) and 7782501 (T) all dated 27.02.2026 was examined by the officers of Directorate of Revenue Intelligence, Ahmedabad Zonal Unit, Ahmedabad on 08.03.2026, 19.03.2026 and 20.03.2026 under panchnama at warehouse facility of M/s. Shoolin Trade Link LLP, Mundra. During the examination proceeding, it was found that the goods presented for examination imported vide Bills of Entry No. 7778901 (Z), 7782497 (T) and 7782501 (T) all dated 27.02.2026, were prima-facie mis-declared with respect to the description of the goods. Accordingly, during the examination under panchnama proceeding dated 08.03.2026, 19.03.2026 and 20.03.2026, representative samples were drawn to analyze the exact nature of the fabric. Further, it was also found that the quantity of imported goods during examination were in excess to that the goods in SQM (Sq. Mtrs) declared in these Bills of Entry.

2.2 During the examination under panchnama dated 08.03.2026, 19.03.2026 and 20.03.2026, representative samples were drawn from all the three containers covered under these Bills of Entry. During examination, one representative sample of each variety of fabric from each container were drawn and marked as under:-

TABLE - B

Sr. No.	BE No.	BE Date	Representative Samples
1	7778901 (Z)	27.02.2026	“7778901/A-1” and “7778901/B-1”
2	7748237 (Z) -7782497 (T)	27.02.2026	“7782497/A-1”
3	7750908(Z) - 7782501 (T)	27.02.2026	“7750908/A-1” and “7750908/B-1”

3. TESTING OF REPRESENTATIVE SAMPLES

3.1 The representative samples, drawn and marked as “7778901/A-1”, “7778901/B-1”, “7782497/A-1” and “7750908/A-1” and “7750908/B-1”, as detailed above, were sent to the Laboratories, Textile Committee, Mumbai for testing/determination of

- Nature of fabric (woven/knitted);
- Fibre composition;
- Warp and weft construction;
- Presence of textured or non-textured filament yarn;
- Presence and percentage of elastomeric yarn;
- GSM (grams per square metre);
- Fabric structure and weave pattern;
- Presence or absence of coating, impregnation, covering or lamination visible to the naked eye;
- Microscopic examination of yarn composition and fabric construction;

3.2 The Laboratory, Textile Committee, Mumbai had vide their following test reports (RUD- 01) on the basis of the tested parameters.

TABLE - C

Sr. No.	BE No.	BE Date	Representative Samples	Test report
1	7778901 (Z)	27.02.2026	"7778901/A-1"	0153032526-3249 dated 28.04.2026
			"7778901/B-1"	0153032526-3251 dated 16.04.2026
2	7748237 (Z) 7782497 (T)	27.02.2026	"7782497/A-1"	0153032526-3248 dated 28.04.2026
3	7750908(Z) 7782501 (T)	27.02.2026	"7750908/A-1"	0153032526-3250 dated 28.04.2026
			"7750908/B-1"	0153032526-3247 dated 28.04.2026

3.3 The test report of Textile Committee Laboratory, Mumbai had 2 parts viz. Part – I and Part – II. As per Part I of both the Test Result dated 16.04.2026 and 28.04.2026, the Laboratory, Textile Committee, Mumbai had informed that the presence of dyes prohibited by the Government of India under Section 6(2) (D) of the Environment (Protection) Act, 1986 (29 of 1986) read with Rule 13 of the Environment (Protection) Rules, 1986 vide Notification S.O. 108(E) dated 30.01.1990 and SO 243(E) dated 25.03.1997 are not detected.

3.4 Further, at Part II of the test results, the Laboratories, Textile Committee had reported tested result on the parameters tested by them. Based on the tested results, the description of the goods has been arrived at to be "Dyed woven polyester filament fabric containing textured filament yarn with 5% elastomeric yarn (polyurethane)" and "TPU Laminated 100% Polyester Dyed Woven Fabric

(100% Texturised Filament Yarn)" in respect of Bill of Entry No. 7778901(Z) and "TPU Laminated 100% Polyester Dyed Woven Fabric (100% Texturised Filament Yarn)" in respect of Bill of Entry No. 7748237 (Z) -7782497 (T) and 7750908(Z) - 7782501 (T) both dated 27.02.2026.

3.5 The test reports revealed that the imported goods were woven polyester filament fabrics containing elastomeric yarn (polyurethane) and TPU laminated dyed polyester fabric. The reports revealed that the imported goods were not polyester dyed laminated fabrics, classifiable under CTI 59039090, as declared in the Bills of Entry. Thus, the declarations made by the importer in respect of description and classification were found to be incorrect.

4. QUANTITY RE-DETERMINATION AND MISDECLARATION

4.1 During investigation, it was noticed that the quantity declared in the Bills of Entry did not correspond with the actual quantity of fabrics imported. The imported goods were fabrics, the quantity of which is ordinarily traded and assessed in square meters. Therefore, the actual quantity was worked out on the basis of GSM (grams per square meter) determined through laboratory testing and the net weight of the imported goods declared in the Bills of Entry and as per the weighment made during the examination of the goods. The weighment of the imported goods found matched with the declared Gross weight in respect of both the Bills of Entry. Accordingly, the net weight as declared in the Packing List of the concerned Bills of Entry has been taken for determination of the Quantity (in SQM).

4.2 The formula adopted for determination of actual quantity was:

Quantity (Sq. Mtr.) = Net Weight (Kg.) × 1000 ÷ GSM

4.3 The comparison is tabulated below:

TABLE - D

Sr. No.	BE No.	BE Date	Declared Qty (Sq.Mtr.)	Declared / Net Weight (Kg)	GSM as per Test Report	Actual Qty based on GSM (Sq.Mtr.)	Excess Qty (Sq.Mtr.)
1	7778901	27.02.2026	88,908	27,963.00	123.8	2,12,100	126192
					125.8	3,000	
2	7782497 (T)	27.02.2026	84,474	25,775.00	127.6	2,01,998.43	1,17,525
	7782501			11,896.50	72.1	1,68,801.11	

3	(T) 7782501 (T)	27.02.2026 27.02.2026	84,976	13,689.44	127.7	1,07,200.00	191025
Total			**2,58,358**			**6,93,100**	**4,34,742**

4.4 The above calculation shows that the quantities declared in the Bills of Entry were grossly understated and did not represent the actual quantity of goods imported. The quantity declared by the importer constituted only a fraction of the actual quantity ascertainable from the GSM and net weight of the imported fabrics. Since quantity is one of the fundamental parameters for determination of assessable value, the substantial understatement of quantity directly impacted valuation and resulted in corresponding suppression of assessable value and Customs duty.

5. SEIZURE OF GOODS

5 . 1 The investigation conducted by the Directorate of Revenue Intelligence established that the goods imported by M/s. Krishnaranjan Enterprise under Bill of Entry Nos. 7778901 (Z), 7782497 (T) and 7782501 (T) all dated 27.02.2026 were prima facie mis-declared with respect to their classification, quantity and value. The importer had declared the goods as "Polyester Dyed Laminated Fabric" classifiable under CTH 59039090. However, representative samples drawn from the imported consignments were tested by the Textile Committee Laboratory, Mumbai. The test reports revealed that the goods covered under Bill of Entry Nos. 7778901(Z), 7748237 (Z) and its corresponding DTA BE 7782497 (T) and 7750908(Z) and its corresponding DTA BE 7782501 (T) were consists of TPU (Thermoplastic Polyurethane) Laminated 100% Polyester Dyed Woven Fabric made of 100% Texturised Filament Yarn. Since the fabrics were specifically laminated with polyurethane (TPU), the goods were correctly classifiable under CTH 59032090, covering textile fabrics impregnated, coated, covered or laminated with polyurethane, and not under the declared CTH 59039090. Thus, while the goods were indeed laminated fabrics, the importer failed to correctly declare the nature of the polyurethane (TPU) lamination, which is a material fact having a direct bearing on tariff classification. In view of the test results, the goods were found correctly classifiable under CTH 59032090, applicable to textile fabrics impregnated, coated, covered or laminated with polyurethane, and not under the declared tariff item 59039090. Further, in respect of Bill of Entry No. 7778901(Z) dated 27.02.2026, the test report revealed that the imported goods contsists "Dyed Woven Polyester

Filament Fabric containing elastomeric yarn (polyurethane)" classifiable under CTH 54075290. Accordingly, the classification adopted by the importer was found to be incorrect and resulted in mis-declaration of the imported goods.

5.2 Investigation further established that the importer had significantly understated the quantity of the imported goods. Against the total declared quantity of **2,58,358** square metres, the actual quantity was determined to be **6,93,100** square metres on the basis of the GSM determined through laboratory testing and the net weight of the imported goods. The quantity discrepancy of **4,34,742** square metres resulted in substantial suppression and consequently, the assessable value declared by the importer was also found to be grossly suppressed.

5.3 The aforesaid acts of mis-declaration of classification, quantity and value were undertaken with the intent to evade payment of applicable Customs duty and rendered the imported goods liable to confiscation under the provisions o f **Section 111(m)** of the Customs Act, 1962 for mis-declaration in respect of material particulars and under other applicable provisions of Section 111 of the Customs Act, 1962.

5.4 Accordingly, having reasonable belief that the imported goods were liable to confiscation under the provisions of the Customs Act, 1962, the goods covered under Bill of Entry Nos. 7778901(Z), 7748237 (Z) -7782497 (T) and 7750908(Z) - 7782501 (T) dated 27.02.2026, were seized under **Section 110 of the Customs Act, 1962**, under a reasonable belief that the same were liable to confiscation under **Section 111(m)** and other applicable provisions of the Customs Act, 1962.

6. STATEMENT OF KEY PERSON

6.1 Statement of Shri Somnath Pandit, Proprietor of M/s. Krishnaranjan Enterprise was recorded under Section 108 of the Customs Act, 1962, on 29.06.2026 (RUD-02), wherein he interalia stated that -

- He is a Proprietor of M/s. Krishnaranjan Enterprise (IEC ATBPP9581P). He stated that M/s. Krishnaranjan Enterprise is functioning since 2019 and it is engaged in trading business of fabric. M/s. Krishnaranjan Enterprise imports different variety of fabric from China, since 2022. M/s. Krishnaranjan Enterprise is proprietor-ship firm and he is proprietor of M/s. Krishnaranjan Enterprise.
- He had perused the Panchnama dated 08.03.2026, 19.03.2026 and 20.03.2026 drawn at Shoolin Trade Link LLP, APSEZ, Mundra and stated that the contents of the said Panchnama are correct to the best of my knowledge and belief. He confirmed and agreed the fact that he had authorized Shri Pranjal Singh to remain present during the course of examination and drawl of representative samples from the imported goods in respect of Bills of Entry No. 7782497(T)-7748237(Z), 7782501(T) – 7750908(Z) and 7778901 (Z) dated 27.02.2026. He stated that the sample drawing process adopted during

examination is accepted by him.

- He had carefully perused the test report of representative samples drawn during examination at Shoolin Trade Link LLP, APSEZ, Mundra in respect of BE Nos. 7782497 (T) (one representative sample), 7782501 (T) (two representative samples) and 7778901 (Z) (two representative samples) dated 27.02.2026, received from the Laboratories, Textile Committee, Government of India, Mumbai. He had stated that the test reports were perused carefully and he agreed with the test result based on the parameters mentioned therein. He accepted and confirmed that the test reports are true and correct and he expressly conveyed that he did not have any objection on the test result in any of the parameters mentioned therein.
- He had perused the Bills of Entry No. 7782497(T)-7748237(Z), 7782501(T)– 7750908(Z) and 7778901 (Z) dated 27.02.2026 and stated these BEs were filed by him for import of fabrics at APSEZ, Mundra (at M/s. Shoolin Trade Link LLP). He stated that those said Bills of Entry were filed by his firm for clearances of imported fabrics from China. He stated that the entries/declaration made in the said Bills of Entry were done after careful application of mind. He stated that the CTI, Assessable Value, Rate of Duty, Exemption benefit availed and other details mentioned therein were within the best knowledge of his firm and being a proprietor-ship of the firm he aware that he is responsible for filing of true and correct details while filing the Bills of Entry.
- He agreed that the declared description in respect of BE No. 7782497(T)-7748237(Z), 7782501(T) – 7750908(Z) and 7778901 (Z) dated 27.02.2026 is "Polyester Laminated Fabrics". He had perused the panchnama and also perused the test reports of the Laboratories, Textile Committee, Mumbai in respect of representative samples marked with "7782497/A-1", "7750908/A-1", "7750908/B-1", "7778901/A-1" and "7778901/B-1" and he agreed with the agreed and confirmed that the parameters of the test results clearly showed that the representative samples drawn from the imported goods are different than those declared in the Bill of Entry in respect of samples "7782497/A-1", "7750908/A-1", "7750908/B-1", "7778901/A-1" and "7778901/B1". He agreed with the test report. The details of test report and its revised description and CTI, Sq.mtrs (based on GSM) and Assessable Value based on the revised description is as under :-

TABLE - E

BE NUMBER	BEDATE	ITEM DESCRIPTION (DECLARED)	CTI declared	Description as per Test Result	CTI re-determined	GSM as per test report	Net weight	SQM determined as per GSM
7778901	27-02-2026	POLYESTER LAMINATED FABRICS	59039090	Dyed woven polyester filament fabric containing textured filament yarn with 3.6% elastomeric yarn	54075290	123.8	27963	212100
				TPU Laminated 100% Polyester Dyed Woven Fabric (100% Texturised Filament Yarn)	59032090	125.8		3000
7782497 (T) 7748237 (Z)	27-02-2026	POLYESTER LAMINATED FABRICS	59039090	TPU Laminated 100% Polyester Dyed Woven Fabric (100% Texturised Filament Yarn)	59032090	127.6	25775	201998
7782501 (T) 7750908 (Z)	27-02-2026	POLYESTER LAMINATED FABRICS	59039090	TPU Laminated 100% Polyester Dyed Woven Fabric (100% Texturised Filament Yarn)	59032090	72.1	12170.56	168801
				TPU Laminated 100% Polyester Dyed Woven Fabric (100% Texturised Filament Yarn)	59032090	127.7	13689.44	107200

- He agreed that the declared description do not match with the description as per test report on the basis of tested parameters in respect of Bills of Entry No. 7782497 (T), 7782501 (T) and 7778901 (Z) dated 27.02.2026. He agreed with the re-classification of CTI based on the test report. Further he agreed with the Sq. Mtrs arrived on the basis of the

GSM and declared Net weight in the Packing List and as per physical examination. He agreed that the SQM is excess in comparison to the SQM declared and arrived at on the basis of GSM. At panchnama dated 19.03.2026, the SQM of representative sample Type-1, the SQM has been calculated with length of meter 50 meter per roll, however, he agreed that these rolls were 100 meter per roll and he agreed with the SQM calculated in respect of BE No. 7782501(T), as above. He agreed and was ready to pay differential duty arising out them.

- He had perused the test report and confirmed that the tested parameters of the test report shows that the description of the imported goods is other than the declared goods in respect representative samples "7782497/A-1", "7750908/A-1", "7750908/B-1", "7778901/A-1" and "7778901/B1" and he agreed that the imported goods are mis-declared in as much as the description, quantity, CTI and Assessable Value of the imported goods. Accordingly, he agreed that the CTI, Quantity and assessable value and CTI of the said goods may be re-assessed based on the test report and examination panchnama. Further, he agreed that assessable value also to be re-assessed on the basis of contemporary value of actually imported goods based on description/CTI arrived on test report. He informed that his firm is ready to pay the differential duty arising out of the same. He further stated that our firm had not intentionally imported mis-declared goods, however, the overseas supplier had sent goods other than the ordered goods.

7. RE-CLASSIFICATION OF GOODS

7.1 The importer, M/s. Krishnaranjan Enterprise, declared the imported goods covered under Bill of Entry Nos. 7778901(Z), 7748237 (Z) -7782497 (T) and 7750908(Z) - 7782501 (T) as **"Polyester Dyed Laminated Fabric"** and classified the same under **CTH 59039090**.

7.2 In order to ascertain the correct nature and classification of the goods, representative samples were drawn and forwarded to the Textile Committee Laboratory, Mumbai. The laboratory reports revealed that the goods imported under Bill of Entry Nos. 7778901(Z) **(sample "7778901/B-1")**, 7748237 (Z) -7782497 (T) and 7750908(Z) – 7782501 (T) were consisting of TPU (Thermoplastic Polyurethane) Laminated 100% Polyester Dyed Woven Fabric made from 100% Texturised Filament Yarn. The goods imported under Bill of Entry No. **7778901-Z (sample "7778901/A-1")** were consist Dyed Woven Polyester Filament Fabric containing textured and filament yarn with approximately 3% elastomeric yarn (polyurethane)/Spandex.

7.2.1 Classification of TPU Laminated Polyester Fabrics

The importer had declared the goods under Heading 5903 of Chapter 59

Tariff Item 59039090 covers

"Textile fabrics impregnated, coated, covered or laminated with plastics, other than those of heading 5902."

However, tariff Item 59032090 specifically covers:

"Textile fabrics impregnated, coated, covered or laminated with polyurethane, other than those of headding5902"

7.2.2 Thus, where a textile fabric is laminated with polyurethane, classification is specifically provided under Customs Tariff Item 59032090.

7.2.3 The Textile Committee Laboratory specifically reported the goods as "TPU Laminated 100% Polyester Dyed Woven Fabric". TPU (Thermoplastic Polyurethane) is a polyurethane polymer. Therefore, the goods are textile fabrics laminated with polyurethane. In terms of the General Rules for Interpretation (GRI), particularly Rule 1, classification shall be determined according to the terms of the headings and relevant Section and Chapter Notes. Since Heading 590320 specifically covers textile fabrics laminated with polyurethane, recourse to the residual entry 59039090 is not warranted. Since CTH 59032090 specifically covers textile fabrics coated, covered or laminated with polyurethane, classification under residual tariff item 59039090 ("Other") is untenable. Accordingly, the goods imported under Bill of Entry Nos. 7778901-Z (sample "7778901/B-1"), 7782497 (T) and 7782501 (T) are correctly classifiable under:

CTH 59032090 – Textile fabrics impregnated, coated, covered or laminated with polyurethane – Other.

7.3. Classification of Fabric Containing Elastomeric (polyurethane) Yarn

7.3.1 The Textile Committee Laboratory reported the goods covered under Bill of Entry No. 7778901 (sample 7778901/A-1) as, "Dyed woven polyester filament fabric containing textured and filament yarn with approximately 3.6% elastomeric yarn (polyurethane)." The test report establishes that the goods are essentially woven fabrics manufactured from polyester filament yarn and contain elastomeric yarn imparting stretch characteristics.

7.3.2 The chapter 54 of the Customs Tariff Act covers "Man Made Filaments"

Heading 5407 specifically covers

" Other Woven fabrics containing 85% or more by weight of textured polyester filaments,"

Tariff item 54075290 covers :

"Other dyed woven fabrics containing 85% of more than weight of textured polyester filaments"

7.3.3 Since the fabric was reported as a **dyed woven polyester filament fabric**, classification falls under Heading 540752.

The appropriate tariff item is:

CTH 54075290 – Other dyed woven fabrics of polyester filaments.

7.3.4 The laboratory report in respect of Bill of Entry No. **7778901-Z(sample "7778901/A1")** does not indicate the presence of any plastic coating, impregnation, covering or lamination. Therefore, the essential condition for classification under Heading 5903 is absent. As the goods are fundamentally woven fabrics of synthetic filament yarn and not coated or laminated textile fabrics, classification under Heading 59039090 is not sustainable. Accordingly, the goods are correctly classifiable **CTH 54075290 – Dyed woven fabrics of polyester filaments – Other.**

7.4 In view the above discussion, the summary of re-determined classification based on the test results are as under :-

TABLE - F

BE No.	Declared CTH	Sample	Correct CTH	Basis of Re-classification
7778901(Z)	59039090	7778901/ A-1	54075290	Dyed woven polyester filament fabric containing textured filament yarn with 3.6% elastomeric (polyurethane) yarn.
	59039090	7778901/ B-1	59032090	TPU laminated 100% polyester dyed woven fabric made of 100% texturised filament yarn.
7748237(Z) 7782497 (T)	59039090	7782497/ A-1	59032090	TPU laminated 100% polyester dyed woven fabric made of 100% texturised filament yarn.
7750908(Z) 7782501 (T)	59039090	7750908/ A-1	59032090	TPU laminated 100% polyester dyed woven fabric made of 100% texturised filament yarn.
	59039090	7750908/ B-1	59032090	TPU laminated 100% polyester dyed woven fabric made of 100% texturised filament yarn.

7.7 The proprietor of M/s Krishnaranjan Enterprise was confronted with the findings of The Laboratories, Textile Committee, Mumbai and, in his statement recorded under Section 108 of the Customs Act, 1962, accepted the test reports and did not dispute the proposed re-classification of the imported goods under Customs Tariff Item 59032090 and 54075290. Therefore, the nature, composition and classification of the imported goods stand revealed through scientific testing and the admission of the importer. Consequently, the imported goods are correctly classifiable under Customs Tariff Item 59032090 and 54075290 and not under Customs Tariff Headings 59039090 as declared in the Bills of Entry.

8. VALUATION OF IMPORTED GOODS

8.1 Section 14 of the Customs Act, 1962 read with Rule 3 of the Customs Valuation (Determination of Value of Imported Goods) Rules, 2007 provides that the assessable value of imported goods shall ordinarily be the transaction value, that is, the price actually paid or payable for the goods when sold for export to India, subject to the provisions of the said Rules.

8.2 During investigation, the declared transaction values of the imported goods were examined with reference to the import documents, laboratory reports, quantity determination and contemporaneous import data. Investigation established that the importer declared the goods as "Polyester laminated fabric" whereas the Textile Committee, Mumbai reported the goods as "TPU Laminated 100% Polyester Dyed Woven Fabric (100% Texturised Filament Yarn)" and "Dyed woven polyester filament fabric containing 3.6% elastomeric yarn (Spandax)". Investigation further established that the quantities declared in the Bills of Entry were grossly understated. Based on GSM and net weight of the imported goods, the actual quantities were determined to be substantially higher than the quantities declared before Customs. Thus, the declarations made by the importer with regard to description, classification and quantity were found to be incorrect. Since the declared description, classification and quantity themselves were found to be false and inaccurate, serious doubts arose regarding the truth and accuracy of the declared transaction value.

8.3 In terms of Rule 12(1) of the Customs Valuation (Determination of Value of Imported Goods) Rules, 2007, where there has reason to doubt the truth or accuracy of the declared value, the importer may be asked to furnish further information and where such doubt persists, the declared value may be rejected. In the present case, the substantial misdeclaration of description, classification and quantity constituted sufficient grounds to reject the declared transaction value.

8.4 Accordingly, the declared transaction values became liable for rejection under Rule 12 read with Rule 3(2) of the Customs Valuation (Determination of

Value of Imported Goods) Rules, 2007.

8.5 After rejection of the declared transaction value, efforts were made to determine the value in accordance with the sequential application of Rule 4 to 9 of the Customs Valuation (Determination of Value of Imported Gods) Rules, 2007. Contemporaneous import data relating to imports of similar goods originating from China and imported during the relevant period was examined.

8.6 Valuation of "TPU Laminated 100% Polyester Dyed Woven Fabric (100% Texturised Filament Yarn)"

8.6.1 In the instant case, the declared transaction value of the imported goods has been found unacceptable under Rule 12 of the Customs Valuation (Determination of Value of Imported Goods) Rules, 2007, for the reasons discussed hereinabove. Further, determination of value under Rules 4 and 5 could not be undertaken due to the non-availability of contemporaneous imports of identical or similar goods possessing comparable specifications such as composition, GSM, construction, quality, finish, and country of origin. Likewise, valuation under Rules 7 and 8 was not feasible in the absence of reliable data required for application of the deductive and computed value methods. Consequently, the assessable value has been determined under Rule 9 of the Customs Valuation Rules, 2007, by adopting reasonable means consistent with the principles and general provisions of Section 14 of the Customs Act, 1962 and the Valuation Rules. For this purpose, reliance has been placed upon contemporaneous assessments of comparable fabric imports made through other Bills of Entry, wherein the assessable values had been finalized on the basis of suggestive values adopted by the Customs formations after due examination and assessment. The assessable value so adopted is not based on a solitary instance but is supported by multiple contemporaneous assessments of comparable textile fabrics, thereby ensuring uniformity, reasonableness and conformity with the valuation principles embodied in Section 14 of the Customs Act, 1962 and Rule 9 of the Customs Valuation Rules, 2007.

8.6.2 The contemporaneous assessment import data pertaining to similar polyester dyed fabric laminated with PU imported from China was examined and found suitable for valuation purposes in the present case. The data of the contemporaneous import is as under :-

TABLE - G

CUSTOM HOUSE CODE	BE NUMBER	BEDATE	COUNTRY OF ORIGIN	ITEMDESCRIPTION	CTH	QUANTITY	UQC	UNIT PRICE (USD)
		20-04-		POLYESTER DYED FABRIC				

INAJM6	8780015	2026	CN	LAMINATED WITH PU	59032090	192263.3	SQM	0.18
INAJM6	8745170	18-04-2026	CN	POLYESTER DYED FABRIC LAMINATED WITH PU	59032090	217367.6	SQM	0.18
INAJM6	8329444	27-03-2026	CN	POLYESTER DYED FABRIC LAMINATED WITH PU	59032090	205777.7	SQM	0.18
INAJM6	8745591	18-04-2026	CN	POLYESTER DYED FABRIC LAMINATED WITH PU	59032090	185377.1	SQM	0.18
INAJM6	9634132	02-06-2026	CN	POLYESTER DYED LAMINATED FABRIC	59032090	171428.5	SQM	0.18
INAJM6	7000960	20-01-2026	CN	POLYESTER DYED FABRIC LAMINATED WITH PU	59032090	216059.5	SQM	0.18
INAJM6	9021850	02-05-2026	CN	POLYESTER DYED LAMINATED FABRIC	59032090	207904.7	SQM	0.18
INAJM6	8725958	17-04-2026	CN	POLYESTER DYED FABRIC LAMINATED WITH PU	59032090	155937.1	SQM	0.18
INAJM6	8745324	18-04-2026	CN	POLYESTER DYED FABRIC LAMINATED WITH PU	59032090	194292.4	SQM	0.18
INAJM6	9588774	30-05-2026	CN	POLYESTER DYED LAMINATED FABRIC	59032090	167948.7	SQM	0.18
INAJM6	8745045	18-04-2026	CN	POLYESTER DYED FABRIC LAMINATED WITH PU	59032090	200457.6	SQM	0.18
INAJM6	9661697	03-06-2026	CN	POLYESTER DYED PU LAMINATED FABRIC	59032090	193545.9	SQM	0.18

8.6.3 The import data indicated transaction value of USD 0.18 per square meter for assessment of similar imported goods. Accordingly, the value of USD 0.18 per square meter was considered appropriate for determination of the imported goods under Rule 9 of the Customs Valuation (Determination of Value of Imported Goods) Rules, 2007, in respect of goods **TPU Laminated 100% Polyester Dyed Woven Fabric (100% Texturised Filament Yarn).**

8.7 Valuation of "Dyed Woven Polyester Filament Fabric containing Textured Filament Yarn with 3.6% Elastomeric (polyurethane) Yarn"

8.7.1 Rule 4 of the Customs Valuation (Determination of Value of Imported Goods) Rules, 2007 is not applicable in the present case as the assessable value of the impugned goods cannot be determined on the basis of the transaction value of identical goods. In the case of textile fabrics, determination of identicality requires comparison of various technical and commercial parameters such as fibre composition, construction (woven/knitted), GSM, yarn type, denier, texturised/non-texturised nature, coating or lamination, design, finish, quality, brand and end use. However, such detailed specifications are not available in respect of past imports recorded in the database. Consequently, it is not possible to ascertain whether any contemporaneously imported fabrics are identical to the impugned goods in all material respects as required under Rule 4. In the absence of reliable and verifiable data relating to contemporaneous imports of identical goods, the provisions of Rule 4 could not be applied for determination of the assessable value of the goods under investigation. Hence, Contemporaneous import data relating to imports of similar goods originating from China and imported during the relevant period was examined.

8.7.2 Investigation revealed that similar fabrics of Chinese origin were being imported contemporaneously at substantially higher values than the values declared by M/s Krishnaranjan Enterprise. The contemporaneous import data pertaining to similar woven polyester filament fabrics containing elastomeric yarn imported from China was examined and found suitable for valuation purposes in the present case. The data of the contemporaneous import is as under:-

TABLE - F

CUSTOMHOUSECODE	BENUMBER	BEDATE	ITEMDESCRIPTION	CTH	QUANTITY	UQC	UNITPRICE	Total Value
INNSA1	5688547	14-11-2025	WOVEN FABRIC - WQ-19447 FABRIC 93% POLYESTER 7%SPANDEX, STYLE NO. BP-TP-ST-MARTINI 270 GSM CUTABLE WIDTH 145 CM FULL WID	54075290	2694.825	SQM	1.793103	4832.099
INNSA1	5688547	14-11-2025	WOVEN FABRIC - WQ-19447 FABRIC 93% POLYESTER 7%SPANDEX, STYLE NO. BP-TP-ST-MARTINI 270 GSM CUTABLE WIDTH 145 CM FULL WID	54075290	4491.375	SQM	1.793103	8053.498
INNSA1	5688547	14-11-2025	WOVEN FABRIC - WQ-19447 FABRIC 93% POLYESTER 7%SPANDEX, STYLE NO. BP-TP-ST-MARTINI 270 GSM CUTABLE WIDTH 145 CM FULL WID	54075290	2694.825	SQM	1.793103	4832.099
INPPG6	5854439	22-11-2025	WOVEN FABRIC BP-DO-WILSON2# OFF WHITE , 95% POLY, 5% SPANDEX, 268 GSM,WIDTH 145CM (1530 MTR)	54075290	2218.5	SQM	1.965517	4360.499
INPPG6	5854439	22-11-2025	WOVEN FABRIC BP-DO-WILSON2# BLACK , 95% POLY, 5% SPANDEX, 268 GSM,WIDTH 145CM (1524 MTR)	54075290	2209.8	SQM	1.965517	4343.399
INMAA1	6139397	06-12-2025	95.3% POLYESTER 4.7% SPANDEX WOVEN DYED FABRIC GSM 180 WIDTH56/57" (26848.7 MTRS)	54075290	38871.55	SQM	0.635447	24700.81
INMAA1	6139397	06-12-2025	95.7% POLYESTER 4.3% SPANDEX WOVEN DYED FABRIC GSM 230 WIDTH56/57" (3883.5 MTRS)	54075290	5622.531	SQM	0.725239	4077.679
INPPG6	6170173	08-12-2025	WOVEN FABRIC BP-TP-ST-MARTINI# NAVY, 93% POLYESTER , 7% SPANDEX , 270 GSM , WIDTH 148 CM (1613.8 MTR)	54075290	2388.42	SQM	1.75676	4195.881
INPPG6	6170173	08-12-2025	WOVEN FABRIC BP-TP-ST-MARTINI# BLACK, 93% POLYESTER , 7% SPANDEX , 270 GSM , WIDTH 148 CM (1882.6 MTR)	54075290	2786.24	SQM	1.756762	4894.761
INPPG6	6170173	08-12-2025	WOVEN FABRIC BP-TP-ST-MARTINI# BEIGE, 93% POLYESTER , 7% SPANDEX , 270 GSM , WIDTH 148 CM (2342.5 MTR)	54075290	3466.9	SQM	1.756757	6090.501
INMAA1	6337603	16-12-2025	96.8% POLYESTER 3.2% SPANDEX WOVEN DYED FABRIC WIDTH 56/57"GSM 250 (5557.50 MTRS)	54075290	8046.149	SQM	1.174195	9447.747
INMAA1	6343249	17-12-2025	92% POLYESTER 8% SPANDEX PLAIN WOVEN OVER DYED FABRIC GSM 140 (+/-5%) WIDTH 56" (+/-1%) (4803 YARDS)	54075290	6246.98	SQM	1.614588	10086.3
			Total		**81738.09**			**89915.27**
			Weighted Average Price					**1.1**

8.7.3 The contemporaneous import data indicated a weighted average transaction value of USD 1.10 per square meter for similar imported goods. Since the contemporaneous imports related to similar goods imported at or about the same time and from the same country of origin, the value of USD 1.10 per square meter was considered appropriate for determination of value under Rule 5 of the Customs Valuation Rules, 2007. Accordingly, the assessable value of the imported goods was re-determined under Rule 5 of the Customs Valuation (Determination of Value of Imported Goods) Rules, 2007, in respect of goods **Dyed Woven Polyester Filament Fabric containing Textured Filament Yarn with 5% Elastomeric (polyurethane) Yarn**.

9. RE-DETERMINATION OF ASSESSABLE VALUE

9.1 Applying the contemporaneous value of USD 0.18 per square meter in respect of BEs 7778901-Z (sample "7778901/B1"), 7748237 (Z) -7782497 (T) and 7750908(Z) - 7782501 (T). and USD 1.10 per square meter in respect of BE 7778901-Z (sample "7778901/A1") to the actual quantities determined on the basis of GSM and net weight, the assessable value was re-determined as follows:

TABLE - G

Bill of Entry No.	Declared AV (₹)	Actual Qty (Sq.Mtr.)	Value Adopted (USD/Sq.Mtr.)	Re-determined AV (₹)
7778901 (Z)	9,80,477.42	2,12,100	1.10	2,14,41,189
		3,000	0.18	49,626.00
7782497 (T)	9,31,579.27	2,01,998.43	0.18	33,41,458.07
7782501 (T) –	9,37,115.33	1,68,801.11	0.18	27,92,307.95
		1,07,200.00	0.18	17,73,302.40
Total	**18,68,694.6**	**6,93,099.542**		**2,93,97,883.43**

9.2 The comparison of declared and re-determined values is reproduced below:

TABLE - H

Particulars	Declared Value (₹)	Re-determined Value (₹)
BE No. 7778901 (Z)	9,80,477.42	2,14,90,815.00
BE No. 7782497 (T)	9,31,579.27	33,41,458.07
BE No. 7782501 (T)	9,37,115.33	45,65,610.35
Total	18,68,694.6	2,93,97,883.43

9.3 The above comparison clearly establishes substantial undervaluation of the imported goods. The assessable value was re-determined by applying the contemporaneous import value to the actual quantity derived on the basis of GSM and net weight. In respect of TPU Laminated Polyester Fabrics (CTH 59032090), a value of **USD 0.18 per Sq.Mtr.** based on contemporaneous import was adopted. In respect of Dyed Woven Polyester Filament Fabric containing elastomeric yarn (Spadax) (CTH 54075290), a value of **USD 1.10 per Sq.Mtr.** was adopted based on contemporaneous assessment of import data. The importer declared a total assessable value of ₹18,68,695/- whereas the correct assessable value determined in accordance with Rule 5 and 9 of the Customs Valuation Rules, 2007 works out to

Rs. ₹2,93,97,883/-.

9.4 Shri Somnath Pandith, Proprietor of M/s Krishnaranjan Enterprise, in his statement dated 29.06.2026, recorded under section 108 of Customs Act, 1962 had accepted the findings of the laboratory report and had admitted that the contemporaneous valuation methodology adopted by the department. He was also informed of the differential duty liability arising from the re-determination of assessable value. Therefore, the declared transaction value is liable to rejection under Rule 12 read with Rule 3(2) of the Customs Valuation Rules, 2007 and the assessable value is correctly re-determined under Rule 5 and 9 of Customs Valuation Rules, 2007.

10. Summary of Investigation and Differential Duty Calculation :

10.1 On the basis of the examination, test result and oral statement of Shri Somnath Pandit, Proprietor of M/s Krishnaranjan Enterprise, Delhi, it is clear that M/s. Krishnaranjan Enterprise is importing polyester laminated fabrics of Chinese origin by mis-declaring the description, classification, quantity and value of the imported goods with an intent to evade applicable Customs duties. The Bills of Entry No. 7778901-Z, 7782497 (T) and 7782501 (T) dated 27.02.2026 were subjected to detailed examination and during the examination, representative samples have been drawn and the said representative samples were sent to the Laboratory, Textile Committee, Mumbai for testing of the fabric for determination of various parameters of fabric to obtain specific CTI of the imported fabrics.

10.2 The Textile Committee, Mumbai, vide Test Reports dated 16.04.2026, reported that imported goods in respect of 7778901-Z (sample "7778901/B-1"), 7748237 (Z) -7782497 (T) and 7750908(Z) - 7782501 (T) dated 27.02.2026, the imported goods were found to be TPU Laminated 100% Polyester Dyed Woven Fabric (100% Texturised Filament Yarn) correctly classifiable under Customs Tariff Item 59032090, as against the classification declared by the importer under CTH 59039090. Although the goods were declared as Polyester Laminated Fabrics, the specific nature of the lamination, namely polyurethane (TPU), was not correctly declared, resulting in adoption of an incorrect tariff classification. In respect of BE No. 7778901-Z (sample "7778901/A-1") dated 27.02.2026, the imported goods were found to be Dyed Woven Polyester Filament Fabric containing elastomeric yarn (Spandax) correctly classifiable under Customs Tariff Item 54075290. Thus, the importer had mis-declared the classification of the imported goods.

10.3 Therefore, based on the laboratory findings, the imported goods were found correctly classifiable under Customs Tariff Item 59032090 and 54075290 as against the declared classifications under CTH 59039090. Thus, the importer had mis-declared the description and classification of the imported goods. Investigation further revealed that the quantity declared in the Bills of Entry was grossly understated. On the basis of GSM determined through laboratory testing and net weight of the imported goods, the actual quantity was re-determined at **6,93,100** Sq. Mtrs. as against the declared quantity of **2,58,358** Sq. Mtrs., resulting in excess quantity of **4,34,742** Sq. Mtrs. Since the description, classification and quantity declared by the importer were found to be false and inaccurate, the declared transaction value became liable for rejection under Rule 12 read with Rule 3(2) of the Customs Valuation (Determination of Value of Imported Goods) Rules, 2007.

10.4 Contemporaneous import data of similar woven polyester filament fabrics containing elastomeric yarn imported from China during the relevant period was examined. Based on such imports, a weighted average transaction value of TPU Laminated 100% Polyester Dyed Woven Fabric (100% Texturised Filament Yarn) and Dyed Woven Polyester Filament Fabric containing elastomeric yarn USD 0.18/1.10 per Sq. Mtr., respectively, was adopted for valuation under Rule 5 and 9 of the Customs Valuation Rules, 2007. Applying the contemporaneous value to the actual quantity determined during investigation, the assessable value of the imported goods was re-determined at Rs. **₹2,93,97,883/-** as against the declared assessable value of **₹18,68,695/-,** thereby it emerges substantial undervaluation.

10.5 Shri Somnath Pandit, Proprietor of M/s Krishnaranjan Enterprise, in his statement dated 29.06.2026, recorded under Section 108 of the Customs Act, 1962, accepted the test reports, re-classification, quantity re-determination and valuation methodology adopted during investigation and agreed to discharge the differential duty liability arising therefrom. The investigation has thus revealed that M/s Krishnaranjan Enterprise knowingly filed Bills of Entry containing incorrect declarations relating to the description, classification, quantity and value of the imported goods.

10.6 Accordingly, differential duty arising out of the mis-declaration of description, CTI, Quantity and Assessable Value of the imported goods is as under :-

TABLE - I

	BE	Duty	Item	CTH as per	Sq. Mtrs. Calculated			SCD	IGST @5%	Duty	Differential

BE No.	Date	Declared (₹)	No.	Test Report	based on GSM	New AV (₹)	BCD (₹)	@10% (₹)	(₹)	Payable (₹)	Duty (₹)
7778901 (Z)	27-02-2026	275,514.10	1	54075290	212,100.000	21,441,189.00	4,878,300.00	0.00	1,315,974.45	6,194,274.45	5,932,705.26
			2	59032090	3,000.000	49,626.00	9,925.20	992.52	3,027.19	13,944.91	
7782497 (T)	27-02-2026	261,773.80	1	59032090	201,998.433	3,341,458.07	668,291.61	66,829.16	203,828.94	938,949.72	677,175.92
7782501 (T)	27-02-2026	263,329.40	1	59032090	168,801.110	2,792,307.95	558,461.59	55,846.16	170,330.79	784,638.54	1,019,607.11
			2	59032090	107,200.000	1,773,302.40	354,660.48	35,466.05	108,171.45	498,297.97	
Total		525,103.20			693,099.543	29,397,883.43	6,469,638.88	159,133.89	1,801,332.82	8,430,105.59	76,29,488.28

11. Legal Provisions

11.1 Section 14 - Valuation of goods.

(1) For the purposes of the Customs Tariff Act, 1975, or any other law for the time being in force, the value of the imported goods and export goods shall be the transaction value of such goods, that is to say, the price actually paid or payable for the goods when sold for export to India for delivery at the time and place of importation, or as the case may be, for export from India for delivery at the time and place of exportation, where the buyer and seller of the goods are not related and price is the sole consideration for the sale subject to such other conditions as may be specified in the rules made in this behalf:

Provided that such transaction value in the case of imported goods shall include, in addition to the price as aforesaid, any amount paid or payable for costs and services, including commissions and brokerage, engineering, design work, royalties and licence fees, costs of transportation to the place of importation, insurance, loading, unloading and handling charges to the extent and in the manner specified in the rules made in this behalf:

Provided further that the rules made in this behalf may provide for,-
(i)the circumstances in which the buyer and the seller shall be deemed to be related;
(ii)the manner of determination of value in respect of goods when there is no sale, or the buyer and the seller are related, or price is not the sole consideration for the sale or in any other case;
(iii)the manner of acceptance or rejection of value declared by the importer or exporter, as the case may be, where the proper officer has reason to doubt the truth or accuracy of such value, and determination of value for the purposes of this section:

Provided also that such price shall be calculated with reference to the rate of exchange as in force on the date on which a bill of entry is presented under section 46, or a shipping bill of export, as the case may be, is presented under section 50.

11.2 **Section 17 of the Customs Act, 1962**

17. Assessment of duty. – (1) An importer entering any imported goods under section 46, or an exporter entering any export goods under section 50, shall, save as otherwise provided in section 85, self-assess the duty, if any, leviable on such goods.
…….
(4) Where it is found on verification, examination or testing of the goods or otherwise that the self-assessment is not done correctly, the proper officer may, without prejudice to any other action which may be taken under this Act, re-assess the duty leviable on such goods.

11.3. **Section 46 of the Customs Act, 1962**:

46. Entry of goods on importation. – (1) The importer of any goods, other than goods intended for transit or transshipment, shall make entry thereof by presenting 4[electronically] 5[on the customs automated system] to the proper officer a bill of entry for home consumption or warehousing 6[in such form and manner as may be prescribed]:

11.4 **Section 110 of the Customs Act, 1962**

110. Seizure of goods, documents and things. – (1) If the proper officer has reason to believe that any goods are liable to confiscation under this Act, he may seize such goods: Provided that where it is not practicable to seize any such goods, the proper officer may serve on the owner of the goods an order that he shall not remove, part with, or otherwise deal with the goods except with the previous permission of such officer.

11.5 **Section 111 of the Customs Act, 1962**

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 3[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;

11.6 **Section 112 of the Customs Act, 1962**

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

shall be liable, —

(i) in the case of goods in respect of which any prohibition is in force under this Act or any other law for the time being in force, to a penalty 5[not exceeding the value of the goods or five thousand rupees], whichever is the greater;

(ii) in the case of dutiable goods, other than prohibited goods, subject to the provisions of section 114A, to a penalty not exceeding ten per cent. of the duty sought to be evaded or five thousand rupees, whichever is higher: Provided that where such duty as determined under sub-section (8) of section 28 and the interest payable thereon under section 28AA is paid within thirty days from the date of communication of the order of the proper officer determining such duty, the amount of penalty liable to be paid by such person under this section shall be twenty-five per cent. of the penalty so determined;]

(iii) in the case of goods in respect of which the value stated in the entry made under this Act or in the case of baggage, in the declaration made under section 77 (in either case hereafter in this section referred to as the declared value) is higher than the value thereof, to a penalty 3[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 4[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 5[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.

11.7 **Section 114AA of the Customs Act, 1962**

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, 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.]

11.8 **Section 124 of the Customs Act, 1962**

124. Issue of show cause notice before confiscation of goods, etc.—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 2[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. 3 [Provided further that notwithstanding the 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.]

11.9 **Section 125 of the Customs Act, 1962**

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 4[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, the provisions of this section shall not apply:

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.

Explanation.—For removal of doubts, it is hereby declared that in cases where an order under sub-section (1) has been passed before the date on which the Finance Bill, 2018 receives the assent of the President and no appeal is pending against such order as on that date, the option under said sub-section may be exercised within a period of one hundred and twenty days from the date on which such assent is received.]

11.10 **Section 30 of SEZ Act, 2005**

Subject to the conditions specified in the rules made by the Central Government in this behalf:-

(a) any goods removed from a Special Economic Zone to the Domestic Tariff Area shall be chargeable to duties of customs including antidumping, countervailing and safeguard duties under the Customs Tariff Act, 1975, where applicable, as leviable on such goods when imported; and

(b) the rate of duty and tariff valuation, if any, applicable to goods removed from a Special Economic Zone shall be at the rate and tariff valuation in force as on the date of such removal, and where such date is not ascertainable, on the date of payment of duty.

11.11 **Rule 28 of SEZ Rules, 2006**

28. (1) A Unit or Developer may import goods directly into the Special Economic

Zone or through any other:

(a) ports or airports;

(b) land customs stations;

(c) inland container depots;

(d) foreign post offices;

(e) authorized couriers; or

(f) through personal baggage of passengers authorized by the Special Economic Zone Unit; or

(g) Via Satellite data communication such as internet or any other telecommunication link.

(2) Goods imported through ports or airports, land customs stations, or inland container depots shall be allowed to be transferred in full cargo load or less than container load cargo by direct transfer from such port or airport or Inland container Depot or land customs station to the Special Economic Zone.

(3) The import of Information Technology enabled services, including software, shall also be allowed through data communication link, internet, e-mail or any other electronic mode.

(4) The Unit or Developer may also procure goods required for the authorized operations, without payment of duty, from International Exhibitions held in India or from bonded warehouses set up under the Foreign Trade Policy and under the Customs Act in the Domestic Tariff Area;

(5) The goods imported by the Unit or Developer shall be allowed to be transferred from the port or airport to the Special Economic Zone without examination by the Customs Authorities at the port or airport, as the case may be:

Provided that the goods may be examined with the prior permission of the Assistant or Deputy Commissioner of Customs in writing in case there is specific adverse information or intelligence:

(6) The goods imported by a Developer or Unit shall be transshipped by the carrier or its agent directly to the Special Economic Zone.

(7) Where import cargo destination is other than the Special Economic Zone, delivery shall be allowed at the destination port or airport on the strength of Bill of Entry assessed by Special Economic Zone Customs without any Transshipment Bond:

Provided that in case of high value goods imported through the airport, the goods may be transferred to the Custodian who shall transfer the same to a designated Customs Area located inside the Processing Area designated by the Specified Officer for further delivery to the Unit or Developer:

Provided further that the high value cargo imported through the airport may also be transferred under the Customs escort at the option of the Unit or the Developer

11.12 **Rule 29 of SEZ Rules, 2006**

29. (1) Direct delivery shall be permitted at the place of import for clearance of goods imported by Units and Developer from ports or airports or land customs stations or inland container depots as is being done in the case of import of perishable or lifesaving drugs.

(2) The Unit or Developer, hereinafter referred to as the Special Economic Zone Importer, shall follow the following procedure for imports, namely:-

(a) the Special Economic Zone Importer shall file Bill of Entry for home consumption in quintuplicate giving therein, description with specially stamped endorsement as "Special Economic Zone Cargo" along with Bill of Lading or Airway Bill and invoice and packing list with the Authorized Officer who shall register and assign a running annual serial number and assess the Bill of Entry, on the basis of transaction value, which shall not require any counter signature of the Specified Officer:

11.13 **S.O. 2666(E) dated 05.08.2016.—**

In exercise of the powers conferred by sub-section (2) of section 21 and second proviso to section 22 of the Special Economic Zones Act, 2005 (28 of 2005) (hereinafter referred as the Act), the Central Government hereby authorises the Additional Director General, Directorate of Revenue Intelligence for offences under the Customs Act, 1962 (52 of 1962) and the Additional Director General, Directorate General of Central Excise Intelligence for offences under the Central Excise Act, 1944 (1 of 1944) and the Finance Act, 1994 (32 of 1994) to be the enforcement officer(s) in respect of any notified offence or offences committed or likely to be committed in a Special Economic Zone. The enforcement officer(s), for the reasons to be recorded in writing, may carry out the investigation, inspection, search or seizure in the Special Economic Zone or Unit and shall intimate the *details of any action initiated under sub-section (3) of section 21 of the Act to the Joint Secretary in charge of Special Economic Zones Division in the Department of Commerce immediately and in any case not later than seven days of initiation of any action.*

12. CONTRAVENTION OF LEGAL PROVISIONS :

12.1. Consequent upon the amendment to Section 17 of the Customs Act, 1962 vide Finance Act, 2011, 'Self-Assessment' has been introduced in Customs. Section 17 of the Customs Act, effective from 8.4.2011, provides for self-assessment of duty on imported goods by the importer himself by filing a Bill of Entry in 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 Bill of Entry (Electronic Declaration) Regulation, 2011 (issued under Section 157 read with Section 46 of the Customs Act, 1962) the Bill 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 center, a Bill of Entry number is generated by the Indian Customs Electronic Data Interchange System for the said declaration. Thus, under self-assessment, it is the importer who must ensure that he declares the correct classification, applicable rate of duty, value, benefit of exemption notifications claimed, if any, in respect of the imported goods while presenting the Bill of Entry. Thus, with the introduction of self-assessment by amendments to Section 17, since 8th April, 2011, it is the added and enhanced responsibility of the importer to declare the correct description, value, notification, etc. and to correctly classify, determine and pay the duty applicable in respect of the imported goods.

12.2 The Importer, by mis-declaring the goods and mis-classifying them as detailed in the Table ibid. knowingly and deliberately misrepresented the true nature and classification of the imported Fabrics. This mis-declaration of goods in the Bill of Entry is a contravention of Section 46 of the Customs Act, 1962. The willful misclassification of fabrics under respective CTI was not merely an error but a conscious act to avoid the higher rate of Basic Customs Duty applicable to the actual imported fabrics. This demonstrates an intent to evade legally applicable duties. The pattern of mis-declaration and misclassification across the said consignment, indicates a clear mens-rea and an active intention on the part of the Importer to defraud the revenue. The importer, as an experienced entity in the import trade, is expected to exercise due diligence in ascertaining the correct description and classification of their imports. The willful act of the importer has resulted in short/non-levy of applicable customs duties other taxes.

12.3 By mis-declaring both the quantity and description of the goods with the intent to conceal the import of actual fabric and misclassifying them, importer intended to evade applicable Customs duty. This act of the importer is contrary to the provisions of the Customs Act-1962 and has made the imported goods liable for confiscation under Section 111(m) of the Customs Act, 1962,

12.4 M/s Krishnaranjan Enterprise imported fabrics from China by intentionally mis-declaring the quantity and description of the goods. Such acts of omission and commission to have rendered the goods liable for confiscation under 111(m) of the Customs Act 1962. Hence, this has made importer liable for penalty under Section 112(a) or 112 (b) of the Customs Act, 1962. These actions of the Importer amount to deliberate mis-statement and suppression of facts with intent to evade duty, making them liable for penalty under Section 112(a) or 112 (b) of the Customs Act, 1962, for doing any act which renders the goods liable to confiscation.

12.5. In view of the foregoing facts and evidences on record, it is observed that M/s Krishnaranjan Enterprise is a proprietary concern in which Shri Somnath Pandit is the key person who handles purchase (Import) of goods from China. As categorically stated, in his voluntary statements dated 29.06.2026, it is evident that Shri Somnath Pandit, being the importer and Proprietor of the affairs of M/s Krishnaranjan Enterprise, has submitted incorrect and false declarations to Customs authorities at the time of import, having full knowledge that the imported goods were other than what was declared in the respective Bill of Entries. Shri Somnah Pandit Proprietor of M/s Krishnaranjan Enterprise, situated at 45/1, Nayapatty Road, North 24, Parganas, Kolkata - 700055 holding IEC No. ATBPP9581F appears to have indulged in presenting documents falsifying the identity of the goods, before the Customs authorities for import of the goods. Thus, Shri Somnath Pandit has knowingly and intentionally made a declaration under the Bill of Entry filed under Section 46 of the Customs Act 1962, which is false and incorrect. Hence, Shri Somnath Pandit has rendered himself liable to penalty under the Section 114AA of the Customs Act 1962.

12.6 Further, it is noticed that almost all the goods imported earlier by M/s Krishnaranjan Enterprise through SEZ were subsequently cleared in DTA which indicates that M/s. Krishnaranjan Enterprise was indented to get these imported goods warehoused for further DTA clearances. In respect of two bills of entry, they had already filed DTA Bills of Entry.

13.1 Now, therefore, M/s Krishnaranjan Enterprise, having its address at 45/1, Nayapatty Road, North 24, Parganas, Kolkata - 700055 holding IEC No. ATBPP9581F, are hereby called upon to show cause in writing to **the Additional Commissioner of Customs**, Customs House, Mundra having office situated at office of the Pr. Commissioner of Customs, 5B, Port User Building, Adani Ports & SEZ, Mundra, Kutch, Gujarat – 370421 within 30 (thirty) days from the date of receipt of the notice, as to why: -

i. The goods imported under Bills of Entry No. 7778901 (Z), 7782497 (T) and 7782501 (T) all dated 27.02.2026, which were found to have been mis-declared in terms of description, quantity & value and were seized vide Seizure Memo, should not be reassessed under section 17 of the Customs Act, 1962 by mentioning the correct by mentioning the correct description, quantity and by re-classifying the same under the correct CTI, as per Annexure- A, instead of the declared Customs Tariff Heading, and the applicable duties should not be re-assessed, accordingly;
ii. The declared assessable value of **Rs. 18,68,695/- (Rupees Eighteen Lakhs Sixty Eight Thousand Six Hundred and Ninety Five Only)** should not be rejected and goods be re-determined and re-assessed at **Rs. 2,93,97,883**/- (Rupees Two Crore Ninety Three Lakhs Ninety Seven Thousand Eight Hundred and Eighty Three only), in terms of the Customs Valuation Rules 2007 and as detailed under Para 8, 9 and 10, supra;
iii. The seized goods, as detailed in Seizure Memo with re-determined value of **Rs. 2,93,97,883**/- (Rupees Two Crore Ninety Three Lakhs Ninety Seven Thousand Eight Hundred and Eighty Three only), should not be confiscated under Section 111 (m) of the Customs Act, 1962;
iv. The differential duty amounting to **Rs**. **76,29,488**/ - **(Rupees Seventy Six Lakhs Twenty Nine Thousand Four Hundred and Eighty Eight Only)**, as discussed above, and arrived at after re-determination of value and reclassification of goods based on test reports, should not be re-assessed in respect of the Z and T types BE filed by them;
v. Penalty should not be imposed under Section 112 (a) or 112 (b) of the Customs Act, 1962.

13.2 Shri Somnath Pandit, Proprietor of M/s. Krishnaranjan Enterprise, is hereby required to show cause in writing to **the Additional Commissioner of Customs**, Customs House, Mundra within 30 (thirty) days from the date of receipt of the notice, as to why penalty under **Section 114AA** of the Customs Act, 1962, should not be imposed upon him.

14. This Show Cause Notice is being issued under Section 124 of the Customs Act, 1962 without prejudice to any other action that may be taken against the Noticees or any other person / party connected with this case, under the Customs Act, 1962 or any other law for the time being in force. The aforesaid Noticees are directed to submit their reply in writing within 30 days of issuance of this notice. In their written reply, they should specifically mention whether they would like to be heard in person or through their authorized representative, by the adjudicating authority. They should also produce at the time of showing cause, all the evidences upon which they intend to rely in support of their defense. If no cause is shown against the action proposed in this Show Cause Notice within 30 days from the receipt of this Show Cause Notice (or extended period, if allowed) or if they or their representatives do not appear before the adjudicating authority as and when the case is posted for hearing, the case is liable to be decided ex-parte on the basis of facts and evidences available on record.

15. This Show Cause Notice is being issued on the basis of the evidences available on record. The Department reserves the right to add, alter, amend, modify or supplement this notice at any time on the basis of any evidence, material facts related to goods under investigation and any other import/smuggling by the said noticees, which may come to the notice of the Department after issuance of this notice and prior to the adjudication of the case.

16. The Copies of relied upon documents, as mentioned in the Show Cause Notice, are listed in **Annexure-R** and are enclosed with the Show Cause Notice and also are an integral part of this Show Cause Notice.

Digitally signed by
Dipakbhai Zala
Date: 25-08-2026
12:43:38

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

To,

1. M/s. Krishnaranjan Enterprise (IEC: ATBPP9581F),
   45/1, Nayapatty Road, North 24 Parganas,
   Kolkata – 700055

2. Shri Somnath Pandit, Proprietor of M/s. Krishnaranjan Enterprise,
   45/1, Nayapatty Road, North 24 Parganas,
   Kolkata – 700055

Copy to:

1. The Deputy Director, DRI, Ahmedabad Zonal Unit,
   Unit No. 15, Magnet Corporate Park, Near Sola Flyover,
   S.G. Highway, Thaltej, Ahmedabad – 380 054

2. The Deputy Commissioner, EDI, Customs Mundra (For uploading on Mundra Customs Website)

Annexure - R

Sr No.	Document
RUD-1	Copy of Test Reports of Textile Committee, Mumbai
RUD-2	Copy of Statement of Shri Somnath Pandit, Proprietor of M/s Krishnaranjan Enterprise, recorded under Section 108 of the Customs Act, 1962 on 29.06.2026
RUD-3	Quantification of Duty and Differential Duty (Annexure-A)

ANNEXURE - A - DIFFERENTIAL DUTY CALCULATION

Sr. No.	Name of the Importer	BE NUMBER	BEDATE	ITEM DESCRIPTION (DECLARED)	CTH declared	AV for sq mtrs. (USD)	AV as per BE	Duty Declared/ paid	Declared Quantity	Desciption as per Test Result	CTH	GSM	Net Weight Kgs.	Sq. Mtrs calculated based on GSM	Remark on CTH	AV oer Sqm. (USD)	New AV	BCD (New)		SCD (New)		IGST (New)		Payable	Difference
1	Krishnaranjan Enterprise	7778901	27-02-2026	POLYESTER LAMINATED FABRICS	59039090	0.12	980477.42	275514.1	88908	Dyed woven polyester filament fabric containing textured filament yarn with 3.6% elastomeric yarn or Stretch woven polyester filament fabric	54075290	123.8	27963	212100	20% or 23per sq mtr whichever is higher	1.1	21441189	23 per Sq. Mtrs	4878300	10	0.00	5	1315974.45	6194274.45	5932705.26
										TPU Laminated 100% Polyester Dyed Woven Fabric (100% Texturised Filament Yarn)	59032090	125.8		3000	As declared excess in sqm	0.18	49626.00	20	9925.20	10	992.52	5	3027.19	13944.91	
	Krishnaranjan Enterprise	7782497 (T)	27-02-2026	POLYESTER LAMINATED FABRICS	59039090	0.12	931579.27	261773.8	84474	TPU Laminated 100% Polyester Dyed Woven Fabric (100% Texturised Filament Yarn)	59032090	127.6	25775	201998.433	As declared excess in sqm	0.18	3341458.07	20	668291.61	10	66829.16	5	203828.94	938949.72	677175.92
	Krishnaranjan Enterprise	7782501(T)	27-02-2026	POLYESTER LAMINATED FABRICS	59039090	0.12	937115.33	263329.4	84976	TPU Laminated 100% Polyester Dyed Woven Fabric (100% Texturised Filament Yarn)	59032090	72.1	12170.56	168801.11	As declared excess in sqm	0.18	2792307.95	20	558461.59	10	55846.16	5	170330.79	784638.54	1019607.11
										TPU Laminated 100% Polyester Dyed Woven Fabric (100% Texturised Filament Yarn)	59032090	127.7	13689.44	107200	As declared excess in sqm	0.18	1773302.40	20	354660.48	10	35466.05	5	108171.45	498297.97	
				Total			1868694.6	525103.2	258358					693099.542			29397883.43		6469638.9		159133.89		1801332.81	8430105.584	7629488.28