
	OFFICE OF THE PRINCIPAL COMMISSIONER OF CUSTOMS CUSTOMS HOUSE, MUNDRA, KUTCH-GUJARAT -370421 PHONE: 02838-271426/271428 FAX :02838-271425 E-mail: adj-mundra@gov.in	 आज़ादी का अमृत महोत्सव
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A	FILE NO./फ़ाइल संख्या	CUS/APR/ASS/2487/2025-Gr-4
B	OIO NO./आदेश संख्या	MCH/ADC/ZDC/13/2026-27
C	PASSED BY/जारीकर्ता	DIPAK ZALA, ADDITIONAL COMMISSIONER, CUSTOM HOUSE, MUNDRA.
D	DATE OF ORDER/आदेश की तारीख	08.04.2026
E	DATE OF ISSUE/जारी करने की तिथि	08.04.2026
F	SCN No. & Date/कारण बताओ नोटिस क्रमांक	SCN No.: 163/2025-26 dated 04.01.2026
G	NOTICEE/ PARTY/ IMPORTER नोटिसकर्ता/पार्टी/आयातक	M/s. Orient Steel (IEC: CECPP8547P), Plot No.- 41, Rajendra Nagar Industrial Area, Mohan Nagar, Ghaziabad,
H	DIN/दस्तावेज़ पहचान संख्या	20260471MO000000F995

1. यह आदेश संबन्धित को निःशुल्क प्रदान किया जाता है।
2. This Order - in - Original is granted to the concerned free of charge.
3. यदि कोई व्यक्ति इस आदेश से असंतुष्ट है तो वह सीमाशुल्क अपील नियमावली 1982 के नियम 3 के साथ पठित सीमाशुल्क अधिनियम 1962 की धारा 128 A के अंतर्गत प्रपत्र सीए- 1 में चार प्रतियों में नीचे बताए गए पते पर अपील कर सकता है-
4. Any person aggrieved by this Order - in - Original may file an appeal under Section 128A of Customs Act, 1962 read with Rule 3 of the Customs (Appeals) Rules, 1982 in quadruplicate in Form C. A. -1 to:

“सीमाशुल्क आयुक्त (अपील),

चौथी मंजिल, हुडको बिल्डिंग, ईश्वरभुवन रोड,
नवरंगपुरा, अहमदाबाद 380 009”

**“THE COMMISSIONER OF CUSTOMS (APPEALS),
HAVING HIS OFFICE AT 4TH FLOOR, HUDCO BUILDING, ISHWAR BHUVAN
ROAD,
NAVRANGPURA, AHMEDABAD-380 009.”**

5. उक्तअपील यहआदेश भेजने की दिनांक से 60दिन के भीतर दाखिल की जानी चाहिए।

Appeal shall be filed within sixty days from the date of communication of this order.

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

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

i. उक्त अपील की एक प्रति और

A copy of the appeal, and

ii. इस आदेश की यह प्रति अथवा कोई अन्य प्रति जिस पर अनुसूची 1-के अनुसार न्यायालय शुल्क अधिनियम-

1870के मद सं० 6-में निर्धारित 5 -/रुपये का न्यायालय शुल्क टिकट अवश्य लगा होना चाहिए।

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

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

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

8. अपील प्रस्तुत करते समय, सीमाशुल्क (अपील) नियम, 1982और सीमाशुल्क अधिनियम, 1962 के अन्य सभी

प्रावधानों के तहत सभी मामलों का पालन किया जाना चाहिए।

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

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

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

Brief Facts of the Case:

M/s. Orient Steel (IEC-CECPP8547P) (hereinafter referred to as 'the Importer' for the sake of brevity) having address at Plot No. 41, Rajendra Nagar Industrial Area, Mohan Nagar, Ghaziabad, Uttar Pradesh-201007 has filed Bill of Entry No. 5576151 dated 08.11.2025 for import of the goods declared as "Stainless Steel Coils Size 0.26*730, 0.26*690, 0.26*780, 0.26*650 Other Details as per Invoice and PL" (hereinafter referred to as the 'said goods' for the sake of brevity) under Advance License at Mundra Port. The said B/E was filed by the Custom Broker M/s. Pomona Global Logistics. The said B/E was RMS facilitated and was

marked to RMS officer for OOC after due verification of B/E. During the scrutiny of the uploaded documents of the said B/E, the RMS officer has noticed that the said bill of entry was filed under DGFT Advance Authorization No. 0511031719 dated 02.04.2025. As per the input specifications permitted under the said Advance Authorization, the eligible item for import is "Non-magnetic Stainless-Steel Sheet/Coils (Grade J3)". The RMS officer has verified the MTC (Mill test Certificate) certificate uploaded by the importer and observed that the Chromium content as mentioned in the said BE is not in the limit as prescribed for grade J3 as per IS 6911:2017. Accordingly, the said bill of entry was marked to the assessment officer for proper verification/assessment of the goods. The details are as under: -

Table-I

Sr. No.	BE No. & Date	Declared CTH	Description of Goods	Gross Weight/ Net weight/ Pkg	Advance Authorization
1	5576151 dated 08.11.2025	72199090	Stainless Steel Coils Size 0.26*730, 0.26*690, 0.26*780, 0.26*650 Other Details as per Invoice and PL	27999 Kgs/27939 Kgs/06 Pkg	0511031719 dated 02.04.2025

2. The assessment officer raised a query to the importer to upload the PMI test report for verification of the grade of the goods. The importer has uploaded the PMI test report vide IRN No. 2025112400080426 and as per the PMI Test Report the Chromium content in the said goods is found between 13.05% to 13.32%, other chemical composition is also mentioned in PMI Test report. Further, as per MTC certificate furnished by the importer the Chromium content of the goods is between 14.04% to 14.12%. Both the values of Chromium content are below as per the minimum requirement for 200 series/J3 grade of Stainless Steel. Accordingly, another query was raised by assessment officer to provide consent for assessment of the said BE under First Check for detailed examination and verification of the goods. The importer in his query reply submitted that their matter was dealt by their legal consultant and he has not provided the consent for first check.

3. Further, with the approval of competent authority, a letter was issued to the Custom Broker M/s Pomona Global Logistics (**RUD 1**) regarding to present for examination of the said Bill of entry. Accordingly, the goods were examined by docks officer and the Representative sample of the goods were forwarded to the CRCL/Kandla vide Test Memo No. 1314060 dated 02.12.2025 (**RUD 2**) to ascertain the exact nature and composition of the goods. The CRCL/Kandla vide their Test Report No. 7777 dated 02.12.2025 (**RUD 3**) submitted the report and same is summarized below:

The Sample is received in the form of cut piece of grey colour non-magnetic metallic sheet having thickness (as much in mm) = 0.42, it is

composed of an alloy of iron, chromium, manganese, nickel (stainless steel).

% Chromium (Cr)= 13.15% by wt.

% Manganese (Mn)= 7.14% by wt.

% of nickel (Ni)= 2.08% by wt.

No Indian Standard available for Stainless Steel Grade J3.

Further, this office has e-mailed CRCL/Kandla (**RUD 4**) to submit further clarification on attached test report. Vide e-mail dated 05.12.2025 (**RUD 5**) CRCL/Kandla replied that it is clarified that Stainless Steel grade J3 is a specific grade of Jindal steel, hence the chemical composition of stainless steel grade J3 may be verified at your end.

From the CRCL Kandla Test Report it appears that the Thickness of Goods is 0.42 mm in comparison to the declared Thickness i.e. 0.26 mm.

4 Analysis of Mill Test Certificate, PMI Test Report and CRCL Kandla Test Report:

4.1. Mill Test Certificate:

The importer has uploaded the Mill Test Certificate no. JX101525109 dated 15.10.2025 in the e-Sanchit. The details of the chemical composition for all 06 coils is as below:

Table-II

Pal let	Heat N o.	Specification		Qua ntity (kgs)	Fini sh	C	Si	Mn	P	S	Ni	Cr	C u	Gra de
		Width (mm)	Thickness (mm)											
1	N2509 0256	0.26*730		4882	2B	0.1 27	0.4 63	9.6 12	0.0 42	0.0 03	1. 05	14. 04	0. 63	J3
2	N2509 0256	0.26*690		5282	2B	0.1 27	0.4 63	9.6 12	0.0 42	0.0 03	1. 05	14. 04	0. 63	J3
3	N2509 0256	0.26*780		5007	2B	0.1 27	0.4 63	9.6 12	0.0 42	0.0 03	1. 05	14. 04	0. 63	J3
4	N2509 0257	0.26*780		4780	2B	0.1 32	0.4 59	9.5 36	0.0 41	0.0 04	1. 05	14. 12	0. 64	J3
5	N2509 0257	0.26*690		4984	2B	0.1 32	0.4 59	9.5 36	0.0 41	0.0 04	1. 05	14. 12	0. 64	J3
6	N2509 0257	0.26*650		3004	2B	0.1 32	0.4 59	9.5 36	0.0 41	0.0 04	1. 05	14. 12	0. 64	J3

From above MTC certificate issued by the supplier, it clearly appears that the Chromium content ranges between 14.04-14.12, Nickel content 1.05 and Manganese content ranges between 9.536-9.612 for all coils.

4.2. PMI Test Report:

The importer has uploaded the PMI Test Report in the e-Sanchit. The details of the chemical composition of the imported goods is as below:

Table-III

Element	1		2		3		4	
	%	+/-	%	+/-	%	+/-	%	+/-
Fe	75.18	0.222	74.75	0.22	74.75	0.22	75.54	0.225
Si	0.54	0.028	0.76	0.032	0.76	0.032	0.65	0.031
Cr	13.09	0.087	13.05	0.086	13.05	0.086	13.32	0.088
Mn	9.29	0.078	9.72	0.079	9.72	0.079	8.84	0.077
Ni	1.18	0.037	1.01	0.035	1.01	0.035	1.09	0.036
Cu	0.43	0.02	0.43	0.02	0.43	0.02	0.36	0.019
V	0.12	0.014	0.12	0.013	0.12	0.013	0.11	0.014
Ti	0.06	0.015	0.05	0.015	0.05	0.015	-	-
P	0.06	0.008	0.04	0.008	0.05	0.007	0.04	0.009
Zn	0.04	0.006	0.05	0.007	0.04	0.008	-	-
Co	-	-	-	-	-	-	0.03	0.007
Mo	-	-	-	-	-	-	0.01	0.003

From above PMI Test Report issued by the supplier, it clearly appears that the Chromium content ranges between 13.05-13.32, Nickel content ranges between 1.01-1.18 and Manganese content ranges between 8.84-9.72 for all coils.

4.3. CRCL Kandla Test Report:

The CRCL/Kandla vide their Test Report No. 7777 dated 02.12.2025 submitted the report and same is summarized below:

The Sample is received in the form of cut piece of grey colour non-magnetic metallic sheet having thickness (as much in mm) = 0.42, it is composed of an alloy of iron, chromium, manganese, nickel (stainless steel).

% Chromium (Cr)= 13.15% by wt.

% Manganese (Mn)= 7.14% by wt.

% of nickel (Ni)= 2.08% by wt.

No Indian Standard available for Stainless Steel Grade J3.

4.3.1. Further, this office has e-mailed CRCL/Kandla (**RUD 4**) to submit further clarification on attached test report. Vide e-mail dated 05.12.2025 (**RUD 5**) CRCL/Kandla replied that It is clarified that Stainless Steel grade J3 is a specific grade of Jindal steel, hence the chemical composition of stainless steel grade J3 may be verified at your end.

5. Overview of Different Grades of Stainless Steel:

5.1. The stainless Steel are broadly categorized in five categories namely Austenitic, Ferritic, Martensitic, duplex and Precipitation hardening stainless steel grade. These categories are defined based on the atomic structure and alloying elements resulting in range of properties required for various end use. Austenitic is the most widely used type of stainless steel. It has excellent corrosion and heat resistance with good mechanical properties over a wide range of temperatures. These are further categorized as 300 and 200 (also known as J3 grade) series grades which are non-magnetic in nature. The main difference is that the 300 series stainless steel has *higher nickel content*, providing superior corrosion resistance and durability, while the 200 series (also known as J3 grade) replaces much of the nickel with manganese and nitrogen to lower cost, resulting in lower corrosion resistance and suitability for less demanding applications.

5.1. Evolution of Stainless-Steel Grade J3 and Uses:

Jindal Stainless Limited (JSL), a major Indian stainless-steel producer, commercially introduced and popularized the family of low-nickel 200-series stainless steels — including grades such as J1, J2, J3, and J4 — in the late 1980s. According to the company's historical timeline, in 1988 Jindal Stainless overcame a severe nickel shortage in India and launched its own low-nickel 200-series grades, which include J3, becoming one of the first in the world to do so. These grades were widely adopted and remain in use today. They are not formal international standards like ASTM/EN, but are widely recognized commercially.

The J-series designations (J1, J2, J3, J4, etc.) are enterprise/supplier grade names devised by Jindal Stainless (and later used more broadly in the Indian stainless market) to classify different compositions within the 200-series austenitic stainless steels (especially 201).

List of imported grades of high volume/held to be outside the purview of the Steel Quality Control Order (13th August, 2018) by the Technical Committee/Ministry of Steel, Government of India data for the period -- November, 2018 to May, 2019 - at S.No.99, specifically describes and covers Stainless Steel Strip of "201 J3 grade" from China. [<https://steel.gov.in/sites/default/files/2025-04/List%20of%20202%20Imported%20grades.pdf>]

Further, 200-series, of which J3 is one of the variants, are chromium-manganese-nickel alloys designed to reduce the amount of expensive nickel used in 300-series grades, by substituting manganese (and sometimes nitrogen) while retaining an austenitic structure. As J3 steel is lower in nickel than 300 series such as SS304, it makes it more cost-effective than 300 series. Further, J3 steel, is generally softer and more formable than higher carbon variants but with moderate corrosion resistance.

On account of its lower cost, formability, strength, and corrosion

performance, J3 finds application in areas such as Utensils & kitchenware / sinks, light structural components and mechanical fabrication where deep corrosion resistance is not a pressing requirement, mid-strength fabricated parts, decorative trims, tubing/sheet for appliances and indoor fittings, etc.

5.2. Chemical Composition of Austenitic Steel grade 200 series (also known as J3 grade) as per IS 6911:2017 (RUD 7):

The importers have declared their goods i.e. Stainless-steel Coils of J3 grade. Thus, the chemical composition of 200 series grade within which J3 grade falls as per IS 6911:2017 is reproduced here for ease of reference:

Table-IV

S.I. No.	Grade Designation	Numerical Symbol	C Max	Si, Max	Mn	Ni	Cr	Mo	S, Max	P, Max	N	Others
iii)	Austenitic Steel											
	X 10Cr17Mn6Ni4N20	201	0.15 , Max	1.00	5.5-7.5	3.5-5.5	16.0-18.0	-	0.03 0	0.06 0	0.25 , Max	-
	X 07Cr17Mn12Ni4	201 A	0.12 , Max	1.00	10.0-14.0	3.5-5.5	16.0-18.0	-	0.03 0	0.09 0	0.25 , Max	-
	X 10Cr18Mn9Ni5	202	0.15 , Max	1.00	7.5-10.0	4.0-6.0	17.0-19.0	-	0.03 0	0.06 0	0.25 , Max	-

Therefore, in order to consider the imported goods as 200 series or J3 grade, as declared by the importer in his Bill of Entry, the different parameters of chemical constituents must fall within the range as discussed below: -

Table-V

Subgroups of Austenitic stainless steel	Minimum-Maximum range of Nickel (Ni) (% by weight)	Minimum- Maximum range of Chromium (Cr) (% by weight)	Minimum-Maximum range of Manganese (Mn) (% by weight)
200 Series	3.5 - 6	16-19	5.5-14.0

However, on examination of the Mill Test Certificate, PMI Test Report and CRCL Kandla Test report uploaded by importing firm, the content of Nickel (Ni) and Chromium (Cr) in the imported goods (Stainless Steel Coil of J3 grade) was not found as per specification required to qualify for J3 grade of Austenitic stainless steel. Thus, importer has imported Stainless Steel Coil of J3 grade, which do not belong to J3 Grade as discussed above. Though they cannot be imported under Advance License issued for J3 Grade.

6. Importability and Policy Condition:

The importer has declared their goods as “Stainless Steel Coils as of grade J3” imported under Advance Authorization. However, as per MTC, PMI and CRCL Kandla Test report the goods were found other than the declared grade i.e. J3 and are thus not covered by Advance Authorisation produced by the importer. Since all the goods falling under CTH 72 comes under purview of mandatory compliance of BIS as per Steel and Steel Products Quality Control Order, 2024 dated 05.02.2024 (**RUD 8**) except for the goods covered by Advance Authorisation as per Para 2.1.b of Notification No. 71/2023 dated 11.03.2024 (**RUD 9**). So, the goods imported by Noticee are now within the purview of mandatory compliance of BIS as per Steel and Steel Products Quality Control Order, 2024. But the importer has not produced any BIS Authorisation for the goods actually imported by him. Accordingly, the goods become restricted for non-compliance of Steel and Steel Products Quality Control Order, 2024.

7. In view of above facts and discussions, it appears that importer has tried to clear the goods by mis-declaring the grade in order to bypass Steel and Steel Products Quality Control Order, 2024. The importer has also mis-declared the thickness of the goods. The Section 46 of the Customs Act, 1962 prescribes that the importer while presenting a bill of entry shall make and subscribe to a declaration as to the truth of the contents of such bill of entry and shall, in support of such declaration, produce to the proper officer the invoice, if any, and such other documents relating to the imported goods as may be prescribed. The said act of omission and commission on the part of the importer has made the imported goods vide above said BE's liable for confiscation under Section 111 (d), 111(l) and 111(m) of the Customs Act, 1962 *ibid* and has also rendered themselves liable for penal action under Section 112 (a)(i) of the Customs Act, 1962.

8. Relevant Legal Provisions:

(A) RELEVANT PROVISIONS OF CUSTOMS ACT, 1962:

As per **Section 2 (33)** of the Customs Act, 1962 ‘prohibited goods’ means *any goods the import or export of which is subject to any prohibition under this Act or any other law for the time being in force but does not include any such goods in respect of which the conditions subject to which the goods are permitted to be imported or exported have been complied with.*

As per Section 2 (39), ‘**smuggling**’, in relation to any goods, means *any act or omission which will render such goods liable to confiscation under*

section 111 or section 113;

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

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

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

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

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

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

Further, Section 112 of the Act provides the penal provisions for improper importation of goods, etc. which read as under:

Any person, -

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

(b) who acquires possession of or is in any way concerned in carrying, removing, depositing, 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 not exceeding the value of the goods or five thousand rupees, whichever is the greater;

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

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

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

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

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

Section 124 prescribes the mandatory issuance of show cause notice before confiscation of goods, which read as under:

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

- a. is given a notice in writing with the prior approval of the officer of Customs not below the rank of an Assistant Commissioner of Customs, informing him of the grounds on which it is proposed to confiscate the goods or to impose a penalty;
- b. is given an opportunity of making a representation in writing within such reasonable time as may be specified in the notice against the grounds of confiscation or imposition of penalty mentioned therein; and
- c. is given a reasonable opportunity of being heard in the matter:

Provided that the notice referred to in clause (a) and the representation referred to in clause (b) may, at the request of the person concerned be oral.

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

9. In view of the above facts and discussions, it clearly appears that the importer has tried to clear restricted goods by the way of mis declaration of the grade in order to bypass the compliance of Steel and Steel Products Quality Control Order, 2024. The importer has imported the restricted goods which are allowed for import only after proper BIS authorization. The Section 46 of the Customs Act, 1962 prescribes that the importer while presenting a bill of entry shall make and subscribe to a declaration as to the truth of the contents of such bill of entry and shall, in support of such declaration, produce to the proper officer the invoice, if any, and such other documents relating to the imported goods as may be prescribed. The said act of omission and commission on the part of the importer has made the imported goods liable for confiscation under Section 111 (d), 111(l) and 111(m) of the Customs Act, 1962 ibid and has also rendered themselves liable for penal action under Section 112 (a)(i) of the Customs Act, 1962.

10. Accordingly, Show Cause Notice dated 04.01.2026 was issued to M/s. Orient Steel (IEC No. CECPP8547P) wherein they were called upon to show cause in writing to the Additional Commissioner of Customs, Custom House Mundra as to why: -

- I. The declared grade and thickness of the goods imported vide Bill of Entry No. 5576151 dated 08.11.2025 should not be rejected and same needs to be re-determined as per above discussion.
- II. The Goods imported vide Bill of Entry Nos. 5576151 dated 08.11.2025 having total declared assessable value of Rs. 28,25,611/- should not be held liable for confiscation under the provisions of Section 111(d), 111(l) and 111(m) of the Customs Act, 1962.
- III. Penalty should not be imposed upon M/s Orient Steel (IEC No. CECPP8547P) under the provisions of Section 112(a)(i) of the Customs Act, 1962.

WRITTEN SUBMISSION OF NOTICEES/IMPORTER

11. M/s. Orient Steel submitted their reply vide letter dated 07.01.2026. Importer inter alia submitted that: -

- i. The advance authorisation no. 0511031719 dated 02.04.2025 issued by DGFT permits duty-free import of non-magnetic Stainless-Steel Sheets/Coil (Grade J3) for manufacture of export goods under actual user condition. The subject bill of entry has been filed strictly as per the licence terms and the licence has been duty debited. This fact is not disputed.
- ii. The goods were correctly declared as Stainless Steel Coils - J3 Grade (Non-Magnetic) under CTH 72199090, supported by:
 - Commercial Invoice, Packing List, Mill Test Certificate (MTC), PMI / Alloy Analyser Test, Single Window declarations.

There is no discrepancy in description, quantity, value or classification.

iii. BIS IS 6911 - Wrongly Applied:

The Show Cause Notice seeks to compare the imported goods with IS 6911, which is only a general BIS standard for stainless steel sheets/coils. The authorized Customs laboratory CRCL, Kandla, has categorically recorded that: "No Indian Standard is available for Stainless Steel Grade J3."

Once the authorised Government laboratory itself confirms that no Indian Standard exists for J3, it is legally impermissible to reject the declared grade by applying IS 6911 composition tables meant for other grades.

iv. Chemical Composition Clearly Establishes J3 Grade

The MTC, PMI test and machine-based alloy analyser results consistently show that the goods are: Low Nickel, High Manganese, Non-magnetic Cr- Mn-Ni stainless steel. This is the commercially recognised and industry- accepted character of J3 grade. Hence, the allegation of grade mis-declaration is without factual basis.

v. Discrepancy Between CRCL Lab Report and Machine Test -

It is respectfully submitted that material was tested at multiple locations on the same coil, and the machine test results (photographic evidence enclosed) consistently show different readings of Chromium, Manganese and Nickel as compared to the CRCL report. It is a settled principle of law that where two different test results exist for the same goods, the benefit of doubt cannot be taken against the importer, and adverse action cannot be based solely on one test report.

In view of this, it is humbly requested that: the CRCL report may not be treated as conclusive and the matter may kindly be referred for re-testing / re-sampling / cross-verification from another accredited laboratory, or the declared grade be accepted on the basis of overall documentary and technical evidence.

vi. BIS / QCO Provisions Not Applicable: -

The goods were imported under Advance Authorisation for manufacture of export goods. Imports under Advance Authorisation are excluded from mandatory BIS / QCO compliance. An interpretational dispute on grade cannot convert a bona fide AA import into restricted or prohibited goods.

vii. Thickness Allegation - Not Sustainable:-

The declared thickness is 0.26 mm, as per Invoice Physical measurement using a micrometer screw gauge on the flat, as-imported and MTC. portion of the coil confirms thickness of 0.26 mm. The CRCL reading of 0.42 mm appears to have been taken on a cut sample, which is susceptible distortion due to cutting, bending or overlap. This variation does not affect classification, valuation, duty or Advance Authorisation eligibility and does not amount to mis-declaration.

viii. The allegations in the SCN are contrary to settled law, inter alia:

- a. Hindustan Steel Ltd. vs State of Orissa - 1978 (2) ELT J159 (SC) : Penalty cannot be imposed without mens rea.
 - b. Akai Impex vs CC, Mumbai - 2018 (361) ELT 809 (Tri.): Advance Authorisation benefit cannot be denied on interpretational disputes.
 - c. CC vs Jindal Stainless Ltd. - 2015 (325) ELT 121 (SC): Chemical composition variation within commercial tolerance does not amount to mis-declaration.
 - d. CC vs Larsen & Toubro Ltd. - 2015 (39) STR 913 (SC): Technical deviations without revenue impact are not grounds for confiscation.
- ix. Confiscation & Penalty Not Attracted: In absence of any prohibition, any deliberate mis-declaration or any duty evasion, confiscation under Section 111 and penalty under Section 112 of the Customs Act, 1962 are not legally sustainable.
- x. In view of the above facts, technical evidence and judicial precedents, importer requested that show cause notice be dropped in full, the declared grade/description be accepted as correct and an opportunity for personal hearing be granted prior to adjudication.

PERSONAL HEARING

12. In compliance of principle of natural justice “Audi alteram partem”, opportunities to be heard were granted to the noticee on 09.02.2026, 23.02.2026 through virtual mode. The Importer failed to turn up for the personal hearing before the adjudicating authority. Further, importer submitted letter dated 25.02.2026 wherein they requested for waiver of personal hearing and requested to decide the matter on the basis of their

written submission and record.

DISCUSSION AND FINDINGS

13. I have carefully gone through the facts of the case, SCN, records of the case. The principles of natural justice have been complied with by granting adequate opportunities to the noticee to present their defence. Now, I proceed to examine the issues involved in the present case in light of available records, statutory provisions and judicial precedents. On careful perusal of the Show Cause Notice, written submission and case records, I find that the following issues arise for determination in this adjudication:

(i) Whether the impugned goods imported vide Bill of Entry No. 5576151 dated 08.11.2025 are in violation of Customs Act, 1962 and thereby rendering the good liable for confiscation under section 111(d), 111(l) and 111(m) of or otherwise;

(ii) Whether acts of the importer attract penal action under Section 112(a)(i) of the Customs Act, 1962 or otherwise.

14. After having identified and framed the main issues to be decided, I now proceed to deal with each of the issues individually for analysis in light of facts, submissions, circumstances of the case, provisions of the Customs Act, 1962 and nuances of various judicial pronouncements.

14.1 Regarding first issue, I find that M/s. Orient Steel imported "Stainless Steel Coils of different sizes" under CTH 72199090 vide bill of entry no. 5576151 dated 08.11.2025. The impugned goods were imported under advance licence no. 0511031719 dated 02.04.2025 and were declared as "Non-magnetic Stainless-Steel Sheet/Coils (Grade J3). Importer has uploaded Mill Test Certificate on e-SANCHIT wherein chemical composition of Chromium content of 14.04-14.12, Nickel content of 1.05 and Manganese content of 9.536-9.612. Importer has also uploaded Positive Material Identification (PMI) report wherein found Chromium content ranges between 13.05-13.32, Nickel content ranges between 1.01-1.18 and Manganese content ranges between 8.84-9.72 for all coils.

14.2 I observed that CRCL, Kandla vide Test Report No. 7777 dated 02.12.2025 has submitted the composition of the goods are as under: - of an alloy of iron, chromium, manganese, nickel (stainless steel).

Chromium (Cr)= 13.15% by wt.

Manganese (Mn)= 7.14% by wt.

Nickel (Ni)= 2.08% by wt.

14.3 I noticed that J-series designations (J1, J2, J3, J4, etc.) are enterprise/supplier grade names devised by Jindal Stainless (and later used more broadly in the Indian stainless market) to classify different

compositions within the 200-series austenitic stainless steels (especially 201). The importer has declared their goods i.e. Stainless-steel Coils of J3 grade. Accordingly, the chemical composition falls within the 200 series grade within which J3 grade falls as per IS 6911:2017. Therefore, in order to consider the imported goods as 200 series or J3 grade, as declared by the importer in his Bill of Entry, the different parameters of chemical constituents must fall within the range as discussed below: -

Subgroups of Austenitic stainless steel	Minimum-Maximum range of Nickel (Ni) (% by weight)	Minimum- Maximum range of Chromium (Cr) (% by weight)	Minimum-Maximum range of Manganese (Mn) (% by weight)
200 Series	3.5 - 6	16-19	5.5-14.0

However, on examination of the Mill Test Certificate, PMI Test Report and CRCL Kandla Test report uploaded by importing firm, the content of Nickel (Ni) and Chromium (Cr) in the imported goods (Stainless Steel Coil of J3 grade) was not found as per specification required to qualify for J3 grade of Austenitic stainless steel. In view of the above, it is evident that the goods imported as J3 grade do not meet the criteria for classification under J3 grade. Accordingly, such goods are not eligible for import under the Advance Licence issued for J3 grade material. Further, importer has also mis-declared the thickness of the goods.

14.4 From the above, I find that the Noticee has violated Sub-Section (4) and 4(A) of Section 46 of the Customs Act as they have mis-declared and mis-classified the goods. I find that the Noticee was required to comply with Section 46 which mandates that the importer filing the Bill of Entry must make true and correct declarations. Provisions of Section 46 are as under:-

Section 46 of the Customs Act, 1962:

.....
(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.*

14.5 I find that the provisions of section 111(d), 111(l) and 111(m) Sections of the Customs Act, 1962 are reproduced herein below:

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

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

111(m): “any goods which do not correspond in respect of value or in any other particular with the entry made under this Act;

In the present case, importer has tried to clear the goods by mis-declaring the grade and the thickness of the goods. This deliberate manipulation confirms malafide intention of noticees. These acts of omission and commission on the part of the importer rendered the goods liable for confiscation under the provisions of Section 111 (d), 111(l) and 111(m) of the Customs Act, 1962.

14.6 I find that a Public Notice No. 29/2025-26 dated 11.02.2026 was issued to ensure that input and output resultant stainless-steel products under AAs are correlated, the following guidelines are prescribed: -

- i. **Declaration of Grade:** The specific grade endorsed in AAs (e.g., J1, J2, J3, J4, J5) be declared in the Bill of Entry “Item Description” field and invoice. Generic description without Grade be avoided.
- ii. **Chemical Composition:** The percentage of Chromium (Cr), Nickel (Ni), and Manganese (Mn), which are the core markers of any stainless steel, be declared alongside Grade in the Bill of Entry and invoice.
- iii. **Export Correlation:** Shipping Bills which account for discharge of the AAs should also reflect the percentage of Chromium (Cr), Nickel (Ni), and Manganese (Mn), so that DGFT is able to correlate the resultant export product with input procured under AAs.

14.7 In such cases, the importer is required to declare the specific grade and chemical composition (percentage of Cr, Ni, Mn) in the item description field of the Bill of Entry as well as in the invoice, in accordance with the SOP prescribed vide Public Notice No. 29/2025-26 dated 11.02.2026.

15.1 Regarding the second issue of penalty imposition, I proceed to consider the proposal of imposition of penalty under Section 112(a)(i) of the Customs Act, 1962 on the noticee. Provisions of Sections are re-produced

herein below:

“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*

.....
(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;

In the present case, I find that the Importer has imported goods covered under the QCO without the exporter/manufacturer holding a valid BIS licence. The act of importation of goods without valid BIS licence has rendered the goods liable to confiscation under Section 111(d) of the Customs Act, 1962, thereby making the importer liable for penalty under Section 112(a)(i) of the Customs Act, 1962.

15.2 I observe that there is a certain misdeclaration regarding the grade and thickness on the part of the importer. However, based on the clarification received from DGFT vide email dated 10.02.2026 and the SOP issued vide Public Notice No. 29/2025-26 dated 11.02.2026, the importer is required to comply accordingly. Considering the overall facts and circumstances of the case, I am inclined to take a lenient view.

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

ORDER

- i. I hold that the goods imported vide bill of entry no. 5576151 dated 08.11.2025 having assessable value of Rs. 28,25,611/- (Rupees Twenty-Eight Lakh Twenty-Five Thousand Six Hundred and Eleven only) under Section 111(d) of the Customs Act, 1962, However, I give an option to the importer to redeem the confiscated goods on payment of redemption fine of **Rs. 10,000/- (Rupees Ten Thousand only)** under Section 125 of Customs Act, 1962.
- ii. I impose penalty of **Rs. 10,000/- (Rupees Ten Thousand only)** on the importer M/s. Orient Steel under Section 112 (a) (i) of the Customs Act, 1962, for their act of omission and commission.

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

To

M/s. Orient Steel (IEC-CECPP8547P),
Plot No. 41, Rajendra Nagar Industrial Area,
Mohan Nagar, Ghaziabad, Uttar Pradesh-201007

Copy to:

- i. The DC/AC, RRA/TRC/Docks/SIIB, Custom House, Mundra.
- ii. Notice Board, Guard file/Office Copy.