

		<p>प्रधान आयुक्त का कार्यालय, सीमा शुल्क सदन, एमपी और एसईजेड, मुंद्रा, कच्छ-गुजरात - 370421</p> <p>OFFICE OF THE PRINCIPAL COMMISSIONER OF CUSTOMS, CUSTOMS HOUSE, MP & SEZ MUNDRA, KUTCH-GUJARAT EMAIL: group1-mundra@gov.in</p>	
A	File No.	CUS/APR/1558/2026-Gr 3-O/o Pr Commr-Cus-Mundra	
B	Order-in-Original No.	MCH/ADC/ZDC/10/2026-27	
C	Passed by	Dipak Zala Additional Commissioner of Customs, Custom House, Mundra.	
D	Date of order	08.04.2026	
E	Noticee/Party/Importer	M/s. Kash International Trade Co. (IEC: 0516960768)	
F	DIN No.	20260471M0000000F59B	

1. यह अपील आदेश संबन्धित को निःशुल्क प्रदान किया जाता है।

This Order - in - Original is granted to the concerned free of charge.

2. यदि कोई व्यक्ति इस अपील आदेश से असंतुष्ट है तो वह सीमा शुल्क अपील नियमावली 1982 के नियम 3 के साथ पठित सीमा शुल्क अधिनियम 1962 की धारा 128 A के अंतर्गत प्रपत्र सीए- 1- में चार प्रतियों में नीचे बताए गए पते पर अपील कर सकता है-

Any person aggrieved by this Order - in - Original may file an appeal under Section 128 A of Customs Act, 1962 read with Rule 3 of the Customs (Appeals) Rules, 1982 in quadruplicate in Form C. A. -1 to:

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

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

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

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

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

(i) उक्त अपील की एक प्रति और

A copy of the appeal, and

(ii) इस आदेश की यह प्रति अथवा कोई अन्य प्रति जिस पर अनुसूची-1 के अनुसार न्यायालय शुल्क अधिनियम-1870 के मद सं०-6 में निर्धारित 5/- रुपये का न्यायालय शुल्क टिकट अवश्य लगा होना चाहिए ।

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

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

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

6. अपील प्रस्तुत करते समय, सीमा शुल्क (अपील) नियम, 1982 और सीमा शुल्क अधिनियम, 1962 के अन्य सभी प्रावधानों के तहत सभी मामलों का पालन किया जाना चाहिए ।

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

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

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

BRIEF FACTS OF THE CASE

On the basis of Specific information received to this office, the goods imported by M/s. Kash International Trade Co., Flat No.-M1, Essel Mention 2286-87 Ar, Karol Bagh, New Delhi-110005 (IEC: 0516960768), (herein after referred as “the importer” for brevity) under Bill of Entry No. Z- 7059709 dated 23.01.2026, filed at APSEZ (INAJM6), identified as high risk for mis-declaration/ mis-

classification and/or concealment of prohibited/restricted goods. The goods were destined to M/s Shoolin Trade Link LLP, APSEZ, Mundra (Kutch) Port- INAJM6. The details of the goods declared in the Bill of entry no. Z-7059709 dated 23.01.2026 are detailed below:

Table-I

Sr. No	CTH	Description	Quantity	UQC
1	59039090	Polyester Laminated Fabric	73677	Sqm.

Examination of the Goods:

2. Whereas, the examination of the Bill of Entry No. Z- 7059709 dated 23.01.2026 was conducted on 16.02.2026 under Examination Report in the presence of Authorized Representative of the importer and SEZ unit M/s Shoolin Trade Link LLP. The goods, received in container no. EITU1822171, were examined as per the commercial invoice No. SFP156 dated 13.12.2025, issued by M/s Zhejiang Lemao Textile Technology Co. Ltd., China. The details of weightment verified from weightment slip is as below:

Sr. No	Container no.	Description	Declared weight in BE	Weightment as per Examination
1	EITU1822171	Polyester Laminated Fabric	23920	24036

During the inspection, the container's seal was found already cut and representative of SEZ unit informed that the seal was already cut with the approval of SEZ officer before the alert was placed. Upon opening the container doors, it was observed that the container was loaded with fabric rolls of different colours. All fabric rolls were subsequently unloaded with the help of laborer and stacked in open area in yard. During examination a total of 1257 fabric rolls of same lengths were found. The rolls were packed in transparent plastic sheet. The rolls were opened and examined. The fabric appeared to be same in all colours. However, to ascertain exact nature and composition of the fabric, samples were drawn and sent to the lab CRCL, Kandla vide Test Memo No. 537/2025-26 dated 19.02.2026 for testing.

3. Classification of the Goods:

The CRCL, Kandla Lab vide their Lab report no. 10205 SIIB dated 24.02.2026 in r/o TM no. 537/2025-26 dated 19.02.2026 has submitted the following observations.

The sample as received is in the form of a cut piece of dyed (green coloured) woven fabric having lamination (translucent film) on one side.

The base fabric is composed of polyester filament yarns (texturized) and laminated film is composed of polymeric material based on polyurethanes (PU).

GSM (as such) = 129.66

Width, as such (selvedge to selvedge) = 150 cm

% composition

Polyester = 94.53 % by wt.

Lamination = Balance

The sample is laminated fabric hence AZO Dye could not be ascertained.

In view of the above test reports, it appears that Sample does not merit the declared classification under (CTH 59039090). However, the sample appears as more appropriately covered under Chapter-5903 under the description of laminated fabric i.e. **'Textile fabrics impregnated, laminated, covered or laminated with plastics, other than those of heading 5902'**. The relevant extract of CTH is as below:

5903 Textile Fabric impregnated, coated, covered or laminated with plastics, other than those of heading 59.02

590310 - With Polyvinyl chloride:
59031010 --- Imitation leather fabrics of Cotton
59031090 --- Other

590320 - With Polyurethane:
59032010 --- Imitation leather fabrics, of cotton
59032090 --- Other

590390 - Other:
59039010 --- Of Cotton
59039020 --- Polyethylene laminated jute fabrics
59039090 --- Other.

From the above Since Polyurethane is a type of plastics. Hence, it, prima facie, appears to classifiable under 59032090 as there is 2nd single dash (-) level entry for fabric covered with polyurethane instead of declared CTH 59039090, **wherein the applicable duty structure is 20% BCD + 02% SWS+5% IGST.**

4. Re-determination of Quantity of the Goods:

The importer has declared the total no. of packages as 1257 with total quantity of 73677 SQM in the said Bill of Entry. Further, the Representative samples of the goods forwarded to CRCL Kandla vide TM no. 537/2025-26 dated 19.02.2026. As per CRCL, Kandla Lab vide their Lab report no. 10205 SIIB dated

24.02.2026 the GSM of the goods found as 129.66 gm/m². The net weight of the cargo is 24036 kgs. As per the Net weight of the cargo i.e. 24036 kgs and GSM i.e. 129.66 gm/m² the total quantity of the goods comes to 185377.141 SQM. The calculation of quantity is as below:

GSM= Net weight of the Cargo in gms/ m²

129.66= 24036*1000/m²

Total quantity= 24036000/129.66

Total Quantity= 185377.141 SQM

5. Rejection and Determination of Valuation:

5.1. The inconsistency observed in filing of the Bill of Entry suggests deliberate Undervaluation, mis-declaration of quantity and mis-classification. In the Bill of Entry No. Z- 7059709 dated 23.01.2026, submitted by the importer consist of 01 item were listed for import as detailed in Table-I above.

5.2. As imported items were found to be undervalued, mis-declared and mis-classified in the Bill of Entry No. Z- 7059709 dated 23.01.2026, hence they were liable to be re-assessed under section 17(4) of the Customs Act, 1962. Since, mis-declaration of the goods, in parameters such as valuation and mis-classification, was noticed, the declared value of the goods is liable to be determined in terms of Rule 12, explanation 1 (i), of the said Rules, by going sequentially from Rule 2 to 9 thereof.

Determination of valuation:

- a) Efforts were made to find out the correct assessable value of the imported goods found undeclared. It was observed that the imported goods were found in different variety, description, specification and quality, so, it was not possible to find and compare the same with other goods having identical/similar description, brand, make, model, quantity and Country of Origin. As the import data extracted with respect to contemporaneous imports was general in nature and contemporaneous data for imports of

identical/similar goods was not available/found, therefore, the value could not be determined under Rules 4 and 5 of CVR, 2007.

- b) As per Rule 6 *ibid*, if the value cannot be determined under Rules 3, 4 and 5 same shall be determined under the provisions of Rule 7 or when same cannot be determined under that rule then under Rule 8.
- c) As the imported goods were found to be non-standard, the sale price of identical or similar goods was not available in the domestic market as the goods are miscellaneous in nature and found in different variety, description, specification, model, brand, make, sizes and quality, therefore, determination of transaction value under Rule 7 of CVR, 2007 was not possible.
- d) As substantial data related to the cost or value of materials and fabrication or other processing employed in producing the imported goods required to compute the value under Rule 8 is also not available. Therefore, valuation of the impugned goods could not be ascertained under Rule 8 of CVR, 2007.
- e) Hence, valuation of the goods is to be determined under residual method of valuation provided under Rule 9 of the CV Rules *ibid*.

Accordingly, the Chartered Engineer was appointed for valuation of the goods.

The Chartered Engineer vide his CE Report No. ABJ:INSP:CE:MUN:SIIB:SH:KASH:25-26:62 dated 02.03.2026 has suggested the valuation of the imported goods as under:

Table-II

Sr. No	Description	Total Quantity	Measure Unit	Declared Unit price per SQM (in USD)	Unit Suggestive Average C.I.F. Value by C.E. (in USD)	Total Suggestive Average C.I.F. Value by C.E. (in USD)	Total Suggestive Average C.I.F. Value by C.E. (in INR) \$=91.2
1	Polyester Dyed	185377.14 1	Sqm	0.12	0.18	33367.88 5	30,43,151

on the good declared, based on the declared value and classification in the Bill of Entry as **Rs. 2,26,576/-**.

6.3. Based on the calculations from Table-III above, the importer is need to pay/levy a differential liability of Rs. 6,28,549/- on the mis-declared/undervalued goods after adjustment. This amount represents the additional duty and tax liability that the importer must pay due to the misdeclaration/undervaluation of goods.

7. **LEGAL PROVISIONAS:**

7.1. **Section 2 (14)** of the Customs Act, 1962, "**dutiable goods**" means any goods which are chargeable to duty and on which duty has not been paid;

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

7.3. **Section 111** of the of the Customs Act, 1962- **Confiscation of improperly imported goods, etc. as under**

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

...

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

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

...

7.4. **Section 112** of the Customs Act, 1962, penal provisions for improper importation of goods, etc. which read as under:

Any person, -

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

(b) who acquires possession of or is in any way concerned in carrying, removing, depositing, harbouring, keeping, concealing, selling or purchasing, or in any other manner dealing with any goods which he knows or has reason to believe are liable to confiscation under section 111,

shall be liable, -

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

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

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

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

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

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

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

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

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

(a) is given a notice in writing with the prior approval of the officer of Customs not below the rank of an Assistant Commissioner of Customs, informing him of the grounds on which it is proposed to confiscate the goods or to impose a penalty;

(b) is given an opportunity of making a representation in writing within such reasonable time as may be specified in the notice against the grounds of confiscation or imposition of penalty mentioned therein; and

(c) is given a reasonable opportunity of being heard in the matter:

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

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

7.7. **SECTION 125** provides the Option to pay fine in lieu of confiscation as under:

(1) Whenever confiscation of any goods is authorised by this Act, the officer adjudging it may, in the case of any goods, the importation or exportation whereof is prohibited under this Act or under any other law for the time being in force, and shall, in the case of any other goods, give to the owner of the goods or, where such owner is not known, the person from whose possession or custody such goods have been seized, an option to pay in lieu of confiscation such fine as the said officer thinks fit:

Provided that where the proceedings are deemed to be concluded under the proviso to sub-section (2) of section 28 or under clause (i) of sub-section (6) of that section in respect of the goods which are not prohibited or restricted, 3 [no such fine shall be imposed]:

Provided further that, without prejudice to the provisions of the proviso to sub-section (2) of section 115, such fine shall not exceed the market price of the goods confiscated, less in the case of imported goods the duty chargeable thereon.

(2) Where any fine in lieu of confiscation of goods is imposed under sub-section (1), the owner of such goods or the person referred to in sub-section (1), shall, in addition, be liable to any duty and charges payable in respect of such goods.]

(3) Where the fine imposed under sub-section (1) is not paid within a period of one hundred and twenty days from the date of option given thereunder, such option shall become void, unless an appeal against such order is pending.

7.8. **Relevant Provisions of Customs Valuation (Determination of Value of Imported Goods) Rules, 2007:**

“Rule 4. Transaction value of identical goods. - (1) (a) Subject to the provisions of rule 3, the value of imported goods shall be the transaction value of identical goods sold for export to India and imported at or about the same time as the goods being valued;

.....

(3) In applying this rule, if more than one transaction value of identical goods is found, the lowest such value shall be used to determine the value of imported goods.

“Rule 5. Transaction value of similar goods . - (1) Subject to the provisions of rule 3, the value of imported goods shall be the transaction value of similar goods sold for export to India and imported at or about the same time as the goods being valued:

Provided that

(2) The provisions of clauses (b) and (c) of sub-rule (1), sub-rule (2) and sub-rule (3), of rule 4 shall, mutatis mutandis, also apply in respect of similar goods.

Rule 7. Deductive value.-

(1) Subject to the provisions of rule 3, if the goods being valued or identical or similar imported goods are sold in India, in the condition as imported at or about the time at which the declaration for determination of value is presented, the value of imported goods shall be based on the unit price at which the imported goods or identical or similar imported goods are sold in the greatest aggregate quantity to persons who are not related to the sellers in India, subject to the following deductions : -

(i) either the commission usually paid or agreed to be paid or the additions usually made for profits and general expenses in connection with sales in India of imported goods of the same class or kind;

(ii) the usual costs of transport and insurance and associated costs incurred within India;

(iii) the customs duties and other taxes payable in India by reason of importation or sale of the goods.

(2) If neither the imported goods nor identical nor similar imported goods are sold at or about the same time of importation of the goods being valued, the value of imported goods shall, subject otherwise to the provisions of sub-rule (1), be based on the unit price at which the imported goods or identical or similar imported goods are sold in India, at the earliest date after importation but before the expiry of ninety days after such importation.

(3) (a) If neither the imported goods nor identical nor similar imported goods are sold in India in the condition as imported, then, the value shall be based on the unit price at which the imported goods, after further processing, are sold in the greatest aggregate quantity to persons who are not related to the seller in India.

(b) In such determination, due allowance shall be made for the value added by processing and the deductions provided for in items (i) to (iii) of sub-rule (1).

Rule 8. Computed value.-

Subject to the provisions of rule 3, the value of imported goods shall be based on a computed value, which shall consist of the sum of:-

(a) the cost or value of materials and fabrication or other processing employed in producing the imported goods;

(b) an amount for profit and general expenses equal to that usually reflected in sales of goods of the same class or kind as the goods being valued which are made by producers in the country of exportation for export to India;

(c) the cost or value of all other expenses under sub-rule (2) of rule 10.

Rule 9. Residual method:-

(1) Subject to the provisions of rule 3, where the value of imported goods cannot be determined under the provisions of any of the preceding rules, the value shall be determined using reasonable means consistent with the principles and general provisions of these rules and on the basis of data available in India;

Provided that the value so determined shall not exceed the price at which such or like goods are ordinarily sold or offered for sale for delivery at the time and place of importation in the course of international trade, when the seller or buyer has no interest in the business of other and price is the sole consideration for the sale or offer for sale.

(2) No value shall be determined under the provisions of" this rule on the basis of –

(i) the selling price in India of the goods produced in India;

(ii) a system which provides for the acceptance for customs purposes of the highest of the two alternative values;

(iii) the price of the goods on the domestic market of the country of exportation;

(iv) the cost of production other than computed values which have been determined for identical or similar goods in accordance with the provisions of rule 8;

(v) the price of the goods for the export to a country other than India;

(vi) minimum customs values; or

(vii) arbitrary or fictitious values.

Rule 12. Rejection of declared value. - *(1) When the proper officer has reason to doubt the truth or accuracy of the value declared in relation to any imported goods, he may ask the importer of such goods to furnish further information including documents or other evidence and if, after receiving such further information, or in the absence of a response of such importer, the proper officer still has reasonable doubt about the truth or accuracy of the*

value so declared, it shall be deemed that the transaction value of such imported goods cannot be determined under the provisions of sub-rule (1) of rule 3.

8. **Outcome of Investigation:**

On the basis of specific information for risk of mis-declaration/ mis-classification and/or concealment of prohibited/restricted goods in the import consignment of M/s. Kash International Trade Co., Flat No.-M1, Essel Mention 2286-87 Ar, Karol Bagh, New Delhi-110005 (IEC: 0516960768), under Bill of Entry No. Z- 7059709 dated 23.01.2026, filed at APSEZ (INAJM6), an investigation was initiated by the Special Intelligence and Investigation Branch (SIIB), Customs House, Mundra. The investigation revealed significant irregularities in the import consignment of M/s. Kash International Trade Co. under Bill of Entry No. Z-7059709 dated 23.01.2026. The examination uncovered deliberate mis-declaration in quantity, mis-classification and undervaluation of goods, indicating intent to evade Customs duties. The outcomes of the investigation are as follows:

8.1. **Examination and Findings:**

- The examination of container no. EITU1822171, conducted on 16.02.2026 under examination report in the presence of authorized representative of importer and SEZ unit, revealed discrepancies in the goods imported by M/s. Kash International Trade Co. under Bill of Entry No. Z-7059709 dated 23.01.2026:
- A sample was drawn and sent to CRCL, Kandla, for testing, which confirmed the goods as Polyester dyed woven fabric with polyurethane lamination.
- **Declared goods:** Polyester Laminated Fabric, classified under the CTH 59039090.
- **Found goods:** Polyester Dyed Fabric Laminated with PU (185377.141 Sqm), that merit classification under the CTH 59032090, indicating mis-declaration.
- The goods were found to be grossly undervalued in the declared CIF value.

8.2. **Valuation of the Goods:**

- **Declared Value:** The importer declared an assessable value of INR 8,06,321/-.

- **Redetermined Value:** The Chartered Engineer's report (ref no. ABJ:INSP:CE:MUN:SIIB:SH:KASH:25-26:62 dated 02.03.2026) determined the fair CIF value at INR 30,43,151/-.
- **Valuation Method:** The declared value was rejected under Rule 12 of CVR Rules, 2007, due to undervaluation/mis-declaration and mis-classification. Valuation was determined under Rule 9 of the Customs Valuation Rules (CVR), 2007 (residual method), as values under Rules 4–8 could not be established due to lack of comparable data, non-standard nature of goods, and absence of domestic market sale prices.

8.3. **Classification:**

- The imported goods (Polyester Dyed Fabric Laminated with PU) merit classification under the CTH 59032090 as per the CRCL, Kandla test report (Lab report no. 10205 SIIB dated 24.02.2026), ensuring accurate duty assessment. The goods were identified as textile Polyester dyed woven fabric laminated with polyurethane, falling under "Textile fabrics impregnated, coated, covered or laminated with plastics, other than those of heading 5902."

8.4. **Duty Evasion:**

- The importer's deliberate undervaluation resulted in a differential duty liability of INR 6,28,549/- (total duty liability of INR 8,55,125/- as per Table III minus declared duty of INR 2,26,576/-).

8.5. **Conclusion:**

The importer has, by their acts of omission and commission, rendered the goods found mis-classified/undervalued/mis-declared in quantity, with a re-determined assessable value of INR 30,43,151/- under Bill of Entry No. Z- 7059709 dated 23.01.2026, liable for confiscation under Section 111(l) & 111(m) of the Customs Act, 1962, and is therefore also liable for penalty under Section 112(a)(ii) of the Customs Act, 1962. As the importer has mis-declared the quantity of the goods is also liable for penalty under Section 114AA of the Customs Act, 1962.

Waiver of Notice and Personal Hearing: -

9. The importer M/s. Kash International Trade Co., Flat No.-M1, Essel Mention 2286-87 Ar, Karol Bagh, New Delhi-110005 (IEC: 0516960768) vide their email dated 02.03.2026, have requested for waiver of the Show Cause Notice and personal hearing in the matter, necessary adjudication proceeding/action may be initiated in respect of the said Bill of Entry as per the Customs Act, 1962. The lab report no. 10205 SIIB dated 24.02.2026 in r/o TM no. 537/2025-26 dated 19.02.2026 and CE Report No. ABJ:INSP:CE:MUN:SIIB:SH:KASH:25-26:62 dated 02.03.2026 were shared with the importer via email. The importer reviewed and agreed with the test report, accepting the revised classification and valuation, and requested the release of the consignment.

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

- a) The declared Description, Quantity, Weightment and classification of the goods in the Bill of Entry No. 7059709 dated 23.01.2026 is liable to be rejected and needs to be re-determined as per above discussion.
- b) The declared total assessable value of the goods, i.e., Rs. 8,06,321/-, is liable to be rejected and the same needs to be re-determined as Rs. 30,43,151/ under Rule 9 of the Customs Valuation Rules, 2007.
- c) The self-assessment done by the importer is liable to be rejected and the BE needs to be re-assessed with differential duty of Rs. 6,28,549/- under Section 17(4) of the Customs Act, 1962.
- d) The goods imported vide Bill of Entry No. 7059709 dated 23.01.2026 having re-determined value of Rs. 30,43,151/-, are liable for confiscation under Section 111(l) & 111(m) of the Customs Act, 1962.
- e) The importer is liable for penalty under Section 112(a)(ii) and 114AA of the Customs Act, 1962.

DISCUSSION AND FINDINGS

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

- (i) Whether the declared Description, Quantity, Weightment and classification of the goods in the Bill of Entry No. 7059709 dated 23.01.2026 is liable to be rejected and needs to be re-determined or otherwise.
- (ii) Whether the declared value of the goods is liable to be rejected and the same is required to be re-determined as Rs. 30,43,151/- or otherwise;
- (iii) Whether the subject Bill of Entry is liable to be re-assessed accordingly under Section 17(4) of the Customs Act, 1962 or otherwise;
- (iv) Whether the impugned goods are liable for confiscation under Section 111(l) and 111(m) of the Customs Act, 1962 or otherwise.
- (v) Whether the importer is liable for Penalty under Section 112(a)(ii) and 114AA of the Customs Act, 1962 or otherwise.

12. I find that the importer had filed Bill of Entry (for SEZ Import Z Type) No7059709 dated 23.01.2026 for import of "Polyester Laminated Fabric". Based on specific intelligence, the said consignments were placed on hold by SIIB, Mundra due to suspected misdeclaration/mis-classification in import of fabrics through Mundra SEZ. Upon examination, the quantity of goods tallied with detailed packing list. Samples from the shipment were drawn as mentioned above and forwarded to CRCL, Kandla for ascertaining the nature, composition and to identify the fabrics. Test Reports of CRCL confirmed that the goods are Polyester dyed woven fabric with polyurethane lamination.

13. I find that CRCL has issued Lab report no. 10205 SIIB dated 24.02.2026 and reported that the goods under import are *cut piece of dyed (green coloured) woven fabric having lamination (translucent film) on one side*. The goods are composed of Polyester filament yarns (texturized) and lamination is composed of polymer based on polyurethanes (PU) containing 94.53% Polyester and balance of Polymeric Material which is dyed and contains filament yarn with GSM of 129.66.

I find that the importer has reviewed and accepted the above said test report.

14. I find that the importer has declared the quantity of the imported goods as 73,677 SQM in the Bill of Entry, whereas the physical examination and subsequent scientific test have established a substantial deviation in the actual quantity. During examination, the goods were found to consist of 1257 fabric rolls, and the net weight of the consignment was verified as 23920 Kgs. However, I observe that mere correctness of weight does not validate the correctness of declared quantity, especially in the case of textile fabrics where GSM (grams per square meter) is the determining factor for deriving area-based quantity. I further find that CRCL Test reported the GSM of the imported fabric as 129.66 gm/m². Based on this GSM and the verified net weight, the actual quantity of the imported goods works out to 185377.141 SQM. I note that the importer has declared the goods in terms of area (SQM), which is directly dependent upon GSM. I further observe that such misdeclaration of quantity has a direct bearing on the assessable value as well as duty liability, since the valuation in the present case is linked to per unit (per SQM)

pricing. By suppressing the actual quantity, the importer has reduced the declared assessable value and appropriate Customs duty.

15. Classification: I find that the SCN proposed classification under CTH 59032090 against declared classification 59039090 based on the mis-declaration of the description and mis-classification of the imported fabrics. I find that chapter 59 of the Indian Customs Tariff deals with Textile Fabrics and Textile Articles of a kind suitable for industrial use. The relevant portion of Tariff Heading 5903 is reproduced below for reference:

5903		<i>Textile Fabrics, Impregnated, Coated, Covered or Laminated with Plastics, Other Than Those of Heading 5902</i>	<i>Effective Rate of Duty</i>
5903 10	-	<i>With Polyvinyl Chloride:</i>	-
5903 10 10	---	<i>Imitation leather fabrics of cotton</i>	20%
5903 10 90	---	<i>Other</i>	20%
5903 20	-	<i>With Polyurethane:</i>	-
5903 20 10	---	<i>Imitation leather fabrics, of cotton</i>	20%
5903 20 90	---	<i>Other</i>	20%
5903 90	-	<i>Other:</i>	-
5903 90 10	---	<i>Of cotton</i>	20%
5903 90 20	---	<i>Polyethylene laminated jute fabrics</i>	20%
5903 90 90	---	<i>Other</i>	20%

In the present case, the importer had declared the imported goods as "Polyester Laminated Fabric" under CTH 59039090. On perusal of the Test Report, I find that the goods are woven fabric laminated on one side with polymeric material. Further, I find that the fabric is composed of polyester filaments yarns and laminated polymeric is composed of polyurethanes based polymeric compound. From the plain reading of CTH 5903, I find that textile fabrics, impregnated, coated, covered or laminated with plastics, other than those of heading are classifiable under the said CTH. Therefore, I find that the goods under import are rightly classifiable under CTH 59032090. I also find that the Importer, during the investigation, have agreed with the Test Reports. Thus, there is no doubt that the importer, in principle, agreed with the test results and classification of the imported goods.

As per GIR-1, "The titles of Sections, Chapters and sub-Chapters are provided for ease of reference only; for legal purposes, classification shall be determined according to the terms of the headings and any relative Section or Chapter Notes and, provided such headings or Notes do not otherwise require, according to the following provisions." Tariff Heading 5903 of the Customs Tariff specifically covers "Textile fabrics impregnated, coated, covered or laminated with plastics." The essential condition for inclusion under Heading 5903 is that the textile base is coated, laminated, covered or impregnated with plastic materials. Polyurethane being a form of plastic, a textile fabric laminated with compounded polyurethane is squarely classifiable under Heading 5903. I find that under GIR 1, the PU-laminate goods squarely fall under 59032090, as the heading's terms and Explanatory Notes

cover them without any ambiguity. Thus, the goods are classifiable under CTH 59032090, as proposed under the subject SCN.

Valuation:

16.1 I find that the goods were found to be mis-declared in respect of description, quantity and classification. Thus, the value of goods declared by the importer in the subject Bill of Entry does not appear to be true transaction value under the provisions of Section 14 of the Customs Act, 1962 read with the provisions of the Customs Valuation (determination of Value of Imported Goods) Rules, 2007. The Importer during the investigation, in principle, agreed with the valuation suggested by the Chartered Engineer/valuer. Thus, the declared value appeared to be not acceptable as transaction value and merits rejection in terms of Section 14 of Customs Act, 1962 read with Rule 12 of Customs Valuation (Determination of Value of Imported Goods) Rules, 2007. The value is required to be re-determined by sequentially proceeding in terms of Rules 4 to 9 of Customs Valuation (Determination of Value of Imported Goods) Rules, 2007. I find that Rule 3(1) of Rules 2007 provides that *“subject to rule 12, the value of imported goods shall be the transaction value adjusted in accordance with provisions of rule 10”*. Rule 3(4) *ibid* states that *“if the value cannot be determined under the provisions of sub-rule (1), the value shall be determined by proceeding sequentially through rule 4 to 9 of Custom Valuation Rules, 2007”*.

16.2 I find that Rule 4 (1) (a) of Rules 2007 stipulates determination of value of goods on the basis of value of identical goods. Rule 5, providing for transaction value of similar goods. I observed that the imported goods were found in different variety, description, specification and quality, so, it was not possible to find and compare the same with other goods having identical/similar description, brand, make, model, quantity and Country of Origin. As the import data with respect to contemporaneous imports was general in nature and contemporaneous data for imports of identical/similar goods was not available/found, therefore, the value cannot be determined under Rules 4 and 5 of CVR, 2007. As per Rule 6 *ibid*, if the value cannot be determined under Rules 3, 4 and 5 same shall be determined under the provisions of Rule 7 or when same cannot be determined under that rule then under Rule 8. I also noticed that no exact sales values and data required for quantification of the deductions was available, hence, rule 7 cannot be invoked. Further, computed value, as provided under Rule 8, cannot be calculated in the absence of quantifiable data relating to cost of production, manufacture or processing of import goods. In such scenario, I find it appropriate to invoke the provisions of Rule 9 i.e. residual method for determining the value of the impugned import goods. Rule 9 provides for determination of value using reasonable means consistent with the principles and general provisions of these rules.

16.3 I find that in absence of credible data of import of similar goods and other constraints the value of these goods cannot be determined in terms of Rule 4, 5, 6, 7, 8 of Customs Valuation Rules 2007. Hence, the value is to be determined in terms of Rule 9 of said rules. For the purpose of valuation, the Chartered Engineer submitted his report having ref no. ABJ:INSP:CE:MUN:SIIB:SH:KASH:25-26:62 dated 02.03.2026. I find that the market price as provided by the Chartered Engineer has to be considered as the basis for arriving at the assessable value of

these goods. I hold that the declared value in respect to aforementioned goods is liable to be rejected under Rule 12 of the CVR, 2007 and the same is liable to be re-determined under Section 14 of the Customs Act, 1962 read with Rule 9 of the CVR, 2007. Thus, I find it appropriate to consider the value suggested by the Chartered Engineer/valuer for the present shipments as Rs. 30,43,151/- as shown in Table-II above. Accordingly, I find that the importer is liable to pay differential duty of Rs. 6,28,549/- by way of re-assessment under Section 17(4) of the Customs Act, 1962.

17. I find that the Show Cause Notice proposes confiscation of the imported goods under the provisions of Section 111 (l) and 111(m) of the Customs Act, 1962. From the above, it is clear that the goods are found to be mis-declared in respect of description, quantity, classification and valuation. The importer have not declared PU laminated fabric at the time of filing of bill of entry and value was also mis-declared. Upon testing, goods were found to be mis-classified. These acts were done to defraud the government exchequer by deliberately mis-declaring the same at the time of their importation. I find that these act on the part of the importer made the goods liable for confiscation under Section 111(l) and 111(m) of the Customs Act, 1962 which was done to evade Customs Duties. Accordingly, I find that the goods are liable to confiscation under the provisions of Section 111(l) and 111(m) of the Customs Act, 1962.

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

“Section 125. Option to pay fine in lieu of confiscation.—(1) Whenever confiscation of any goods is authorised by this Act, the officer adjudging it may, in the case of any goods, the importation or exportation whereof is prohibited under this Act or under any other law for the time being in force, and shall, in the case of any other goods, give to the owner of the goods 1[or, where such owner is not known, the person from whose possession or custody such goods have been seized,] an option to pay in lieu of confiscation such fine as the said officer thinks fit.”

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

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

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

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

ORDER

- i. I order to reject the declared quantity i.e., 73677 Sqm and order to re-determine the same to 185377.141 SQM. Further, I reject the declared classification of the goods i.e. 59039090 imported vide Bill of Entry No. 7059709 dated 23.01.2026 and order to re-classify the same under CTH 59032090 with the description as *“PU laminated woven Fabric”*.
- ii. I order to reject the declared assessable value of Rs. 8,06,321/- goods and order to re-determination the same at **Rs. 30,43,151/-** under Rule 9 of the CVR, 2007 as illustrated in Table-II above of the said order. Further, I also order for re-assessment of the subject Bill of Entry under Section 17(4) of the Customs Act, 1962, as discussed under foregoing paras.
- iii. I order for confiscation of the impugned goods having re-determined assessable value of Rs. 30,43,151/- under Section 111(l) & 111(m) of the Customs Act, 1962. However, considering facts of the case and provisions of the Section 125 of the Customs Act, 1962, I give an option to the Importer to redeem the same on payment of redemption fine of **Rs. 3,00,000/- (Rupees Three Lakh only)**.
- iv. I impose a penalty of **Rs 60,000/- (Rupees Sixty Thousand only)** upon the importer under Section 112(a)(ii) of the Customs Act, 1962.
- v. I impose a penalty of **Rs 50,000/- (Rupees Fifty Thousand only)** upon the importer under Section 114AA of the Customs Act, 1962.

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

Additional Commissioner,
Customs House, Mundra.

Copy submitted to:

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