

		प्रधान आयुक्त का कार्यालय, सीमा शुल्क सदन, मुन्द्रा OFFICE OF THE PRINCIPAL COMMISSIONER OF CUSTOMS, CUSTOM HOUSE: MUNDRA, KUTCH MUNDRA PORT & SPL ECONOMIC ZONE, MUNDRA-370421 ई-मेल/ E-Mail: adj-mundra@gov.in
A	फा /सं .FILE NO.	GEN/ADJ/ADC/530/2026-Adjn-O/o Pr Commr-Cus-Mundra
B	मूल आदेश सं. ORDER-IN- ORIGINAL NO.	MCH/ADC/ZDC/33/2026-27
C	द्वारा पारित किया गया PASSED BY	Dipak Zala, Additional Commissioner of Customs, Custom House, Mundra
D	आदेश की तिथि DATE OF ORDER	13-04-2026
E	जारी करने की तिथि DATE OF ISSUE	15-04-2026
F	कारण बताओ नोटिस संपर्क तिथि . SCN NO. & DATE	228/2025-26/ADC/ZDC/MCH dated 23.03.2026
G	नोटिसीपार्टी / आयातक/ NOTICEE/PARTY/ IMPORTER	1. M/s. Supreme International (IEC - 3015014838), 2. Shri Chetan Chauhan, Proprietor of M/s Supreme International
H	डिन DIN	20260471MO000000E4A2

- यह अपील आदेश संबन्धित को निःशुल्क प्रदान किया जाता है।
This Order - in - Original is granted to the concerned free of charge.
- यदि कोई व्यक्ति इस अपील आदेश से असंतुष्ट है तो वह सीमा शुल्क अपील नियमावली 1982 के नियम 6(1) के साथ पठित सीमा शुल्क अधिनियम 1962 की धारा 129A(1) के अंतर्गत प्रपत्र सीए3-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 380009"
"The Commissioner of Customs (Appeals), Mundra, 4TH Floor, Hudco Building, Ishwar Bhuvan Road, Navrangpura, Ahmedabad-380009."
- उक्त अपील यह आदेश भेजने की दिनांक से तीन माह के भीतर दाखिल की जानी चाहिए।
Appeal shall be filed within three months from the date of communication of this order.
- 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 -
- उक्त अपील पर न्यायालय शुल्क अधिनियम के तहत 5/- रूपये कोर्ट फीस स्टाम्प जबकि इसके साथ संलग्न आदेश की प्रति पर अनुसूची- 1, न्यायालय शुल्क अधिनियम, 1870 के मदसं-6 के तहत निर्धारित 0.50 पैसे की एक न्यायालय शुल्क स्टाम्प वहन करना चाहिए।
The appeal should bear Court Fee Stamp of Rs.5/- under Court Fee Act whereas the copy of this order attached with the appeal should bear a Court Fee stamp of Rs.0.50 (Fifty paise only) as prescribed under Schedule-I, Item 6 of the Court Fees Act, 1870.
- अपील ज्ञापन के साथ ड्यूटी/ दण्ड/ जुर्माना आदि के भुगतान का प्रमाण संलग्न किया जाना चाहिये। Proof of payment of duty/fine/penalty etc. should be attached with the appeal memo.

7. अपील प्रस्तुत करते समय, सीमाशुल्क (अपील) नियम, 1982 और सीमा शुल्क अधिनियम, 1962 के सभी मामलों में पालन किया जाना चाहिए।
While submitting the appeal, the Customs (Appeals) Rules, 1982 and the Customs Act, 1962 should be adhered to in all respects.
8. 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 (Appeals) 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

1.1 M/s. Supreme International (IEC - 3015014838), situated at Ground, 197/213/70, Near Gurudwara Sahib, New Kundan Puri, Lisa Market, Ludhiana, Punjab - 141008, [hereinafter referred to as M/s Supreme International or importer for the sake of brevity] is engaged in the import of fabrics through Mundra SEZ.

1.2 Intelligence was received that M/s. Supreme International is evading MIP applicable on import of Cut Pile Fabric under CTI- 60019200 by resorting to under-declaration of quantity of fabric on which the MIP is applicable. According to the intelligence, the under- declaration of MIP applicable fabric quantity was combined with excess declaration of other fabric imported in the same consignments but on which MIP was not applicable.

1.3 Based on the above intelligence, the following import consignments of M/s. Supreme International (IEC: 3015014838) were intercepted:

Table "1"

Sr No.	SEZ Bill of Entry No. & date	Type of BE	Description of goods as declared in B/E	Declared CTI	Declared Quantity
1	5614052 dated 10-11-2025	Z	POLYESTER KNITTED CUT PILE FABRIC	60019200	1260 KG
			POLYESTER LAMINATED FABRICS	59039090	49012 SQM
2	5743133 dated 17-11-2025	Z	POLYESTER LAMINATED FABRICS (WIDTH 56 INCH +/- 10%)	59039090	79939 SQM
3	5743135 dated 17-11-2025	Z	POLYESTER LAMINATED FABRICS (WIDTH 56 INCH +/- 10%)	59039090	79935 SQM
4	5814473 dated 20-11-2025	Z	POLYESTER LAMINATED FABRICS (WIDTH 56 INCH +/- 10%)	59039090	79936 SQM
5	5917065 dated 25-11-2025	Z	POLYESTER WARP KNITTED FABRIC	60053790	19570 KGS
			FLOCK FABRICS	59070012	14922 SQM
6	5917409 dated 25-11-2025	Z	POLYESTER WARP KNITTED FABRIC	60053790	19529 KGS
			FLOCK FABRICS	59070012	14928 SQM
7	5917853 dated 25-11-2025	Z	POLYESTER WARP KNITTED FABRIC	60053790	19285 KGS
			FLOCK FABRICS	59070012	14715 SQM
8	5916909 dated 25-11-2025	Z	POLYESTER WARP KNITTED FABRIC	60053790	19506 KGS
			FLOCK FABRICS	59070012	14918 SQM
	5916910 dated 25-		DYED POLYESTER FABRICS (GSM - 120 +/- 10%)	54075290	172336 SQM

9	11-2025	Z	POLYESTER LAMINATED FABRICS (WIDTH 56 INCH +/- 10%)	59039090	30252 SQM
10	5916913 dated 25-11-2025	Z	DYED POLYESTER FABRICS (GSM - 120 +/- 10%)	54075290	172231 SQM
			POLYESTER LAMINATED FABRICS (WIDTH 56 INCH +/- 10%)	59039090	30252 SQM
11	5916914 dated 25-11-2025	Z	DYED POLYESTER FABRICS (GSM - 120 +/-10%)	54075290	168531 SQM
			POLYESTER LAMINATED FABRICS (WIDTH 56 INCH +/- 10%)	59039090	30248 SQM
12	5916911 dated 25-11-2025	Z	POLYESTER LAMINATED FABRICS (WIDTH 56 INCH +/- 10%)	59039090	186074 SQM

1.4 The above consignments were imported from China with declared description tabulated above at Table-1. Further, as per the declaration, the duty rate applicable on import of these goods from SEZ to DTA was as per normal tariff rate.

2. Examination of Goods

2.1 The consignments imported by M/s. Supreme International through Mundra port under the above-mentioned Bills of entries were examined under panchnama dated 22.11.2025 & 04-05.12.2025 at warehouse of M/s Fast Track CFS Private Limited, Block -C, Plot No -3, Sector-11, APSEZ, Mundra, Kachchh, Gujarat, 370421 and under panchnama dated 16.12.2025 at M/s Hind Terminals Pvt Ltd situated at Survey No. 76/1/1, and 77/1/1, Opp Dhrub GID, Mundra Port Road, Dhrub, Mundra, Kachchh, Gujarat - 370421. During the examination, it was observed that goods stuffed in the said containers were fabric rolls wrapped in plastic sheets. All the imported goods under the said container were de-stuffed, and a systematic examination of the goods was conducted.

2.2 The fabric de-stuffed from the Container No. OCGU8035659 imported under Bill of Entry No. 5614052 dated 10.11.2025 which was lying in the Shed No. 1 of the CFS was examined under Panchnama dated 22.11.2025 and was found as below: -

Table- "2"

Description of goods as per B/E	Declared CTI	No. of Rolls (pieces)	Quantity Ascertained
Polyster Knitted Cut Pile Fabrics (CP)	60019200	37	880Kgs.
*Polyster Knitted fabrics (PK)	Not declared	156	3740 Kgs.
*Polyster synthetic fabric (PS)	Not declared	56	1480 Kgs.
Polyester Laminated Fabrics (PL)	59039090	601	60100 Mtr.

* These fabrics were not declared in the BE.

2.3 The goods Imported by M/s Supreme International and examined under Panchnama dated 04-05.12.2025 were as under:

Table- "3"

S. No.	BE No.	BE DATE	CONTAINER NUMBER	Net weight of the goods
1	5743133	17-11-2025	MSDU7789879	27430
2	5743135	17-11-2025	MSMU8106952	27800
3	5814473	20-11-2025	EITU1352740	28260
4	5917065	25-11-2025	TGBU6616724	25840
5	5917409	25-11-2025	MSCU5259351	25470
6	5917853	25-11-2025	EGSU9364524	24760
7	5916909	25-11-2025	CAIU4751697	24710
8	5916910	25-11-2025	MSMU6724294	27400
9	5916913	25-11-2025	MSDU6326910	28030
10	5916914	25-11-2025	CXDU2148338	27750

2.4 Examination of goods imported under the above mentioned BEs/Containers revealed the goods to be stuffed in the respective containers as detailed below:

Table- "3A"

BE No. with Container No.	Net weight of the container (in KGs)	Total No. of Rolls found	Type of Goods	No. of Rolls found	Weight of the goods (in KGs) ascertained.
5743133 dated 17.11.25 MSDU7789879	27430	1414	POLYESTER LAMINATED FABRICS EACH**	87	1697.5
			OTHER TYPE OF POLYESTER FABRIC*	1327	25733.5
5743135 dated 17.11.25 MSMU8106952	27800	1438	POLYESTER LAMINATED FABRICS**	110	2145
			OTHER TYPE OF POLYESTER FABRIC*	1328	25655)
5814473 dated 20.11.25 EITU1352740	28260	974	POLYESTER LAMINATED FABRICS**	156	3042
			OTHER TYPE OF POLYESTER FABRIC*	818	25218
5917065 dated 25.11.25 TGBU6616724	25840	985	POLYESTER WARP KNITTED FABRIC**	976	25606
			FLOCK FABRICS**	9	234
5917409 dated 25.11.25 MSCU5259351	25470	994	POLYESTER WARP KNITTED FABRIC**	985	25236
			FLOCK FABRICS**	9	234
5917853 dated 25.11.25 EGSU9364524	24760	956	POLYESTER WARP KNITTED FABRIC**	947	24526
			FLOCK FABRICS**	9	234
5916909 dated 25.11.25 CAIU4751697	24710	981	POLYESTER WARP KNITTED FABRIC**	972	24476
			FLOCK FABRICS**	9	234

5916910 dated 25.11.25 MSMU6724294	27400	1439	DYED POLYESTER FABRICS (GSM - 120 +/- 10%)**	1351	25684
			POLYESTER LAMINATED FABRICS (WIDTH 56 INCH +/- 10%)**	88	1716
5916913 dated 25.11.25 MSDU6326910	28030	1438	DYED POLYESTER FABRICS (GSM - 120 +/- 10%)**	1343	26177
			POLYESTER LAMINATED FABRICS (WIDTH 56 INCH +/- 10%)**	95	1853
5916914 dated 25.11.25 CXDU2148338	27750	1432	DYED POLYESTER FABRICS (GSM - 120 +/- 10%)**	1340	25956
			POLYESTER LAMINATED FABRICS (WIDTH 56 INCH +/- 10%)**	92	1794

* = Description of goods not declared in BE

** = Description of goods declared in BE

2.5 Further, below mentioned are the details of import consignment imported by M/s Supreme International and examined under Panchnama dated 16.12.2025:

Table- "4"

B/E No. & Date	Container No.	Net weight of the cargo
5916911 dated 25.11.2025	MSMU5383845	27220 KGs

2.6 Examination of goods being imported under the above mentioned BE/Container revealed the goods to be stuffed in the container as detailed below:-

Table- "4A"

Container No.	Net weight of the container declared (in KGs)	Total No. of Rolls declared	Type of Goods	No. of Rolls found	Weight of the goods (in KGs)
MSMU5383845	26539	1368	Polyester Laminated Fabrics (Width 56 Inch +/- 10%) **	1368	27220

** = Description of goods declared in BE

2.7 Further, representative samples of imported fabrics were drawn under the respective Panchnama for laboratory testing and analysis to ascertain their exact identity. One set of samples was drawn from each type of Fabric, based on the visual characteristics of the imported Fabric. The samples were duly sealed and forwarded to the CRCL Vadodara vide Test Memo's as below:-

Table- "5"

Sr. No.	Bill of Entry No.	Container No.	Test Memo No.
1	5614052 dated 10.11.2025	OCGU8035659	27, 28, 29 & 30

2	5743133 dated 17-11-2025	MSDU7789879	3 & 4
3	5743135 dated 17-11-2025	MSMU8106952	1 & 2
4	5814473 dated 20-11-2025	EITU1352740	5 & 6
5	5917065 dated 25-11-2025	TGBU6616724	19 & 20
6	5917409 dated 25-11-2025	MSCU5259351	17 & 18
7	5917853 dated 25-11-2025	EGSU9364524	15 & 16
8	5916909 dated 25-11-2025	CAIU4751697	13 & 14
9	5916910 dated 25-11-2025	MSMU6724294	11 & 12
10	5916913 dated 25-11-2025	MSDU6326910	9 & 10
11	5916914 dated 25-11-2025	CXDU2148338	7 & 8
12	5916911 dated 25.11.2025	MSMU5383845	35

3. Sample Test Reports

3.1 CRCL Vadodara submitted Test Reports vide their various letters and emails wherein the goods imported under the respective Bill of Entries are Tested/ reported as detailed below:

Table- "6"

Sr No.	SEZ Bill of Entry No. & date	Test Memo No./Test Report	Description of Goods as per Test Reports	CTI determined as per Test reports	Quantity ascertained during the examination under panchnama
1	5614052 dated 10.11.2025	27	Knitted Cut Pile Fabric	60019200	880 KG
		28	Dyed Knitted Fabric	60063200	22152 SQM
		29	Dyed Knitted Fabric	60063200	7952 SQM
		30	Dyed Woven Fabric	54075290	85342 SQM
2	5743133 dated 17-11-2025	3	Dyed Woven Fabric with PU coating	59032090	12354 SQM
		4	Dyed woven Fabric with elastomeric yarns (Spandex)	54075290	188434 SQM
3	5743135 dated 17-11-2025	1	Dyed Woven Fabric with PU coating	59032090	15620 SQM
		2	Dyed woven Fabric with elastomeric yarns (Spandex)	54075290	188576 SQM
4	5814473 dated 20-11-2025	5	Dyed Woven Fabric with PU coating	59032090	22152 SQM
		6	Dyed Knitted Fabric	60064200	25218 SQM
5	5917065 dated 25-11-2025	19	Dyed Warp Knitted Fabric having napped surface	60053790	25606 SQM
		20	Dyed, Knitted base fabric composed of filament yarns of polyester with nylon flocks pasted on base fabric on one side using adhesive material.	59070012	1278 SQM
6	5917409 dated 25-11-2025	17	Dyed Warp Knitted Fabric having napped surface	60053790	25236 SQM
		18	Dyed, Knitted base fabric composed of filament yarns of polyester with nylon flocks pasted on base fabric on one side using adhesive material.	59070012	1278 SQM
7	5917853 dated 25-11-2025	15	Dyed Knitted Fabric having napped surface	60053790	24526 SQM
		16	Dyed, Knitted base fabric composed of filament yarns of polyester with nylon flocks pasted on base fabric on one side using adhesive material.	59070012	1278 SQM
	5916909	13	Dyed Knitted Fabric having napped surface	60053790	24476 SQM
			Dyed, Knitted base fabric composed of		

8	dated 25-11-2025	14	filament yarns of polyester with nylon flocks pasted on base fabric on one side using adhesive material.	59070012	1278 SQM
9	5916910 dated 25-11-2025	12	Dyed woven Fabric with elastomeric yarns (Spandex)	54075290	191842 SQM
		11	Dyed Woven Fabric with PU coating	59032090	12496 SQM
10	5916913 dated 25-11-2025	10	Dyed woven Fabric with elastomeric yarns (Spandex)	54075290	190706 SQM
		9	Dyed Woven Fabric with PU coating	59032090	13490 SQM
11	5916914 dated 25-11-2025	8	Dyed woven Fabric with elastomeric yarns (Spandex)	54075290	190280 SQM
		7	Dyed Woven Fabric with PU coating	59032090	13064 SQM
12	5916911 dated 25.11.2025	35	Dyed Woven Fabric with PU coating	59032090	194256 SQM

3.2 Further, goods imported with declared description Polyester Laminated Fabrics and classified under CTI: 59039090 in Bill of Entries at Sr. Nos. 2, 3, 4, 9, 10, 11 and 12 in the table above were tested and reported by CRCL Vadodara to be “fabric of polyester filament yarns on both side and coating layer is based on polyurethane”. These fabrics fall under CTI: 59032090 attracting Anti-Dumping Duty under CBIC notification no. 14/2022-Customs (ADD) dated 20.05.2022. An image of a sample test report is extracted herein below:-

Lab No. –RCL/AH/DRI/IMP/4608/11.12.2025
 F.No. DRI/AZU/CI-2/INT-56/2025 DATE 09.12.2025
 T.M. No. 05/SI/5814473/PL/Sample No.1
 B/E No. –5814473 dated 20.11.2025

TEST REPORT

The sample as received is in the form of cut piece of dyed woven fabric coated on one side. Base fabric is made of polyester filament yarns on both side and coating layer is based on polyurethane.

Average GSM (as such) =129.68

Average Thickness(as such) = 0.21 mm

% Composition(as such):

Polyester woven fabric =95.8%

Coating layer based on Polyurethane= balance

Query at no. 10, 15, are not applicable & Query at no. 11, 12, 16, 17 could not be ascertained.

Sealed remnant returned.

patch No. 1568
26/12/25
 t. & Cus. Lab., Vadodara.



[Signature]
 23/12/25
Chemical Examiner Gr. II

[Signature]
 PERUSHP
 25/10/26

3 . 3 Based on the foregoing facts, it is evident that the goods declared as “Polyester Laminated Fabric” under CTI 59039090 vide respective Bill of Entries were mis-declared, with the intent to conceal the import of PU coated fabric under the guise of Polyester Laminated Fabric.

3 . 4 From the above, it is apparent that the goods declared as “Polyester Laminated Fabric” have been mis-declared both in terms of their nature and quantity. The actual quantity of goods imported exceeds the quantity declared in the Bill of Entry. Furthermore, as per the test reports, it is evident that PU coated fabric was imported under the guise of “Polyester Laminated Fabric”. This mis-declaration with respect to both the nature and quantity of the imported goods constitutes a contravention of Customs Act, 1962 and consequently the goods in question are rendered liable for confiscation under sub-section (l) & (m) of Section 111 of the Customs Act, 1962.

3 . 5 The past import records and the profile of the importer when seen along with the profile of the SEZ unit where the goods were imported, it is evident that

post assessment and out of charge of Z-type Bill of Entry, the importer intended to clear in DTA by filing T-type Bill of Entry.

3.6 In view of the above, by mis-declaring the nature of the imported goods, the importer has attempted to evade customs duty amounting to ₹ 3,38,84,737/- (Rupees Three Crore Thirty Eight Lakh Eighty four Thousand Seven Hundred and Thirty Seven Only), comprising Basic Customs Duty of ₹ 1,87,84,608/- (Rupees One Crore Eighty Seven Lakh Eighty Four Thousand Six Hundred and Eight Only), Social Welfare Surcharge (SWS) of ₹ (-)5,02,453/- (Rupees Five Lakh Two Thousand Four Hundred and Fifty Three only in Negative), Anti-Dumping Duty of ₹82,17,532/- (Rupees Eighty Two Lakh Seventeen Thousand Five Hundred and Thirty Two Only), and Integrated Goods and Services Tax (IGST) of ₹ 73,85,050/- (Rupees Seventy Three Lakh Eighty Five Thousand and Fifty only). The detailed calculation indicating the above quantum of evasion is brought out in the subsequent part of this Notice. Furthermore, the importer has imported goods falling under CTI 59032090, attracting Anti-Dumping Duty of 0.46 USD/Meter when imported from China, thereby violating the prescribed import conditions and attracting penal consequences under the relevant provisions of the Customs Act, 1962. **(Valuation, Classification and assessment sheet in detail is attached to the SCN as Annexure-A).**

4. Seizure of Goods

4.1 The above ascertained mis-declaration and misclassification appeared to be a deliberate attempt to evade applicable duties. Accordingly, the imported goods covered under Bill of Entries as detailed in Table below were placed under Seizure vide Seizure Memo F. No. DRI/AZU/CI-02/(ENQ-01(INT-56/25)/2026 dated 09.02.2026, as they were found to be liable for confiscation under sub-section (l) & (m) of Section 111 of the Customs Act, 1962. The details of the seized goods are as follows:

Table- "7"

Sr No.	SEZ Bill of Entry No. & date	Test Memo No./Test Report	Description of Goods as per Test Reports	Ascertained CTI (as per Test Report)	Quantity ascertained	Unit
1	5614052 dated 10.11.2025	27	Knitted Cut Pile Fabric	60019200	880	KG
		28	Dyed Knitted Fabric	60063200	22152	SQM
		29	Dyed Knitted Fabric	60063200	7952	SQM
		30	Dyed Woven Fabric	54075290	85342	SQM
2	5743133 dated 17-11-2025	3	Dyed Woven Fabric with PU coating	59032090	8700	Meter
		4	Dyed woven Fabric with elastomeric yarns (Spandex)	54075290	188434	SQM
	5743135	1	Dyed Woven Fabric with PU coating	59032090	11000	Meter

3	dated 17-11-2025	2	Dyed woven Fabric with elastomeric yarns (Spandex)	54075290	188576	SQM
4	5814473 dated 20-11-2025	5	Dyed Woven Fabric with PU coating	59032090	15600	Meter
		6	Dyed Knitted Fabric	60064200	25218	SQM
5	5917065 dated 25-11-2025	19	Dyed Warp Knitted Fabric having napped surface	60053790	25606	SQM
		20	Dyed, Knitted base fabric composed of filament yarns of polyester with nylon flocks pasted on base fabric on one side using adhesive material.	59070012	1278	SQM
6	5917409 dated 25-11-2025	17	Dyed Warp Knitted Fabric having napped surface	60053790	25236	SQM
		18	Dyed, Knitted base fabric composed of filament yarns of polyester with nylon flocks pasted on base fabric on one side using adhesive material.	59070012	1278	SQM
7	5917853 dated 25-11-2025	15	Dyed Knitted Fabric having napped surface	60053790	24526	SQM
		16	Dyed, Knitted base fabric composed of filament yarns of polyester with nylon flocks pasted on base fabric on one side using adhesive material.	59070012	1278	SQM
8	5916909 dated 25-11-2025	13	Dyed Knitted Fabric having napped surface	60053790	24476	SQM
		14	Dyed, Knitted base fabric composed of filament yarns of polyester with nylon flocks pasted on base fabric on one side using adhesive material.	59070012	1278	SQM
9	5916910 dated 25-11-2025	12	Dyed woven Fabric with elastomeric yarns (Spandex)	54075290	191842	SQM
		11	Dyed Woven Fabric with PU coating	59032090	8800	Meter
10	5916913 dated 25-11-2025	10	Dyed woven Fabric with elastomeric yarns (Spandex)	54075290	190706	SQM
		9	Dyed Woven Fabric with PU coating	59032090	9500	Meter
11	5916914 dated 25-11-2025	8	Dyed woven Fabric with elastomeric yarns (Spandex)	54075290	190280	SQM
		7	Dyed Woven Fabric with PU coating	59032090	9200	Meter
12	5916911 dated 25.11.2025	35	Dyed Woven Fabric with PU coating	59032090	136800	Meter

Table- "7A"

Sr No.	SEZ BE No. and Date	Total No. of Rolls found during panchnama	Gross weight found during panchnama (In KGs)
1	5614052 dated 10.11.2025	850	17950
2	5743133 dated 17-11-2025	1414	27430
3	5743135 dated 17-11-2025	1438	27800
4	5814473 dated 20-11-2025	974	28260
5	5917065 dated 25-	985	25840

	11-2025		
6	5917409 dated 25-11-2025	994	25470
7	5917853 dated 25-11-2025	956	24760
8	5916909 dated 25-11-2025	981	24710
9	5916910 dated 25-11-2025	1439	27400
10	5916913 dated 25-11-2025	1438	28030
11	5916914 dated 25-11-2025	1432	27750
12	5916911 dated 25.11.2025	1368	27220

4.2 Vide the above Seizure Memo dated 09.02.2026, M/s Supreme International was also given an option to approach the Jurisdictional Customs Authority for provisional release of the seized goods under the provisions of Section 110A of the Customs Act, 1962.

5. Statements Recorded

5.1 Consequent to the Summons (CBIC-DIN-202601DDZ1000072247E) dated 08.01.2026, a statement of Shri Chetan Chauhan, Proprietor of M/s Supreme International, (GSTIN:- 03AXEPC8606K2ZM) Ground, 197/213/70, Near Gurudwara Sahib, New Kundan Puri, Lisa Market, Ludhiana, Punjab, 141008 was recorded under Section 108 of the Customs Act, 1962, wherein, he inter-alia stated that he looks after sales, purchase and overall operation of the firm; that he is business man and does not know much about the classification of fabrics as per Customs Act but has knowledge of fabrics as per market requirement; that imported goods were classified as per the Customs Tariff under the guidance of CHA and their staff; that M/s Supreme International is a trading firm engaged in import and trading of Cut Pile fabric, dyed knitted fabric, dyed woven fabric, Polyester laminated fabric etc.; that he agrees with the Test Reports of CRCL Vadodara and acknowledges the receipt of copies of Test Report as below:-

Table- "8"

SEZ Bill of Entry No. & date	Container No.	Description of goods as per B/E	Declared CTI	Declared Quantity	Ascertained Quantity of goods	Test memo Number	Goods as per Test report
5614052 dated 10.11.2025	OCGU8035659	POLYESTER KNITTED CUT PILE FABRIC	60019200	1260 KG	880 KG.	27	Knitted Cut Pile Fabric
		POLYESTER		49012	3740 KG	28	Dyed Knitted Fabric

		LAMINATED FABRICS	59039090	SQM	1480 KG	29	Dyed Knitted Fabric
					60100 SQM	30	Dyed Woven Fabric
5743133 dated 17-11-2025	MSDU7789879	POLYESTER LAMINATED FABRICS (WIDTH 56 INCH +/- 10%)	59039090	79939 SQM	1697.5 KGs	3	Dyed Woven Fabric with PU coating
					12354 SQM		
					25733.5 KGs	4	Dyed woven Fabric with elastomeric yarns (Spandex)
					188434 SQM		
5743135 dated 17-11-2025	MSMU8106952	POLYESTER LAMINATED FABRICS (WIDTH 56 INCH +/- 10%)	59039090	79935 SQM	2145 KGs	1	Dyed Woven Fabric with PU coating
					15620 SQM		
					25655 KGs	2	Dyed woven Fabric with elastomeric yarns (Spandex)
					188576 SQM		
5814473 dated 20-11-2025	EITU1352740	POLYESTER LAMINATED FABRICS (WIDTH 56 INCH +/- 10%)	59039090	79936 SQM	3042 KGs	5	Dyed Woven Fabric with PU coating
					22152 SQM		
					25218 KGs	6	Dyed Knitted Fabric
5917065 dated 25-11-2025	TGBU6616724	POLYESTER WARP KNITTED FABRIC	60053790	19570 KGS	25606 KGs	19	Dyed Warp Knitted Fabric having napped surface
		FLOCK FABRICS	59070012	14922 SQM	234 KGs	20	Dyed, Knitted base fabric composed of filament yarns of polyester with nylon flocks pasted on base fabric on one side using adhesive material.
5917409 dated 25-11-2025	MSCU5259351	POLYESTER WARP KNITTED FABRIC	60053790	19529 KGS	25236 KGs	17	Dyed Warp Knitted Fabric having napped surface
		FLOCK FABRICS	59070012	14928 SQM	234 KGs	18	Dyed, Knitted base fabric composed of filament yarns of polyester with nylon flocks pasted on base fabric on one side using adhesive material.
5917853 dated 25-11-2025	EGSU9364524	POLYESTER WARP KNITTED FABRIC	60053790	19285 KGS	24526 KGs	15	Dyed Knitted Fabric having napped surface
		FLOCK FABRICS	59070012	14715 SQM	234 KGs	16	Dyed, Knitted base fabric composed of filament yarns of polyester with nylon flocks pasted on base fabric on one side using adhesive material.
5916909 dated 25-11-2025	CAIU4751697	POLYESTER WARP KNITTED FABRIC	60053790	19506 KGS	24476 KGs	13	Dyed Knitted Fabric having napped surface
		FLOCK FABRICS	59070012	14918	234 KGs	14	Dyed, Knitted base fabric composed of filament yarns of polyester with nylon

				SQM			flocks pasted on base fabric on one side using adhesive material.
5916910 dated 25-11-2025	MSMU6724294	DYED POLYESTER FABRICS (GSM - 120 +/- 10%)	54075290	172336 SQM	25684 KGs 191842 SQM	12	Dyed woven Fabric with elastomeric yarns (Spandex)
		POLYESTER LAMINATED FABRICS (WIDTH 56 INCH +/- 10%)	59039090	30252 SQM	1716 KGs 12496 SQM	11	Dyed Woven Fabric with PU coating
5916913 dated 25-11-2025	MSDU6326910	DYED POLYESTER FABRICS (GSM - 120 +/- 10%)	54075290	172231 SQM	26177 KGs 190706 SQM	10	Dyed woven Fabric with elastomeric yarns (Spandex)
		POLYESTER LAMINATED FABRICS (WIDTH 56 INCH +/- 10%)	59039090	30252 SQM	1853 KGs 13490 SQM	9	Dyed Woven Fabric with PU coating
5916914 dated 25-11-2025	CXDU2148338	DYED POLYESTER FABRICS (GSM - 120 +/- 10%)	54075290	168531 SQM	25956 KGs 190280 SQM	8	Dyed woven Fabric with elastomeric yarns (Spandex)
		POLYESTER LAMINATED FABRICS (WIDTH 56 INCH +/- 10%)	59039090	30248 SQM	1794 KGs 13,064 SQM	7	Dyed Woven Fabric with PU coating
5916911 dated 25.11.2025	MSMU5383845	POLYESTER LAMINATED FABRICS (WIDTH 56 INCH +/- 10%)	59039090	186074 SQM	27220 KGs 194256 SQM	35	Dyed Woven Fabric with PU coating

5.2 Consequent to the Summons (CBIC-DIN-202602DDZ1000000F935) dated 12.02.2026, another statement of Shri Chetan Chauhan, Proprietor of M/s Supreme International, (GSTIN:- 03AXEPC8606K2ZM) Ground, 197/213/70, Near Gurudwara Sahib, New Kundan Puri, Lisa Market, Ludhiana, Punjab, 141008 was recorded under Section 108 of the Customs Act, 1962, wherein, he inter-alia stated that he agrees with the facts narrated in his earlier statement dated 08.01.2026; that he accepts the proposed re-classification and re-valuation of imported fabric; that he agrees to pay anti-dumping duty under Notification 14/2022-Customs (ADD) dated 20.05.2022; that he agrees for the re-valuation of imported fabric; that he agrees with the test reports of CRCL Vadodara in the case of import of fabric under BE No. 5916911 dated 25.11.2025 and acknowledges the receipt of copies of Test Report as below:-

Table- "8A"

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SEZ Bill of Entry No. & date	Container No.	Description of goods as per B/E	Declared CTI	Declared Quantity	Ascertained Quantity of goods	Test memo Number	Goods as per Test report
5916911 dated 25.11.2025	MSMU5383845	POLYESTER LAMINATED FABRICS (WIDTH 56 INCH +/- 10%)	59039090	186074 SQM	27220 KGs 194256 SQM	35	Dyed Woven Fabric with PU coating

6. Re-classification of Goods:

6.1 Based on the CRCL's Test Report, and corresponding entries in the Customs Tariff Act, 1975, it is evident that the declared description and CTI of imported goods in the respective BEs are incorrect. Hence, the imported goods merit classification as mentioned below:

Table - "9"

Sr No.	SEZ Bill of Entry No. & date	Container No.	Description of goods as per B/E	Declared CTI	Goods as per Test report	Ascertained CTI
1	5614052 dated 10.11.2025	OCGU8035659	POLYESTER KNITTED CUT PILE FABRIC	60019200	Knitted Cut Pile Fabric	60019200
			POLYESTER LAMINATED FABRICS	59039090	Dyed Knitted Fabric	60063200
					Dyed Knitted Fabric	60063200
					Dyed Woven Fabric	54075290
2	5743133 dated 17-11-2025	MSDU7789879	POLYESTER LAMINATED FABRICS (WIDTH 56 INCH +/- 10%)	59039090	Dyed Woven Fabric with PU coating	59032090
					Dyed woven Fabric with elastomeric yarns (Spandex)	54075290
3	5743135 dated 17-11-2025	MSMU8106952	POLYESTER LAMINATED FABRICS (WIDTH 56 INCH +/- 10%)	59039090	Dyed Woven Fabric with PU coating	59032090
					Dyed woven Fabric with elastomeric yarns (Spandex)	54075290
4	5814473 dated 20-11-2025	EITU1352740	POLYESTER LAMINATED FABRICS (WIDTH 56 INCH +/- 10%)	59039090	Dyed Woven Fabric with PU coating	59032090
					Dyed Knitted Fabric	60064200
5	5917065 dated 25-11-2025	TGBU6616724	POLYESTER WARP KNITTED FABRIC	60053790	Dyed Warp Knitted Fabric having napped surface	60053790
			FLOCK FABRICS	59070012	Dyed, Knitted base fabric composed of filament yarns of polyester with nylon flocks pasted on base fabric on one side using adhesive material.	59070012
			POLYESTER WARP KNITTED	60053790	Dyed Warp Knitted Fabric having napped surface	60053790

6	5917409 dated 25-11-2025	MSCU5259351	FABRIC			
			FLOCK FABRICS	59070012	Dyed, Knitted base fabric composed of filament yarns of polyester with nylon flocks pasted on base fabric on one side using adhesive material.	59070012
7	5917853 dated 25-11-2025	EGSU9364524	POLYESTER WARP KNITTED FABRIC	60053790	Dyed Knitted Fabric having napped surface	60053790
			FLOCK FABRICS	59070012	Dyed, Knitted base fabric composed of filament yarns of polyester with nylon flocks pasted on base fabric on one side using adhesive material.	59070012
8	5916909 dated 25-11-2025	CAIU4751697	POLYESTER WARP KNITTED FABRIC	60053790	Dyed Knitted Fabric having napped surface	60053790
			FLOCK FABRICS	59070012	Dyed, Knitted base fabric composed of filament yarns of polyester with nylon flocks pasted on base fabric on one side using adhesive material.	59070012
9	5916910 dated 25-11-2025	MSMU6724294	DYED POLYESTER FABRICS (GSM - 120 +/- 10%)	54075290	Dyed woven Fabric with elastomeric yarns (Spandex)	54075290
			POLYESTER LAMINATED FABRICS (WIDTH 56 INCH +/- 10%)	59039090	Dyed Woven Fabric with PU coating	59032090
10	5916913 dated 25-11-2025	MSDU6326910	DYED POLYESTER FABRICS (GSM - 120 +/- 10%)	54075290	Dyed woven Fabric with elastomeric yarns (Spandex)	54075290
			POLYESTER LAMINATED FABRICS (WIDTH 56 INCH +/- 10%)	59039090	Dyed Woven Fabric with PU coating	59032090
11	5916914 dated 25-11-2025	CXDU2148338	DYED POLYESTER FABRICS (GSM - 120 +/- 10%)	54075290	Dyed woven Fabric with elastomeric yarns (Spandex)	54075290
			POLYESTER LAMINATED FABRICS (WIDTH 56 INCH +/- 10%)	59039090	Dyed Woven Fabric with PU coating	59032090
12	5916911 dated 25.11.2025	MSMU5383845	POLYESTER LAMINATED FABRICS (WIDTH 56 INCH +/- 10%)	59039090	Dyed Woven Fabric with PU coating	59032090

Classification of Dyed Woven Fabric with PU coating

6.2.1 CRCL, Vadodara, vide their test report has stated that the imported fabrics shown as Polyester Laminated Fabrics in the above table were "Polyurethane (PU) Coated Fabrics". The report specified that coating material is based on Polyurethane (PU). The correct classification for "Polyurethane Coated Fabrics" is Customs Tariff Item 59032090, which specifically covers "Textile fabrics impregnated, coated, covered or laminated with plastics, other than those of heading 59.02.". As per Chapter Note 2 to Chapter 59 and Explanatory Notes to the HSN, the correct classification of polyurethane-coated fabric is under CTI 59032090.

6.2.2 Furthermore, "Polyurethane (PU) Coated Fabric" originating from China PR is subject to Anti-Dumping Duty (ADD) as per Notification No. 14/2022-Customs (ADD) dated 20.05.2022, which imposes ADD at the rate of 0.46 USD per meter. From the said facts, it is evident that the Importer deliberately misclassified the goods under CTI 59039090, without declaring the PU coating, to evade the applicable Anti-Dumping duty.

7. Undervaluation and revised valuation as per Customs Valuation Rules:

7.1 Investigation has brought out that quantities of goods declared in the above Bills of Entries were lesser than actual quantities ascertained during examination under respective panchnama. The comparison of the quantities of goods declared and the actual quantity of goods found is attached as Annexure -A.

7.2 Further, the importer had not only mis-declared the import of actual quantity of goods but also they have not declared the import of goods in some the cases. Details in this regard is as below:-

Table-"8"

Sr No.	SEZ Bill of Entry No. & date	Container No.	Description of goods as per B/E	CTI	Quantity as per BE	Actual Quantity of goods	Goods as per Test report	Qty in SQM/Kgs.
1	5614052 dated 10.11.2025	OCGU8035659	Polyester Knitted Cut Pile Fabric	60019200	1260 Kgs	880 Kgs.	Knitted Cut Pile Fabric	880
			Polyester Laminated Fabrics	59039090	49012 SQM	3740 Kgs.	Dyed Knitted Fabric	22152
						1480 Kgs.	Dyed Knitted Fabric	7952
						60100 SQM	Dyed Woven Fabric	85342
					1697.5	Dyed		

2	5743133 dated 17-11-2025	MSDU7789879	POLYESTER LAMINATED FABRICS (WIDTH 56 INCH +/- 10%)	59039090	79939 SQM	12354 KGs	Woven Fabric with PU coating	12354
						12354 SQM		
3	5743135 dated 17-11-2025	MSMU8106952	POLYESTER LAMINATED FABRICS (WIDTH 56 INCH +/- 10%)	59039090	79935 SQM	25733.5 KGs	Dyed woven Fabric with elastomeric yarns (Spandex)	188434
						188434 SQM		
4	5814473 dated 20-11-2025	EITU1352740	POLYESTER LAMINATED FABRICS (WIDTH 56 INCH +/- 10%)	59039090	79936 SQM	2145 KGs	Dyed Woven Fabric with PU coating	15620
						15620 SQM		
5	5917065 dated 25-11-2025	TGBU6616724	POLYESTER WARP KNITTED FABRIC	60053790	19570 KGS	25606 KGs	Dyed Warp Knitted Fabric having napped surface	25606
			FLOCK FABRICS	59070012	14922 SQM	234 KGs	Dyed, Knitted base fabric composed of filament yarns of polyester with nylon flocks pasted on base fabric on one side using adhesive material.	234
			POLYESTER WARP KNITTED FABRIC	60053790	19529 KGS	25236 KGs	Dyed Warp Knitted Fabric having napped surface	25236
							Dyed, Knitted	

6	5917409 dated 25-11-2025	MSCU5259351	FLOCK FABRICS	59070012	14928 SQM	234 KGs	base fabric composed of filament yarns of polyester with nylon flocks pasted on base fabric on one side using adhesive material.	234
7	5917853 dated 25-11-2025	EGSU9364524	POLYESTER WARP KNITTED FABRIC	60053790	19285 KGS	24526 KGs	Dyed Knitted Fabric having napped surface	24526
			FLOCK FABRICS	59070012	14715 SQM	234 KGs	Dyed, Knitted base fabric composed of filament yarns of polyester with nylon flocks pasted on base fabric on one side using adhesive material.	234
8	5916909 dated 25-11-2025	CAIU4751697	POLYESTER WARP KNITTED FABRIC	60053790	19506 KGS	24476 KGs	Dyed Knitted Fabric having napped surface	24476
			FLOCK FABRICS	59070012	14918 SQM	234 KGs	Dyed, Knitted base fabric composed of filament yarns of polyester with nylon flocks pasted on base fabric on one side using adhesive material.	234
			DYED POLYESTER	54075290	172336	25684 KGs	Dyed woven Fabric with	191842

9	5916910 dated 25- 11-2025	MSMU6724294	FABRICS (GSM - 120 +/- 10%)		SQM	191842 SQM	elastomeric yarns (Spandex)	
			POLYESTER LAMINATED FABRICS (WIDTH 56 INCH +/- 10%)	59039090	30252 SQM	1716 KGs 12496 SQM	Dyed Woven Fabric with PU coating	12496
10	5916913 dated 25- 11-2025	MSDU6326910	DYED POLYESTER FABRICS (GSM - 120 +/- 10%)	54075290	172231 SQM	26177 KGs 190706 SQM	Dyed woven Fabric with elastomeric yarns (Spandex)	190706
			POLYESTER LAMINATED FABRICS (WIDTH 56 INCH +/- 10%)	59039090	30252 SQM	1853 KGs 13490 SQM	Dyed Woven Fabric with PU coating	13490
11	5916914 dated 25- 11-2025	CXDU2148338	DYED POLYESTER FABRICS (GSM - 120 +/-10%)	54075290	168531 SQM	25956 KGs 190280 SQM	Dyed woven Fabric with elastomeric yarns (Spandex)	190280
			POLYESTER LAMINATED FABRICS(WIDTH 56 INCH +/- 10%)	59039090	30248 SQM	1794 KGs 13,064 SQM	Dyed Woven Fabric with PU coating	13064
12	5916911 dated 25.11.2025	MSMU5383845	Polyester Laminated Fabrics (Width 56 Inch +/- 10%)	59039090	186074 SQM	27220 KGs 194256 SQM	Dyed Woven Fabric with PU coating	194256

7.3 Valuation of goods for assessment to Customs duties is governed by the provisions of Section 14 of the Customs Act, 1962, which provides that the value of imported goods shall be the transaction value of such goods, when sold for export to India for delivery at the time and place of importation, 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. Further, the Customs Valuation Rules (Determination of value of imported goods) 2007 (hereinafter referred to as the 'CVR, 2007'), having been framed under the provisions of Section 14, provide for the determination of value in a variety of situations. More specifically, Rule 3 of the CVR, 2007 provides that, subject to Rule 12, the value of the goods shall be the Transaction Value adjusted in accordance with Rule 10.

7.4 From the foregoing, it is apparent that, in the present case, the fabrics actually found upon examination have not been mentioned in the respective Bill of Entries. However, the importer has declared description of goods in the Bill of

Entry, in line with the descriptions mentioned in the supplier's invoice. Furthermore, the quantity Fabric discovered during the examination does not correspond with the quantity declared in the Bill of Entry. Accordingly, the value declared to the Customs in the respective Bill of Entry appeared not to represent the true Transaction Value of the goods imported. Moreover, the importer has not only grossly misclassified the types of fabric, but also mis-declared the quantities of fabrics, creating reasonable doubt on the truth or accuracy of the declared value of imported fabrics. It is further observed that the CIF value of the declared goods is significantly lower than the prevailing international price for similar goods (fabrics found in actual) as per the contemporaneous imports of similar goods. The declared transaction value in the BE is made for Polyester Laminated Fabric (CTI 59039090); however, actual goods were found to be PU Coated Fabrics etc. as detailed in the table *ibid*. Hence, the said transactional value declared in the Bill of Entry appears to have failed the test of acceptability under Rule 3(2) of the Customs Valuation (Determination of Value of Imported Goods) Rules, 2007, which mandates that the declared price must reflect the actual price paid or payable. Accordingly, the declared value is liable to be rejected under Rule 12 read with Rule 3(2) due to the absence of genuine, valid commercial documentation.

7.5 Rule 3 (4) of the CVR 2007 prescribes that, "If the value cannot be determined under the provisions of sub-rule (1), the value shall be determined by proceeding sequentially through rules 4 to 9 of CVR 2007.

7.6 As per Rule 4 of the CVR, 2007, 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, subject to certain conditions and parameters. To arrive at the value of the goods under Rule 4, the import data of similar/identical goods imported at or about the same time as the impugned goods, obtained from the ISS/NIDB, was examined. However, in the absence of the Brand or other details of the impugned goods, identical goods for comparison could not be obtained.

7.7 It was, however, found that there have been several contemporaneous imports of impugned goods of Chinese origin and in comparable quantities during the relevant period. Further, Rule 5 of the CVR, 2007 stipulates that, 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. It, therefore, appeared that in terms of Rule 5 of the CVR 2007, the value of the impugned goods was liable to be re-determined at the lowest value at which such contemporaneous imports of similar goods were noticed.

However, in the subject case, the details of contemporary imports (October, November, and December, 2025 in this case) of seaports and ICDs were taken into consideration, wherein similar goods as per description, imported from China were found. However, since a similar quantity of the goods was not found, hence weighted average of the bills was taken into consideration. Details of such imports of similar goods are enclosed as **Annexure-B, C & D** to this Notice.

7.8 Therefore, in terms of the provisions of Rule 5 of the CVR, 2007, value of goods imported under above said Bill of Entries was, was re-determined by considering the contemporaneous imports of similar goods.

7.9 In his statement dated 12.02.2026, Proprietor of M/s Supreme International stated that he had perused import data regarding the valuation of fabrics imported via the said container. He agreed to the proposed re-valuation as per the contemporaneous import of similar goods. He also agreed to consequential payment of the proposed differential duty & taxes.

8. Revised Quantification of Assessable Value and duties/taxes thereon

8.1 Revised Quantification under Rule 4 & Rule 5

Considering the above, liabilities in respect of the imported goods have been quantified, as below:

Table - "9"

Sr. No.	SEZ Bill of Entry No., date & Container No.	Description of goods as per B/E	Goods as per Test report	CTI	Total Duty Assessed in BE	Total Applicable Duty	Differential Duty
1	5614052 dated 10.11.2025/ OCGU8035659	POLYESTER KNITTED CUT PILE FABRIC	Knitted Cut Pile Fabric	60019200	1,12,157	77,460	-34,697
		POLYESTER LAMINATED FABRICS	Dyed Knitted Fabric	60063200	-	5,55,343	5,55,343
			Dyed Knitted Fabric	60063200	-	2,19,762	2,19,762
			Dyed Woven Fabric	54075290	1,49,579	24,81,105	23,31,526
2	5743133 dated 17-11-2025/ MSDU7789879	POLYESTER LAMINATED FABRICS	Dyed Woven Fabric with PU coating	59032090	2,43,965	6,61,929	4,17,964
		(WIDTH 56 INCH +/- 10%)	Dyed woven Fabric with elastomeric yarns (Spandex)	54075290	-	54,78,247	54,78,247
3	5743135 dated 17-11-2025/	POLYESTER LAMINATED FABRICS	Dyed Woven Fabric with PU coating	59032090	2,43,953	8,36,922	5,92,969

	MSMU8106952	(WIDTH 56 INCH +/- 10%)	Dyed woven Fabric with elastomeric yarns (Spandex)	54075290		54,82,376	54,82,376
4	5814473 dated 20-11-2025/ EITU1352740	POLYESTER LAMINATED FABRICS (WIDTH 56 INCH +/- 10%)	Dyed Woven Fabric with PU coating	59032090	2,43,956	11,86,907	9,42,951
			Dyed Knitted Fabric	60064200		22,19,770	22,19,770
5	5917065 dated 25-11-2025/ TGBU6616724	POLYESTER WARP KNITTED FABRIC	Dyed Warp Knitted Fabric having napped surface	60053790	17,41,995	22,53,923	5,11,929
		FLOCK FABRICS	Dyed, Knitted base fabric composed of filament yarns of polyester with nylon flocks pasted on base fabric on one side using adhesive material.	59070012	67,055	9,649	-57,406
6	5917409 dated 25-11-2025/ MSCU5259351	POLYESTER WARP KNITTED FABRIC	Dyed Warp Knitted Fabric having napped surface	60053790	17,38,345	22,21,355	4,83,010
		FLOCK FABRICS	Dyed, Knitted base fabric composed of filament yarns of polyester with nylon flocks pasted on base fabric on one side using adhesive material.	59070012	67,082	9,649	-57,433
7	5917853 dated 25-11-2025/ EGSU9364524	POLYESTER WARP KNITTED FABRIC	Dyed Knitted Fabric having napped surface	60053790	17,16,626	21,58,858	4,42,233
		FLOCK FABRICS	Dyed, Knitted base fabric composed of filament yarns of polyester with nylon flocks pasted on base fabric on one side using adhesive material.	59070012	66,124	9,649	-56,475
		POLYESTER WARP	Dyed Knitted				

8	5916909 dated 25-11-2025/ CAIU4751697	KNITTED FABRIC	Fabric having napped surface	60053790	17,36,298	21,54,457	4,18,159
		FLOCK FABRICS	Dyed, Knitted base fabric composed of filament yarns of polyester with nylon flocks pasted on base fabric on one side using adhesive material.	59070012	67,036	9,649	-57,387
9	5916910 dated 25-11-2025/ MSMU6724294	DYED POLYESTER FABRICS (GSM - 120 +/- 10%)	Dyed woven Fabric with elastomeric yarns (Spandex)	54075290	47,88,673	55,77,327	7,88,653
		POLYESTER LAMINATED FABRICS (WIDTH 56 INCH +/- 10%)	Dyed Woven Fabric with PU coating	59032090	92,326	6,69,537	5,77,212
10	5916913 dated 25-11-2025/ MSDU6326910	DYED POLYESTER FABRICS (GSM - 120 +/- 10%)	Dyed woven Fabric with elastomeric yarns (Spandex)	54075290	47,85,756	55,44,300	7,58,544
		POLYESTER LAMINATED FABRICS (WIDTH 56 INCH +/- 10%)	Dyed Woven Fabric with PU coating	59032090	92,326	7,22,796	6,30,470
11	5916914 dated 25-11-2025/ CXDU2148338	DYED POLYESTER FABRICS (GSM - 120 +/- 10%)	Dyed woven Fabric with elastomeric yarns (Spandex)	54075290	46,82,944	55,31,915	8,48,971
		POLYESTER LAMINATED FABRICS (WIDTH 56 INCH +/- 10%)	Dyed Woven Fabric with PU coating	59032090	92,314	6,99,971	6,07,657
12	5916911 dated 25.11.2025/ MSMU5383845	POLYESTER LAMINATED FABRICS (WIDTH 56 INCH +/- 10%)	Dyed Woven Fabric with PU coating	59032090	5,67,878	1,04,08,265	98,40,387
Total					2,32,96,386	5,71,81,123	3,38,84,737

The detailed duty calculation is enclosed as Annexure-A to the SCN

8.2 This undervaluation, in tandem with misclassification and concealment of PU coating, clearly points to the fraudulent intent of the importer to evade Basic Customs Duties, including Anti-Dumping Duty, thereby intending to cause loss to the Government Revenue.

9. Legal Provisions

9.1 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.

9.2 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]:

9.3 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.

9.4 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;

9.5 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.*

9.6 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.]*

9.7 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.]

9.8 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.]

9.9 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.

9.10 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

9.11 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:*

9.12 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.

10. From the foregoing investigation, it emerges that

10.1 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.

10.2 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 and, crucially, to also evade the Anti-Dumping Duty imposed vide Notification No. 14/2022-Customs (ADD) dated 20.05.2022 on PU Coated Fabrics originating from China. This demonstrates an intent to evade legally applicable duties. The pattern of mis-declaration and misclassification across the said consignment, coupled with the substantial duty difference, including ADD, 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/ADD/other taxes.

10.3 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) and 111(l) of the Customs Act, 1962,

10.4 M/s Supreme International 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) & (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) & (b) of the Customs Act, 1962, for doing any act which renders the goods liable to confiscation.

10.5 In view of the foregoing facts and evidences on record, it is observed that M/s Supreme International is a proprietary concern in which Shri Chetan Chauhan is the key person who handles purchase (Import) of goods from China. As categorically stated, in his voluntary statements dated 08.01.2026 and 12.02.2026, it is evident that Shri Chetan Chauhan, being the importer and Proprietor of the affairs of M/s Supreme International, 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 Chetan Chauhan Proprietor of M/s Supreme International (IEC: 3015014838) appears to have indulged in presenting documents falsifying the identity of the goods, before the Customs authorities for import of the goods. Thus, Shri Chetan Chauhan 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 Chetan Chauhan has rendered himself liable to penalty under the Section 114AA of the Customs Act 1962.

10.6 Further, the goods imported earlier by M/s Supreme International had been imported through SEZ and subsequently cleared in DTA which clearly indicate the modus of clearance of imported goods in DTA through SEZ route. The same had also been recorded in the statement dated 12.02.2026 of Shri Chetan Chauhan where answering to Q.10 he has stated that the goods imported as detailed in Annexure was imported for further supply for the home consumption on filing of T type Bill of Entry; that all the goods were ought to be supplied in local market on payment of applicable duty and taxes. The statement of importer and modus of clearances of earlier imported consignments clearly indicate the intention of importer for subsequent clearance of goods in DTA through the SEZ route.

11. Accordingly, Show Cause Notice No. 228/2025-26/ADC/ZDC/MCH dated 23.03.2026 was issued to the Importer calling upon it to show cause as to why:

(i) The goods imported (as detailed in Annexure-A attached to the SCN) which were found to have been mis-declared in terms of quantity & value and were seized vide Seizure Memo dated 09.02.2026, should not be reassessed under section 17 of the Customs Act, 1962 by re-classifying the same under the correct CTI (as detailed in Annexure-A) instead of the declared Customs Tariff Heading, and the applicable duties as detailed in Annexure A should not be re-assessed accordingly.

(ii) The declared assessable value of Rs. 4,53,69,659/- (Four Crore Fifty Three Lakh Sixty Nine Thousand six Hundred and Fifty Nine only) should not be rejected and goods be re-assessed at ₹ 16,65,70,966/- (Rupees Sixteen Crore sixty Five Lakh Seventy Thousand Nine Hundred and Sixty Six only), in terms of the Rule 5 of the Customs Valuation Rules 2007 and as detailed under Para 8 of this notice. The same is also enclosed as Annexures- A to this SCN.

(iii) The differential duty amounting to Rs.3,38,84,737 (Three Crore Thirty Eight Lakh Eighty Four Thousand Seven Hundred and Thirty Seven only), as detailed in Annexure A and arrived at after re-determination of value as given in Annexure A and reclassification of goods based on test reports, should not be re-assessed in respect of the Z types BE filed by them.

(iv) The seized goods, as detailed in Seizure Memo dated 09.02.2026 with re-determined value of ₹ 16,65,70,966/- (Rupees Sixteen Crore Sixty Five Lakh Seventy Thousand Nine Hundred and Sixty Six only), should not be confiscated under Section 111(l) & (m) of the Customs Act, 1962.

(v) Penalty should not be imposed on them under Section 112 (a) and (b) of the Customs Act, 1962;

11.2 Penalty should not be imposed on Shri Chetan Chauhan, Proprietor of M/s Supreme International under Section 112 (a) and (b) of the Customs Act, 1962;

WRITTEN SUBMISSIONS

12. The importer M/s Supreme International and Shri Chetan Chauhan, Proprietor vide their letter dated 26.03.2026 submitted the following:

1. Admission of Liability for 11 Consignments

We have carefully perused the SCN and the findings of the CRCI Vadodara test reports. We acknowledge the discrepancies in classification and valuation

for 11 out of the 12 intercepted Bills of Entry (Sr. No. 1 to 11 of Table-9).

1.1 Absence of Mens Rea and Bona Fide Nature of the Import

We most respectfully submit that the discrepancies in classification and valuation noticed in the 11 consignments were not the result of any willful mis-declaration or deliberate intent on our part. The goods were supplied by our overseas supplier M/s. Shaoxing Airfly Import and Export Co., Ltd., China, strictly as per the Purchase Orders and commercial invoices furnished by them. Being a bona fide importer with no manufacturing facility of our own, we relied entirely in good faith on the supplier's documents and declarations while filing the Bills of Entry. The actual nature/quality of the fabric (as revealed in the CRCI Vadodara test reports) was never known or suspected by us at the time of importation. There was complete absence of mens rea (guilty mind) or any motive to evade customs duty.

In view of the above facts, our immediate and unconditional admission of liability, full cooperation with the Department, waiver of Personal Hearing to expedite recovery of revenue, clean import track record, and the fact that the root cause of the discrepancy originated from the supplier's end, we humbly request your Honor to take a lenient and sympathetic view in the matter of imposition of fine and penalty. We pray that only the minimum penalty and fine as prescribed under the Customs Act, 1962 may be levied, as any higher or disproportionate penalty would cause undue hardship to a genuine importer who has come forward to cooperate without contesting the demand.

To demonstrate our bona fide intent and cooperation with the Department, we hereby:

- Agree to the re-assessment and re-classification as proposed in the SCN for these 11 consignments.
- Accept the differential duty, fine, and penalty as may be adjudicated by your good office on merits.
- Waive our right to a Personal Hearing (PH) to expedite the recovery of government revenue.

2. Request for Re-Export of B/E No. 5916911 (Container No. MSMU5383845)

Regarding the 12th consignment covered under B/E No. 5916911 dated 25.11.2025, we most respectfully request your Honor to allow Re-Export based on the following justifications:

- **Supplier's Admission of "Genuine Oversight":** We enclose a clarification letter from our supplier, M/s. Shaoxing Airfly Import and Export Co., Ltd., China. The supplier has explicitly admitted that while the Purchase Order was for "Polyester Laminated Fabric," they wrongly shipped a different grade of fabric due to an "oversight during the packing or dispatch process".
- **Absence of Mens Rea (Guilty Intent):** As the supplier has claimed full responsibility for the loading error, there was no intent on our part to mis-declare

this specific container. The goods found (PU Coated Fabric) were never ordered by us for this specific invoice (MD 815).

- **Supplier's Readiness to Re-Import:** *The supplier has expressed their readiness to take back the goods and bear all associated freight charges.*
- **Legal Precedence:** *It is a settled principle that where goods are shipped in error and the importer has not taken 'Clearance for Home Consumption', the option to re-export should be granted, especially when the supplier acknowledges the mistake.*

3. Prayer

In view of the above facts, we humbly pray that your Honor may:

1. *Segregate the adjudication of B/E No. 5916911 from the remaining 11 Bills of Entry.*
2. *Allow the Re-Export of goods covered under B/E No. 5916911 (Container MSMU5383845) to the supplier in China.*
3. *Decide the case for the remaining 11 consignments on merit based on our acceptance of the duty and penal liabilities.*

We remain committed to complying with all statutory requirements and request your lenient consideration.

PERSONAL HEARING

13. The importer M/s Supreme International and Shri Chetan Chauhan, Proprietor of M/s Supreme International vide their letter 26.03.2026 requested for waiver of Personal Hearing in the subject matter.

DISCUSSION AND FINDINGS

14. I have carefully gone through the Show Cause Notice No. 228/2025-26/ADC/ZDC/MCH dated 23.03.2026, the written submission dated 26.03.2026 submitted by M/s Supreme International and Shri Chetan Chauhan, Proprietor, and all the documentary evidence available on record. The noticee, vide their written submission dated 26.03.2026, has waived the right to Personal Hearing to expedite recovery of government revenue. Thus, I find that the principles of natural justice as provided in Section 122A of the Customs Act, 1962 have been complied with and I proceed to decide the case on the basis of documentary evidence available on record.

The issues to be decided by me are:

(i) Whether the goods imported as detailed in Annexure-A to this SCN, which were found to have been mis-declared in terms of quantity & value and were seized vide Seizure Memo dated 09.02.2026, are liable to be re-assessed under Section 17 of the Customs Act, 1962 by re-classifying the same under the correct CTI as detailed in Annexure-A, in place of the declared Customs Tariff Heading, and the applicable duties as detailed in Annexure-A are re-assessed accordingly;

(ii) Whether the declared assessable value of Rs. 4,53,69,659/- (Rupees Four Crore Fifty Three Lakh Sixty Nine Thousand Six Hundred and Fifty Nine Only) is liable to be rejected under Rule 12 of CVR, 2007 and the goods are liable to be re-assessed

at Rs. 16,65,70,966/- (Rupees Sixteen Crore Sixty Five Lakh Seventy Thousand Nine Hundred and Sixty Six Only) in terms of Rule 5 of the Customs Valuation (Determination of Value of Imported Goods) Rules, 2007;

(iii) Whether the differential duty amounting to Rs. 3,38,84,737/- (Rupees Three Crore Thirty Eight Lakh Eighty Four Thousand Seven Hundred and Thirty Seven Only), as detailed in Annexure-A and arrived at after re-determination of value and re-classification of goods based on test reports, is liable to be re-assessed in respect of the Z-type Bills of Entry filed by the noticee;

(iv) Whether the seized goods, as detailed in Seizure Memo dated 09.02.2026, with re-determined value of Rs. 16,65,70,966/- (Rupees Sixteen Crore Sixty Five Lakh Seventy Thousand Nine Hundred and Sixty Six Only), are liable for confiscation under Section 111(l) & (m) of the Customs Act, 1962;

(v) Whether penalty is imposable on M/s Supreme International under Section 112(a)(ii) & (b) of the Customs Act, 1962;

(vi) Whether penalty is imposable on Shri Chetan Chauhan, Proprietor, M/s Supreme International, under Section 114AA of the Customs Act, 1962.

15.1 Regarding the first issue, I find that the goods imported by M/s Supreme International under 12 SEZ Bills of Entry (Z-type) were declared as "Polyester Laminated Fabrics" under CTI 59039090, "Polyester Warp Knitted Fabric" under CTI 60053790, "Flock Fabrics" under CTI 59070012, "Dyed Polyester Fabrics" under CTI 54075290, and "Polyester Knitted Cut Pile Fabric" under CTI 60019200, as detailed in Table-1, supra. Representative samples drawn from all containers under respective Panchnamas dated 22.11.2025, 04-05.12.2025, and 16.12.2025 were forwarded to CRCL, Vadodara for laboratory testing and analysis.

15.2 CRCL, Vadodara, vide their test reports, has determined that the goods declared as "Polyester Laminated Fabrics" under CTI 59039090 in Bills of Entry at Sr. Nos. 2, 3, 4, 9, 10, 11 and 12 of Table-1, supra, are "Dyed Woven Fabric with Polyurethane (PU) coating", correctly classifiable under CTI 59032090. The test reports have specifically recorded that the base fabric is made of polyester filament yarns on both sides and the coating layer is based on Polyurethane. Further, in the case of BE No. 5614052 dated 10.11.2025 (Sr. No. 1 of Table-1, supra), goods declared as "Polyester Knitted Cut Pile Fabric" under CTI 60019200 have been confirmed by the test report as Knitted Cut Pile Fabric, correctly classifiable under the same CTI 60019200, while goods declared as "Polyester Laminated Fabrics" under CTI 59039090 in the same Bill of Entry were found upon testing to comprise Dyed Knitted Fabric classifiable under CTI 60063200 and Dyed Woven Fabric classifiable under CTI 54075290. As regards goods declared as "Polyester Warp Knitted Fabric" under CTI 60053790 and "Flock Fabrics" under CTI 59070012 in Bills of Entry at Sr. Nos. 5, 6, 7 and 8 of Table-1, supra, the test reports confirm that the Polyester Warp Knitted Fabric is correctly classifiable as Dyed Warp Knitted Fabric having napped surface under the same CTI 60053790, and the Flock Fabrics are correctly classifiable as Dyed Knitted base fabric composed of filament yarns of

polyester with nylon flocks pasted on one side using adhesive material under the same CTI 59070012. The complete re-classification of all imported goods, as per CRCL test reports, is detailed in Table-9, supra.

15.3 I further find that the noticee, vide their written submission dated 26.03.2026, has admitted the discrepancies in classification for 11 out of 12 Bills of Entry (Sr. Nos. 1 to 11 of Table-9 of the SCN) and has accepted the re-classification and re-assessment as proposed in the SCN. In respect of BE No. 5916911 dated 25.11.2025 (Sr. No. 12), the noticee has sought re-export, which is dealt with separately hereinafter.

15.4 The noticee has submitted that the discrepancies in classification were not the result of any wilful mis-declaration or deliberate intent and that they relied in good faith on the supplier's documents while filing the Bills of Entry. In this regard, I find that classification of goods under the Customs Tariff Act, 1975 is a matter of law determined by the nature and character of the goods as ascertained upon examination and testing, and not by the description given by the supplier in commercial invoices. The plea of good faith reliance on supplier documents does not alter the classification liability. Since the CRCL test reports conclusively establish the true nature of the goods, the declared CTI is incorrect and the goods merit re-classification as determined by CRCL, Vadodara.

15.5 In view of the above, I hold that the goods imported under the Bills of Entry detailed in Annexure-A to the SCN are liable to be re-assessed under Section 17(4) of the Customs Act, 1962 by re-classifying them under the correct CTI as determined by CRCL, Vadodara test reports, as detailed in **Table-9**, supra.

16.1 Regarding the second issue of rejection of the declared assessable value, I find that the valuation of imported goods is governed by the provisions of Section 14 of the Customs Act, 1962 read with the Customs Valuation (Determination of Value of Imported Goods) Rules, 2007 (CVR, 2007). The declared transaction value in the Bills of Entry was for "Polyester Laminated Fabric" under CTI 59039090; however, the actual goods found upon examination are PU Coated Fabrics and other fabric types. The actual quantities of fabric found during examination also exceed the quantities declared in the respective Bills of Entry in several consignments, and in certain cases, goods were found which were not declared at all in the Bills of Entry.

16.2 I find that the declared transaction value, being the value of a different commodity altogether namely Polyester Laminated Fabric, cannot be held to represent the true transaction value of the goods actually found, i.e., PU Coated Fabrics and other fabric types. The misclassification of goods, combined with quantity misdeclaration and non-declaration, creates reasonable doubt on the truth and accuracy of the declared value within the meaning of Rule 12 read with Rule 3(2) of CVR, 2007. Accordingly, the declared transaction value is liable to be rejected.

16.3 In terms of Rule 3(4) of CVR, 2007, the value is to be determined by proceeding sequentially through Rules 4 to 9. I find from the SCN that in the

absence of brand details of the impugned goods, identical goods for comparison could not be found for application of Rule 4 of CVR, 2007. However, contemporaneous imports of similar goods (PU Coated Fabrics and other fabric types) of Chinese origin during October–November–December 2025 were available in the ISS/NIDB data, and the value has accordingly been re-determined under Rule 5 of CVR, 2007 by adopting the weighted average of contemporaneous imports of similar goods, details of which are enclosed as Annexures B, C & D to the SCN.

16.4 I further find that the noticee, vide their written submission dated 26.03.2026 and the statement of Shri Chetan Chauhan dated 12.02.2026, has agreed to the proposed re-valuation as per contemporaneous imports of similar goods and has accepted the consequential differential duty liability.

16.5 In view of the foregoing, I hold that the declared assessable value of **Rs. 4,53,69,659/-** (Rupees Four Crore Fifty Three Lakh Sixty Nine Thousand Six Hundred and Fifty Nine Only) is liable to be rejected under Rule 12 read with Rule 3(2) of CVR, 2007, and the goods are liable to be re-assessed at **Rs. 16,65,70,966/-** (Rupees Sixteen Crore Sixty Five Lakh Seventy Thousand Nine Hundred and Sixty Six Only) in terms of Rule 5 of CVR, 2007.

17.1 Regarding the third issue of differential duty arising upon re-classification and re-valuation of the imported goods, I find that consequent upon the re-classification and re-valuation as held above, the applicable customs duties on the goods have been re-determined. The total differential duty on the imported goods comes out to **Rs. 3,38,84,737/-** (Rupees Three Crore Thirty Eight Lakh Eighty Four Thousand Seven Hundred and Thirty Seven Only) as detailed in Annexure-A to the SCN.

17.2 The noticee has admitted the discrepancy in classification and valuation for 11 out of 12 consignments and has agreed to the re-assessment and payment of differential duty. The differential duty figure of Rs. 3,38,84,737/- as detailed in Annexure-A to the SCN includes the duty on all 12 Bills of Entry and represents the total duty sought to be evaded.

18.1 Regarding the fourth issue of confiscation of the seized goods, I find that the imported goods were found to be mis-declared both in terms of their description/nature and quantity, as established by the CRCL Vadodara test reports and the panchnama proceedings. The goods declared as "Polyester Laminated Fabrics" under CTI 59039090 were actually PU Coated Fabrics classifiable under CTI 59032090, which attract Anti-Dumping Duty @ 0.46 USD per meter under Notification No. 14/2022-Customs (ADD) dated 20.05.2022. Further, undeclared goods were also found in certain containers. The mis-declaration of description and quantity of goods clearly attracts confiscation under Section 111(m) of the Customs Act, 1962. The deliberate concealment of the import of PU Coated Fabric also attracts confiscation under Section 111(l) of the Customs Act, 1962.

18.2 Regarding the request for re-export of goods covered under BE No. 5916911 dated 25.11.2025 (Container No. MSMU5383845), the noticee has submitted that the goods under this specific consignment were wrongly shipped by the supplier, M/s Shaoxing Airfly Import and Export Co. Ltd., China, due to an oversight during packing or dispatch process, as evidenced by the supplier's clarification letter enclosed with the written submission. The noticee has submitted that the goods found in this container (PU Coated Fabric) were never ordered by them under the specific invoice MD 815 dated 15.10.2025. The supplier has expressed readiness to take back the goods and bear all freight charges associated with the re-export.

18.3 I have carefully considered the submission and the documents placed on record. The supplier's clarification letter unambiguously admits that while the Purchase Order was for Polyester Laminated Fabric, different goods were wrongly shipped due to oversight during packing or dispatch, and the supplier has expressed willingness to take back the goods and bear all freight charges. I further note that the goods covered under this BE have been seized and have not been cleared for home consumption at any point, and the noticee has not derived any commercial benefit from this consignment. The noticee has also demonstrated bona fide conduct by admitting liability for the remaining 11 consignments without contest and waiving personal hearing. Having regard to the supplier's written admission of the shipping error and the overall facts and circumstances of this case, I find that the request for re-export merits favourable consideration.

18.4 I accordingly hold that the goods covered under BE No. 5916911 dated 25.11.2025 (Container No. MSMU5383845) amounting to Rs. 1,59,95,039/- are liable for confiscation under Section 111(l) & (m) of the Customs Act, 1962 inasmuch as they were mis-declared in the Bill of Entry in terms of their description and nature. However, having regard to the supplier's written admission of the shipping error and the goods have not been cleared for home consumption, I find it appropriate to allow re-export of the said goods in lieu of confiscation, subject to payment of Redemption Fine under Section 125 of the Customs Act, 1962.

18.5 As regards the remaining seized goods covered under the 11 Bills of Entry at Sr. Nos. 1 to 11 of Table-9 of the SCN, I hold that the said goods are liable for confiscation under Section 111(l) & (m) of the Customs Act, 1962. Since the said goods are not prohibited goods, I find it appropriate to give the noticee an option to redeem the said goods on payment of Redemption Fine in lieu of confiscation under Section 125 of the Customs Act, 1962.

19.1 Regarding the fifth issue of penalty liability on M/s Supreme International, I find that Section 112(a) of the Customs Act, 1962 provides for penalty on any person who does or omits to do any act which renders the goods liable to confiscation under Section 111, or abets the same. Section 112(b) provides for penalty on any person 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 goods which he knows or has reason to believe are liable to confiscation.

19.2 I find that M/s Supreme International has imported goods by mis-declaring their description as "Polyester Laminated Fabrics" when the actual goods were PU Coated Fabrics attracting Anti-Dumping Duty. The importer has also mis-declared the quantities of goods in several consignments and has not declared certain goods at all. The misdeclaration is not confined to classification alone and extends to quantity misdeclaration and non-declaration of certain goods. The sheer scale and uniformity of such misdeclaration across 12 consignments establishes that it was not a result of any inadvertent error, and the deliberate choice of a lower-duty heading to avoid Anti-Dumping Duty establishes conscious intent to evade duty. These acts have rendered the goods liable to confiscation under Section 111(l) & (m) of the Customs Act, 1962. Since the impugned goods are dutiable goods and not prohibited goods, I hold that penalty under Section 112(a)(ii) of the Customs Act, 1962 is imposable on the noticee, as quantified in the Order below. I further find that imposition of penalty simultaneously under both Section 112(a) and Section 112(b) in respect of the same act would amount to double penalty for the same offence, and accordingly I refrain from imposing penalty under Section 112(b) of the Customs Act, 1962.

20.1 Regarding the sixth issue of penalty imposable on Shri Chetan Chauhan, Proprietor, M/s Supreme International, under Section 114AA of the Customs Act, 1962, I find that this provision requires that a person 'knowingly or intentionally' makes, signs or uses any declaration, statement or document which is false or incorrect in any material particular. In the present case, I find that Shri Chetan Chauhan is the Proprietor of M/s Supreme International and is the key person responsible for all purchase and import operations of the firm, as stated by him in his statement dated 08.01.2026. The Bills of Entry for all 12 consignments were filed declaring the goods as "Polyester Laminated Fabrics" under CTI 59039090, when the actual goods were PU Coated Fabrics attracting higher duties including Anti-Dumping Duty. The CRCL test reports, the panchnama findings, and the statements of Shri Chetan Chauhan himself conclusively establish that the declarations made in the Bills of Entry were false and incorrect in material particulars – both as regards description/nature of goods and quantity.

20.2 Further, I find that Shri Chetan Chauhan, in his statement dated 08.01.2026, has stated that he is knowledgeable about fabrics as per market requirement and that he is aware of the goods being traded by his firm. Despite this knowledge, the Bills of Entry were filed with false and incorrect declarations as regards the description, nature and quantity of the imported goods. The deliberate suppression of the true nature of the goods – specifically, the concealment of the import of PU Coated Fabrics under the guise of "Polyester Laminated Fabrics" – and the consistent pattern of such false declaration across all 12 consignments, establishes that the declarations were made knowingly and intentionally with a view to evade the applicable customs duties including Anti-Dumping Duty. The element of knowledge and intent, as required under Section 114AA of the Customs Act, 1962, is thus clearly established from the facts and circumstances of this case. Accordingly, Shri Chetan Chauhan has rendered himself liable to penalty under Section 114AA of the Customs Act, 1962.

ORDER

2 1 . In view of the foregoing Discussion and Findings, I pass the following Order:

(i) I hold that the goods imported vide Bills of Entry detailed in Annexure-A to the SCN are liable to be re-assessed under Section 17(4) of the Customs Act, 1962. Accordingly, the said goods are re-classified under the correct CTI, as detailed in Table-9, supra, in place of the CTI declared in the respective Bills of Entry;

(ii) I hold that the declared assessable value of **Rs. 4,53,69,659/-** (Rupees Four Crore Fifty Three Lakh Sixty Nine Thousand Six Hundred and Fifty Nine Only) is rejected under Rule 12 read with Rule 3(2) of CVR, 2007 and the goods are re-assessed at **Rs. 16,65,70,966/-** (Rupees Sixteen Crore Sixty Five Lakh Seventy Thousand Nine Hundred and Sixty Six Only) in terms of Rule 5 of the Customs Valuation (Determination of Value of Imported Goods) Rules, 2007;

(iii) Consequent upon the re-classification and re-valuation as held above, the differential duty on the imported goods comes out to **Rs. 3,38,84,737/-** (Rupees Three Crore Thirty Eight Lakh Eighty Four Thousand Seven Hundred and Thirty Seven Only), as detailed in Annexure-A to the SCN.

(iv) I hold that the seized goods covered under the 11 Bills of Entry (Sr. Nos. 1 to 11 of Table-9, supra), with re-determined assessable value of **Rs. 15,05,75,927/-** (Rupees Fifteen Crore Five Lakh Seventy Five Thousand Nine Hundred and Twenty Seven Only), are liable for confiscation under Section 111(l) & (m) of the Customs Act, 1962. I give an option to M/s Supreme International to redeem the said goods for home consumption on payment of Redemption Fine of **Rs. 80,00,000/-** (Rupees Eighty Lakh Only) under Section 125 of the Customs Act, 1962;

(v) I hold that the goods covered under BE No. 5916911 dated 25.11.2025 (Container No. MSMU5383845), with re-determined assessable value of **Rs. 1,59,95,039/-** (Rupees One Crore Fifty Nine Lakh Ninety Five Thousand Thirty Nine Only), are liable for confiscation under Section 111(l) & (m) of the Customs Act, 1962. However, considering the importer's request, I give an option to redeem the said goods for re-export on payment of Redemption Fine of **Rs. 10,00,000/-** (Rupees Ten Lakh Only) under Section 125 of the Customs Act, 1962;

(vi) I impose a penalty of **Rs. 33,00,000/-** (Rupees Thirty Three Lakh Only) on M/s Supreme International under Section 112(a)(ii) of the Customs Act, 1962;

(vii) I impose a penalty of **Rs. 5,00,000/-** (Rupees Five Lakh Only) on Shri Chetan Chauhan, Proprietor, M/s Supreme International under Section 114AA of the Customs Act, 1962.

(viii) I refrain from imposing penalty under Section 112(b) of the Customs Act, 1962 on M/s Supreme International as discussed in para 19.2, supra;

22. This order is issued without prejudice to any other action that may be contemplated against M/s Supreme International, Shri Chetan Chauhan, or any

other person under the provisions of the Customs Act, 1962 and the rules/regulations framed thereunder or under any other law for the time being in force.

23. Show Cause Notice No. 228/2025-26/ADC/ZDC/MCH dated 23.03.2026 stands disposed of in the above terms.

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

To,

1. M/s. Supreme International (IEC - 3015014838),
Ground, 197/213/70, Near Gurudwara Sahib,
New Kundan Puri, Lisa Market, Ludhiana, Punjab - 141 008

2. Shri Chetan Chauhan, Proprietor of M/s Supreme International,
Ground, 197/213/70, Near Gurudwara Sahib,
New Kundan Puri, Lisa Market, Ludhiana, Punjab - 141 008

Copy to:

1. The Additional Director General, DRI, Ahmedabad
2. The Deputy Commissioner, Review, Customs House, Mundra
3. The Deputy Commissioner, TRC, Custom House, Mundra
4. The Deputy Commissioner, EDI, Custom House, Mundra
5. Guard File