

	<p>कार्यालय: प्रधान आयुक्त सीमाशुल्क, मुन्द्रा, सीमाशुल्क भवन, मुन्द्रा बंदरगाह, कच्छ, गुजरात- 370421 OFFICE OF THE PRINCIPAL COMMISSIONER OF CUSTOMS: CUSTOM HOUSE, MUNDRA PORT, KUTCH, GUJARAT- 370421. PHONE : 02838-271426/271163 FAX :02838-271425 E-mail id- adj-mundra@gov.in</p>	
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A. File No.	: GEN/ADJ/ADC/75/2026-Adjn-O/o Pr. Commr-Cus-Mundra
B. SCN No.	: 165/2025-26/ADC/ZDC/MCH
C. Issued by	: Additional Commissioner of Customs, Customs House, AP&SEZ, Mundra.
D. Notice(s)/ Importer	: M/s. KVR Enterprises (IEC No. ATFPK3356H), Second Floor, 212, Vishal Tower, District Center Janakpuri, New Delhi, West Delhi, Delhi, 110058.
E. DIN	: 20260171MO0000510948

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

1.1. M/s. KVR ENTERPRISES, located on the Second Floor, 212, Vishal Tower, District Center Janakpuri, New Delhi, West Delhi, Delhi, 110058, and holding IEC No. ATFPK3356H [hereinafter referred to as "importer" for the sake of brevity] is engaged in the import of fabrics through Mundra SEZ.

1.2. The Directorate of Revenue Intelligence, Ahmedabad Zonal Unit (hereinafter referred to as "DRI" for the sake of brevity) received an intelligence that some importers are mis-declaring the nature and composition of imported synthetic fabrics at Mundra SEZ and wrongfully claiming their classification under CTI 59039090 with import goods declared as "*Polyester Laminated Fabric*" respectively. The said mis-declaration was intended to evade the applicable anti-dumping duty and/or other customs duties.

1.3. Based on the above intelligence, the following import consignment of one M/s KVR ENTERPRISES was intercepted, and the officers of DRI examined the goods:

Table "1"

SEZ BE No. & Date	Bill of Lading No.	Container No.	Description of goods as per BE
7865143 dated	HDMU NBOZ31837700	HMMU7033433	Polyester

18.01.2025	dated 26.12.2024	Laminated Fabric
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1.4. The above consignment was imported from China with import goods declared as "**Polyester Laminated Fabric**" under CTI 59039090, attracting BCD @ 20% and no Anti-Dumping Duty.

2. Examination of Goods:

2.1. Consequently, physical examination of the goods mentioned under the above BE No. 7865143 dated 18.01.2025 filed at Mundra SEZ was conducted under Panchnama dated 29.01.2025 (**RUD-1**).

2.2. During the examination of goods, copies of documents such as Bill of Entry, Bill of Lading, Packing List, Invoice, etc., were obtained. Based on such documents, the following details are found:

Table - "2"

S. N.	Particulars	Details
1.	Name of Importer	M/s KVR ENTERPRISES, Second Floor, 212, Vishal Tower, District Center Janakpuri, New Delhi, West Delhi, Delhi, 110058 (IEC: ATFPK3356H)
2.	Bill of Entry No. & Date	7865143 dated 18.01.2025
3.	Bill of Lading No.	HDMU NBOZ31837700 dated 26.12.2024
4.	Name of Exporter	M/s Jiaxing Chuanxing Textile Co. Ltd.
5.	PAN No.	ATFPK3356H
6.	GST No.	07ATFPK3356H1ZO
7.	Email ID	Kvreenterprises022@gmail.com
8.	Sales Invoice No.	24SZCX121K dated 25.12.2024
9.	Description of goods	Polyester Laminated Fabric
10.	Declared CTI	59039090
11.	Total Roll	1754
12.	Quantity of Goods declared	91208 SQM
13.	Unit Price USD/SQM	0.115
14.	Total Price	10488.92 USD
15.	Country of consignment	China

2.3. During the examination, it was observed that goods stuffed in the

said container 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. During the examination, one type of fabric was found. Subsequently, total rolls were counted separately, and a random check of the length & width of a few rolls of each type of fabric was undertaken. The same are mentioned as under:

Table – “3”

No. of types of goods	Total No. of Rolls	Length of each roll	Width of each roll
Type – 1	1758	100 Mtr	1.6764 Mtr

2.4. Further, representative samples of imported fabrics were drawn under the said Panchnama dated 29.01.2025 for laboratory testing and analysis to ascertain their exact identity. The samples were duly sealed and forwarded to the CRCL Vadodara vide Test Memo No. 09/KVR/7865143 (**RUD-2**) for testing.

3. Sample Test Reports

3.1. In respect of Type-1 Fabric under Test Memo No. 09/KVR/7865143, CRCL Vadodara vide their Test Report No. RCL/DRI/AH/IMP/6397/10.02.2025 dated 25.02.2025 reported that “*the sample as received is in the form of cut piece of dyed woven fabric coated on one side. Fabric is made of polyester filament yarns and coating material based on polyurethane*” The image of the report received from CRCL Vadodara is extracted below for reference:

Lab No.: RCL/DRI AH/IMP/6397/10.02.2025
T.M. No.: 09/KVR/7865143
B/E No.: 7865143/18.01.2025

Report

The sample, as received is in the form of cut piece of dyed, woven fabric coated on one side. Fabric is made of Polyester filament yarns and coating material based on Polyurethane.

Average GSM (as such) = 121.44

% Composition:

Polyester fabric = 90.5 %

Coating material based on Polyurethane = Balance

Sealed remnant returned.

Guarantor
Date: 26.02.25
Assy. No. 1617
Central Examiner
Assy. No. 1617
Date: 26.02.25

مُحَمَّد حَمِيمِ اللَّه
رَحْمَةَ اللَّهِ وَبَرَّهُ
مُهَمَّاد حَمِيمِ اللَّه
Central Examiner / C.E. & Cus. Laboratory
Vadodara

Despatch No. 1617
Dt. 26.02.25
C.Ex. & Cus. Lab., Vadodara.

3.2. The details of goods found as per the test reports of CRCL Vadodara and Panchnama is as under.

Table – “4”

Particulars	No. of type of the goods	Total No. of Rolls	Length of each roll	Width of each roll	Total Quantities in SQM	Type of fabric as per the test report
AS PER PANCHANAMA	A	B	C	D	E=B*C*D	F
	Type -1	1758	100 Mtr	1.6764 Mtr	294711.12	PU Coated Fabric
	Total	1758			294711.12	

Based on the foregoing facts, it is evident that the goods declared as "Polyester Laminated Fabric" under CTI 59039090 vide Bill of Entry No. 7865143 dated 18.01.2025 were mis declared, with the intent to conceal the import of PU coated fabric under the guise of Polyester Laminated Fabric. The discrepancy between the goods declared and the actual goods found during the panchnama proceedings, as further substantiated by the test report issued by CRCL Vadodara, is as follows:

Table – “5”

Description of goods in B. E	Declared No of Rolls	Quantity of goods declared in B.E in Sq Mtr	No of Rolls found in panchnama & Test Reports	Quantity of goods found during panchanama in SQM
Polyester Laminated Fabric	1754	91208	1758	2,94,711.12

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 regulations. Therefore, the goods in question are liable to confiscation under Section 111 of the Customs Act, 1962.

3.3 By mis-declaring the nature of the imported goods, the importer has evaded customs duty amounting to **₹ 1,55,43,113/- (Rupees One Crore Fifty Five Lakhs Forty Three Thousand One Hundred and Thirteen only)**, comprising Basic Customs Duty of ₹ 41,77,990/- (Rupees Forty One Lakhs Seventy Seven Thousand Nine Hundred and Ninety only), Social Welfare Surcharge (SWS) of ₹ 4,17,999/- (Rupees Four Lakh Seventeen Thousand and Nine Hundred Ninety Nine only), Anti-Dumping Duty of ₹ 70,43,603/- (Rupees Seventy Lakhs Forty Three Thousand Six Hundred and Three only), and Integrated Goods and Services Tax (IGST) of ₹ 39,03,521/- (Rupees Thirty Nine Lakhs Three Thousand Five Hundred and Twenty One only). The detailed calculation indicating the above quantum of evasion is brought out in the subsequent part of this Investigation Report. 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.

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 Entry No. 7865143 dated 18.01.2025 were placed under Seizure vide Seizure Memo F. No. DRI/AZU/CI-1/Misc-1/2025 (**RUD-3**), as they were found to be liable for confiscation under Section 111 of the Customs Act, 1962. The details of the seized goods are as follows:

Table – “6”

No. of types of goods	Total No. of Rolls	Length of each roll	Width of each roll	Type of fabric as per the test report

Type - 1	1758	100 Mtr	1.6764 Mtr	PU Coated Fabric
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4.2. Vide the above Seizure Memo dated 13.03.2025; M/s KVR ENTERPRISES 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. However, no such option has been availed by M/s KVR ENTERPRISES.

4.3 In accordance with the provisions of Section 110(2) of the Customs Act, 1962, where goods are seized under sub-section (1) and no notice under clause (a) of Section 124 is issued within six months from the date of seizure, the goods are required to be returned to the person from whose possession they were seized; however, the proviso to the said section empowers the Principal Commissioner or Commissioner of Customs to extend this period by a further six months, provided reasons are recorded in writing and the concerned person is informed before the expiry of the initial period—accordingly, in the present case, the competent authority has granted extension up to 28.01.2026 and the same was duly communicated to the importer, M/s. KVR ENTERPRISES, vide letter dated 25.07.2025. **(RUD-4)**

5. Statements Recorded

5.1. Summons dated 24.03.2025, 24.04.2025, 04.06.2025, 01.07.2025, 18.07.2025 & 25.07.2025 was issued to M/s. KVR Enterprises but they failed to comply with the said summons, indicating their non-cooperation in the investigation. Further in response to this office summons dated 15.08.2025, Shri Anoop, Manager of M/s. KVR Enterprises turned up for tendering oral statement.

5.2. Consequent to the Summons (CBIC-DIN-202503DDZ1000000E238) dated 15.08.2025, a statement of **Shri Anoop, Manager of M/s KVR ENTERPRISES** (IEC: ATFPK3356H) **(RUD-5)** was recorded under Section 108 of the Customs Act, 1962 on 20.08.2025, wherein, he inter-alia stated that he has been authorized by Shri Praveen Kumar Proprietor of M/s KVR ENTERPRISES to tender oral statement on behalf of him. M/s. KVR ENTERPRISES is engaged in the business of trading of PA Coated and PVC Coated fabric; they import the goods as per the requirement of the customers and subsequently sell the same into the domestic market. During the statement, a copy of the panchanama dated 29.01.2025 **(Refer RUD 1)** & copies of CRCL's test reports were confronted. Shri Anoop admitted that, considering CRCL's test reports, goods imported were Polyurethane-coated fabric, which are mis declared in terms of quantity and classification and are other than the declarations made under import Bill of Entry No. 7865143 dated 18.01.2025. He further confirmed that polyurethane-coated fabric would fall under CTI 59032090, attracting Anti-Dumping Duty of 0.46 USD/Meter when imported from China. He inter-alia admitted that the above said Bill of Entry No. 7865143 dated 18.01.2025 has been grossly mis-declared.

5.3 Summons (CBIC-DIN-202511DDZ1000000E41F) dated 14.11.2025

was issued to Shri Anoop Singh for recording of statement on 26.11.2025. **Shri Anoop Singh** presented himself for the recording of statement on 26.11.2025(**RUD-6**) and during the statement, Shri Anoop Singh stated that:

- i. He has been authorized by Shri Praveen Kumar to appear and tender an oral statement on behalf of M/s. KVR Enterprise. He has submitted a copy of the authorization letter issued by Shri Praveen Kumar. He handles sales, logistics, and payments from buyers and suppliers at M/s. KVR Enterprise. He has also been managing import-related work for the past few months due to Shri Praveen Kumar's health issues.
- ii. M/s. KVR Enterprise is a proprietorship firm with its office at Office No. 212, Vishal Tower, District Centre, Janakpuri, New Delhi-110058. It is engaged in the trading of PA-coated and PVC-coated fabric. The firm imports fabric from China to Mundra SEZ as per customer requirements, and the imported goods are then shipped directly from the CHA's warehouse to customer locations.
- iii. Shri Praveen Kumar previously handled import work, but he (Shri Anoop) now manages it himself. He places purchase orders via phone with Chinese suppliers as per requirements. The imported goods are dispatched directly from CFS to various client locations on his directions.
- iv. He places purchase orders via phone.
- v. They primarily place orders for PVC-coated fabric and PA-coated fabric. He confirmed with his supplier regarding the finding of PU-coated fabric in one of the imported containers, to which the supplier admitted sending PA-coated fabric.
- vi. He agrees with the contents of the panchnama dated 29.01.2025.
- vii. He agrees that the goods found during examination were in excess of the quantity declared in the Bill of Entry. He further states that they declared a lower quantity in the Bill of Entry to save on customs duty.
- viii. He has perused the test report for the goods imported under B.E. No. 7865143 dated 18.01.2025 and verified that the "PU-coated" fabric is correctly classifiable under CTI 59032090. He agrees that PU-coated fabric attracts anti-dumping duty of 0.46 USD/meter when imported from China.
- ix. He imported PVC-coated and PA-coated fabric; however, the test report shows it to be PU-coated fabric. Upon contacting the supplier for verification, the supplier stated that he used the same chemicals as those employed in manufacturing PA-coated fabric.
- x. He has perused the Customs Valuation Rules and Annexure-A regarding the valuation of all types of fabrics found during the panchnama. He states that the valuation appears fair and in accordance with the Valuation Rules.

xi. He has perused Annexure-B regarding the duty calculation of goods imported by him and, having understood the same, has affixed his dated signature on it.

xii. He agrees to the misdeclaration regarding the nature and quantity of the imported goods, acknowledging that it renders the goods liable for confiscation.

6. Re-classification of Goods:

6.1. Based on the CRCL's Test Report, and an analysis of the Customs Tariff Act, 1975, it is evident that the declared description of imported goods as "Polyester Laminated Fabric" and its claimed classification under CTI 59039090 in the subject BE are incorrect. The importer has imported PU Coated fabric in guise of Polyester Laminated Fabric.

6.2. Based on the nature, composition, etc. as reported vide CRCL Test reports and Explanatory Notes of the Chapters 59, these goods merit classification as per details mentioned below:

Table – “7”

Types of Fabric as per Panchanama	Representative Sample sent to CRCL	Actual Description of Goods as per Test Report	Declared Classification	Determined Classification
Type – 1	Sample 1A	Dyed Woven Fabric having coating on side. The fabric is made of Polyester Filament Yarn and coating material is based on Polyurethane (PU)	59039090	59032090

6.2.1. Classification of Type-1 Fabrics

CRCL, Vadodara, vide their test report has stated that the imported fabrics shown as Type-1 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.

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. Request for re-testing of the sample for Type-1 Fabric by the importer

7.1. M/s KVR ENTERPRISES vide their letter dated 11.06.2025 (**RUD-7**), requested for re-sampling of goods (Type-1). In the said communication it has been stated that they have been importing PA Coated and PVC Coated fabric over the past three years. They contended that as per the supplier certifications and pre-shipment test reports from internationally accredited laboratories the fabric in subject consignment is PA-Coated fabric and further requested for resampling and retesting of fabric in the presence of their authorized representatives.

7.2. In response to the above request, this office vide letter F. N. DRI/AZU/CI-1/Misc/KVR/35/2025 dated 01.07.2025 (**RUD-8**) issued by the Additional Director, DRI, AZU informed the importer that "in terms of the detailed guidelines for re-testing of samples issued by way of Circular No. 30/2017-Cus dated 18.07.2017, the importer intending to request the Additional/ Joint Commissioner of Customs for a re-test, shall request in writing to the said officer within a period of 10 days from the receipt of communication of the test results of the first test". However, in the present case, while M/s. KVR ENTERPRISES was informed vide Seizure memo dated 13.03.2025 that the said consignment contains PU-coated fabric, the request letter dated 11.06.2025 M/s. KVR ENTERPRISES was received on 18.06.2025 that is after 3 months of the communication of the test report. Since M/s KVR ENTERPRISES requested re-testing of Type-1 fabric without stating any reason for the delay in making such a request, this office sought clarification from the importer as to why their request for re-testing should not be rejected. However, no reply in this regard has been received from the importer. Hence, the investigation report is being finalized based on the available test report.

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

8.1. On scrutiny of the invoice and Bill of Entry No. 7865143 dated 18.01.2025, it was observed that quantities of goods declared in the above Bill of Entry are found to be lesser than actual quantities ascertained during examination under panchnama dated 29.01.2025 (**Refer RUD-1**). The comparison of the quantities of goods declared and the actual quantity of goods found is tabulated as follows:

Table – “8”

Particulars	No. of type of	Total No.	Length of	Width of	Total Quantities in
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	the goods	of Rolls	each roll	each roll	SQM
AS PER PANCHANAMA	A	B	C	D	$E=B*C*D$
	Type -1	1758	100 Mtr	1.6764 Mtr	294711
	Total	1758			294711
AS PER BE	1754 Rolls				91208
DIFF. IN QNT					2,03,503

8.2. 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.

8.3. From the foregoing, it is apparent that, in the present case, the fabrics actually found upon examination comprise PU Coated Fabric. However, the importer has declared Polyester Laminated Fabric in the Bill of Entry, in line with the descriptions mentioned in the supplier's invoice. Furthermore, the quantity of Polyester Laminated 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 under-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 i.e. Polyester Laminated Fabric is 0.115 USD/SQM, which 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. 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.

8.4. Further, Shri Anoop Singh, Authorized Person of M/s KVR ENTERPRISES, although admitting that test report suggests the goods to be PU Coated (CTI 59032090) which is different from the goods declared in the B/E, did not provide any documents evidencing the true Transaction Value of the imported goods.

8.5. 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.

8.6. 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 PU Coated (CTI 59032090) imported at or about the same time as the impugned goods, obtained from the ICES, was examined. However, in the absence of the Brand or other details of the impugned goods, identical goods for comparison could not be obtained.

8.7. 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 (Jan 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 A (**RUD-9**) to this report.

8.8. Therefore, in terms of the provisions of Rule 5 of the CVR, 2007, value of PU Coated (CTI 59032090) imported under the Bill of Entry no. 7865143 dated 18.01.2025, was re-determined by considering the contemporaneous imports of similar goods.

8.9. In his statement dated 26.11.2025, the authorized Person of M/s. KVR Enterprise stated that he had perused Annexure-A regarding the valuation of all types of fabrics imported via the said container and had understood the Customs Valuation Rules. He further affirmed that the valuation appeared to have been carried out in accordance with the said Rules.

9. Revised Quantification of Assessable Value and duties/taxes thereon:

9.1. Revised Quantification under Rule 4 & Rule 5

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

Table – “9”

	Sample 1	Total	Duty Paid in B. E	Duty Difference
Ass. Value	21803536	21803536	913585	-
BCD	4360707	4360707	182717	4177990
SWS	436071	436071	18072	417999
Anti-Dumping Duty	7043603	7043603	0	7043603
Ass. Value (for IGST)	33643917	33643917	-	-
IGST	4037270	4037270	133749	3903521
Total Duty	15877651	15877651	334538	15543113

The detailed duty calculation is enclosed as Annexure-B. **(RUD-10)**

9.2. 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 causing loss to Government Revenue.

10. Legal Provisions

10.1. 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.

10.2. 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]:

10.3. **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.

10.4. **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;

10.5. **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.

10.6. **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.]

10.7. **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.]

10.8. **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 [or, where such owner is not known, the person from whose possession or custody such goods have been seized,] an option to pay in lieu of confiscation such fine as the said officer thinks fit:

Provided that where the proceedings are deemed to be concluded under the proviso to sub-section (2) of section 28 or under clause (i) of sub-section (6) of that section in respect of the goods which are not prohibited or restricted, the provisions of this section shall not apply:

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

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

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

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

11. From the foregoing investigation, it appeared that

11.1. In terms of Section 17 of the Customs Act, 1962, an importer entering any imported goods under Section 46 is required to self-assess the duty leviable on such goods. However, in the present case, the importer, M/s KVR ENTERPRISES, has failed to correctly assess the duty leviable on PU coated fabrics classifiable under distinct Customs Tariff Items (CTIs). The importer has resorted to mis-declaration with respect to

quantity and composition, and has concealed PU coated fabric, thereby evading the applicable anti-dumping duty as well as other customs duties.

11.2. The Importer, by declaring the goods as "Polyester Dyed Laminated Fabrics" and classifying them under CTI 59039090, 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 CTI 59039090 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, which appear to be liable for recovery from the importer.

11.3. By mis declaring both the quantity and description of the goods with the intent to conceal the import of PU coated fabric and misclassifying the PU Coated fabric as Polyester Laminated Fabric, importer has tried to evade applicable customs duty. This act of the importer is contrary to the provisions of the Customs Act-1962 and has made the imported goods liable for confiscation under Section 111(m) of the Customs Act, 1962,

11.4 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.

In the instant case, M/s KVR ENTERPRISES imported fabrics from China by intentionally mis-declaring the quantity and description of the goods with declared description Polyester Laminated Fabric with an intent to conceal PU coated fabric. Such acts of omission and commission appeared to have rendered the goods liable for confiscation under 111(m) of the Customs Act 1962. Hence, 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.

11.5 In view of the foregoing facts and evidences on record, it is observed that M/s KVR Enterprises is a proprietary concern in which Shri Praveen Kumar is the key person who handles purchase (Import) of goods from China, as categorically stated by Shri Anoop, Authorized representative of the firm, in his voluntary statements dated 20.08.2025 and 26.11.2025. Therefore, it is evident that Shri Praveen Kumar, being the importer and person in charge of the affairs of M/s KVR Enterprises, has submitted incorrect and false declarations to Customs authorities at the time of import, having full knowledge that the imported goods were "PU Coated Fabrics" imported in guise of Polyester Laminated Fabric. Shri Praveen Kumar Proprietor of M/s KVR ENTERPRISES (IEC: ATFPK3356H) appears to have indulged in presenting documents falsifying the identity of the goods, before the Customs authorities for import of the goods. Thus, Shri Praveen Kumar 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, importer has rendered himself liable to penalty under the Section 114AA of the Customs Act 1962.

12.1 Now, therefore, M/s. KVR ENTERPRISES (IEC No. ATFPK3356H), having its address at Second Floor, 212, Vishal Tower, District Center Janakpuri, New Delhi, West Delhi, Delhi, 110058, and holding, is hereby called upon to show cause in writing to the **Additional Commissioner of Customs, Customs House, Mundra** having office situated at office of the Pr. Commissioner of Customs, 5B, Port User Building, Adani Ports & SEZ, Mundra, Kutch, Gujarat – 370421 within 30 (thirty) days from the date of receipt of the notice, as to why:-

- i. The goods imported vide Bill of Entry No. 7865143 dated 18.01.2025 –namely PU Coated Fabrics imported by way of concealment (total quantity 2,94,711 SQM (comprising 1758 rolls)), which were found to have been mis-declared in terms of quantity & value and were seized vide Seizure Memo dated 13.03.2025, should not be reassessed under section 17 of the Customs Act, 1962 by re-classifying the same

- under the correct CTI: 59032090(PU coated fabric) instead of the declared Customs Tariff Heading 59039090, and the applicable duties as detailed in Annexure B should not be demanded accordingly;
- ii. The declared assessable value of Rs. 9,13,585/- (Nine lakh Thirteen Thousand Five Hundred and Eighty Five only) should not be rejected and goods be re-assessed at ₹ 2,18,03,536/- (Rupees Two Crore Eighteen Lakh Three Thousand Five Hundred and Thirty Six), as per the provisions laid down in the Rule 5 of the Customs Valuation Rules 2007. The same is covered under para 8 of the Show Cause Notice and is detailed in Annexures A of the Show Cause Notice;
 - iii. The differential duty amounting to Rs. 1,55,43,113 (One Crore Fifty Five lakh Forty Three thousand One Hundred and Thirteen), as detailed in Annexure B and arrived at after re-determination of value as given in Annexure A and reclassification of goods based on test reports, should not be demanded from the importer.
 - iv. The seized goods, i.e., PU Coated Fabrics (total quantity 2,94,711 SQM (comprising 1758 rolls)) with re-determined value of ₹ 2,18,03,536/- (Rupees Two Crore Eighteen Lakh Three Thousand Five Hundred Thirty Six), seized vide Seizure Memo dated 13.03.2025, should not be confiscated under Section 111(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;

12.2 Shri Praveen Kumar, Proprietor of M/s KVR Enterprises has caused submission of incorrect/false declarations to the Customs at the time of import, knowing fully that the items under import were “PU Coated Fabrics”, by intentionally mis-declaring the description of the goods as “Polyester Laminated Fabric” and also submitted forged and fabricated import documents to the Customs authority to suppress their description and true value so as to avoid payment of appropriate/leviable Duty. Thus, having knowingly and intentionally caused a declaration to be made, signed and used which was false and incorrect, Shri Praveen Kumar, Proprietor of M/s KVR Enterprises is required to show cause as to why penalty under Section 114AA of the Customs Act, 1962 should not be imposed upon him.

13. Noticees are required to submit a written reply to the Adjudicating Authority within 30 days from the date of receipt of this notice. In their written reply, the noticees may also indicate as to whether they would like to be heard in person. In case, no reply is received within the time limit stipulated above or any further time which may be granted and/or if nobody appears for personal hearing when the case is posted for the same, the case will be decided ex-parte on the basis of evidence on record and without any further reference to the noticee.

14. All the relied upon documents as enlisted in '**Annexure-R**' to this notice are enclosed.

15. This Show Cause Notice is issued without prejudice to any other actions that may be taken against the persons involved in the subject case,

under the provisions of the Customs Act, 1962 or any other Allied Acts for the time being in force. The department reserves its right to issue addendum/ corrigendum to show cause notice or to make any additions, deletions amendments or supplements to this notice, if any, at a later stage. The department also reserves its right to issue separate Notice/s for other Noticees, offences etc. related to the above case, if warranted.

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

GEN.ADJ/ADC/75/2026-Adjn-O/o Pr. Commr-Cus-Mundra

To,
M/s. KVR Enterprises, Second Floor, 212, Vishal Tower,
District Center Janakpuri, New Delhi,
West Delhi, Delhi, 110058.

Copy to:

1. The Additional Director General, DRI, Ahmedabad
2. The DC/AC, EDI, Customs Mundra.

Annexure-R
Relied Upon Documents:

Sr no.	Document	Page no.
RUD-1	Copy of Panchanama dated 29.01.2025.	1-9
RUD-2	Copy of Test Reports	1-2
RUD-3	Copy of Seizure Memo F. No. DRI/AZU/CI-1/Misc-1/2025 dated 13.03.2025	1-2
RUD-4	Copy of Letter dated 25.07.2025 informing M/s KVR ENTERPRISES regarding Extension of time period for issuance of SCN.	1
RUD-5	Statement of Shri Anoop Singh, Proprietor of M/s KVR ENTERPRISES recorded on 20.08.2025	1-6
RUD-6	Statement of Shri Anoop Singh, Proprietor of M/s KVR ENTERPRISES recorded on 26.11.2025	1-6
RUD-7	M/s KVR ENTERPRISES letter dated 11.06.2025 for re-sampling of goods.	1-2
RUD-8	Letter of DRI F. N. DRI/AZU/CI-1/Misc/KVR/35/2025 dated 01.07.2025.	1-2
RUD-9	Details of imports of similar goods as Annexure A	1

RUD- 10	Detailed duty calculation as Annexure-B	1
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