	सीमा शुल्क के प्रधान आयुक्त का कार्यालय **सीमा शुल्क सदन, मुंद्रा, कच्छ, गुजरात** **OFFICE OF THE PRINCIPAL COMMISSIONER OF CUSTOMS** **CUSTOMS HOUSE, MUNDRA, KUTCH, GUJARAT** **Email-adj-mundra@gov.in**	

A	**FILE NO.** फ़ाइल संख्या	GEN/ADJ/ADC/2084/2024-Adjn-O/o Pr. Commr-Cus-Mundra
B	**OIO NO.** आदेश संख्या	MCH/ZDC/ADC/170/2026-27
C	**PASSED BY** जारीकर्ता	**Dipak Zala,** Additional Commissioner of Customs/अपर आयुक्त सीमा शुल्क, Custom House, Mundra/कस्टम हाउस, मुंद्रा।
D	**DATE OF ORDER** आदेश की तारीख	02.06.2026
E	**DATE OF ISSUE** जारी करने की तिथि	02.06.2026
F	**SCN No. & Date** कारण बताओ नोटिस क्रमांक	117/2025-26/ADC/ZDC/MCH dated 26.11.2025 and its Corrigendum dated 29.05.2026
G	**NOTICEE/ PARTY/ IMPORTER** नोटिसकर्ता/पार्टी/आयातक	(i) M/s. Shree Nath Fabcare Private Limited (IEC no. AALCS3552R) (ii) Shri Siddharth Agarwal, Director of M/s. Shree Nath Fabcare Private Limited

1. यहआदेश संबन्धित को नि:शुल्क प्रदान किया जाता है।

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

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

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

"सीमाशुल्कआयुक्त (अपील,

चौथी मंजिल, हुडको बिल्डिंग, ईश्वरभुवन रोड,

नवरंगपुरा,अहमदाबाद 380 009"

"THE COMMISSIONER OF CUSTOMS (APPEALS), MUNDRA

HAVING HIS OFFICE AT 4TH FLOOR, HUDCO BUILDING, ISHWAR BHUVAN ROAD,

NAVRANGPURA, AHMEDABAD-380 009."

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

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

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

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

(i) उक्त अपील की एक प्रति और A copy of the appeal, and

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

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

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

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

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

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

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

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

BRIEF FACTS OF THE CASE

Whereas it appears that:

1.1. M/s. Shree Nath Fabcare Private Limited, located on the Fourth Floor, 402, Krishna Apra Business, Netaji Subhash Place, Pitampura, Delhi-110034, and holding IEC No. AALCS3552R [hereinafter referred 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 Dyed Laminated Fabrics*". 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. Shree Nath Fabcare Private Limited 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
7833553 dated 17.01.2025	NGBCB24052348	REGU5078247	Polyester Dyed Laminated Fabrics

1.4. The above consignment was imported from China with import goods declared as ***"Polyester Dyed Laminated Fabrics"*** 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. 7833553 dated 17.01.2025 filed at Mundra SEZ was conducted under Panchanama dated 29.01.2025.

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. Shree Nath Fabcare Private Limited, 4th Floor, 402, Krishna Apra Business, Netaji Subhash Place, Pitampura, Delhi-110034 (IEC: AALCS3552R)
2.	Bill of Entry No. & Date	7833553 dated 17.01.2025
3.	Bill of Lading No.	NGBCB24052348 dated 27.12.2024
4.	Name of Exporter	M/s. SUZHOU ZONGLI TEXTILE CO. LTD., CHINA
5.	GST No.	07AALCS3552R1ZL
6.	Email ID	Shreenath151@gmail.com
7.	Sales Invoice No.	ZL24144 dated 24.12.2024
8.	Description of goods	Polyester Dyed Laminated Fabric Thickness:0.15mm (+/-10%), width 57/58
9.	Declared CTI	59039090
10.	Total Roll declared	1384
11.	Quantity of Goods	82300 SQM

	declared	
12.	Unit Price USD/SQM	0.14
13.	Total Declared Price	11522 USD
14.	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 was conducted. During the examination, ten types of fabrics were found. Subsequently, total rolls of each type 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:

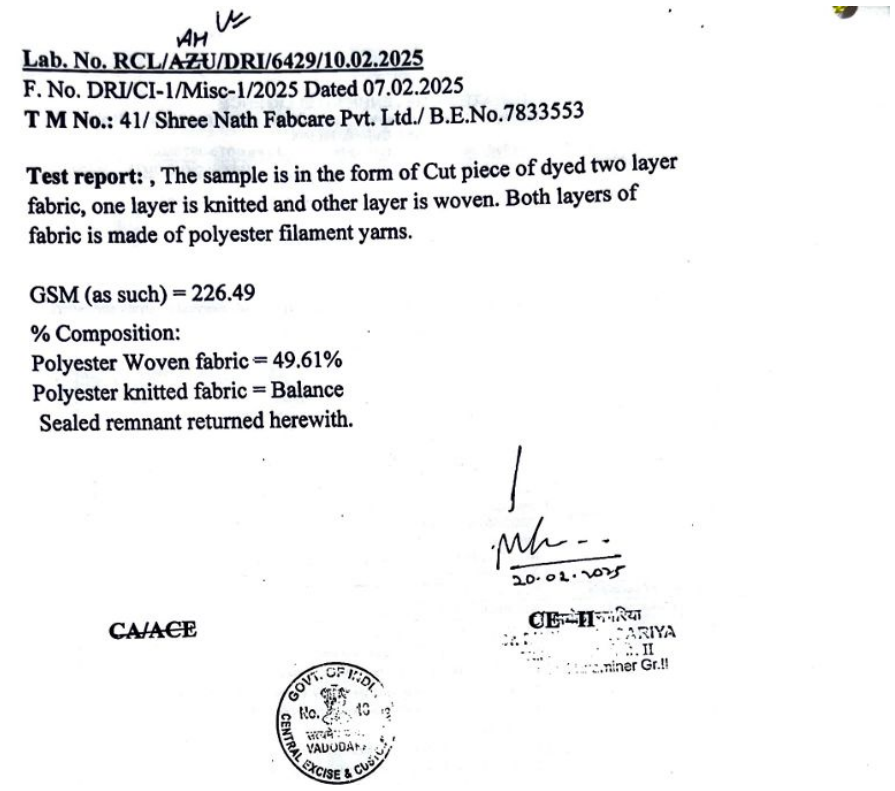
Table – "3"

No. of types of goods	Total No. of Rolls	Length of each roll	Width of each roll
Type – 1	195	50 Mtr	1.5 Mtr
Type – 2	164	100 Mtr	1.5 Mtr
Type – 3	116	100 Mtr	1.5 Mtr
Type – 4	124	100 Mtr	1.5 Mtr
Type – 5	96	100 Mtr	1.5 Mtr
Type – 6	168	100 Mtr	1.5 Mtr
Type – 7	227	100 Mtr	1.7 Mtr
Type – 8	121	100 Mtr	1.7 Mtr
Type – 9	69	70 Mtr	1.4 Mtr
Type – 10	104	70 Mtr	1.5 Mtr

2.4. Further, representative samples of each type 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's No. 41/Shree Nath Fabcare Pvt Ltd. /7833553, 42/Shree Nath Fabcare Pvt Ltd. /7833553, 43/Shree Nath Fabcare Pvt Ltd. /7833553, 44/Shree Nath Fabcare Pvt Ltd. /7833553, 45/Shree Nath Fabcare Pvt Ltd. /7833553, 46/Shree Nath Fabcare Pvt Ltd. /7833553, 47/Shree Nath Fabcare Pvt Ltd. /7833553, 48/Shree Nath Fabcare Pvt Ltd. /7833553, 49/Shree Nath Fabcare Pvt Ltd. /7833553 & 50/Shree Nath Fabcare Pvt Ltd. /7833553, for testing.

3. Sample Test Reports

3.1. In respect of Type-1 Fabric under Test Memo No. 41/Shree Nath Fabcare Pvt Ltd. /7833553, CRCL Vadodara vide their Test Report No. RCL/AH/DRI/6429/10.02.2025 dated 20.02.2025 reported that "*the sample is in the form of a cut piece of dyed two-layer fabric, one layer is knitted and other layer is woven. Both layers of fabric is made of polyester filament yarns*." The image of the report received from CRCL Vadodara is extracted below for reference:



AH

Lab. No. RCL/~~A-ZU~~/DRI/6429/10.02.2025
F. No. DRI/CI-1/Misc-1/2025 Dated 07.02.2025
T M No.: 41/ Shree Nath Fabcare Pvt. Ltd./ B.E.No.7833553

Test report: , The sample is in the form of Cut piece of dyed two layer fabric, one layer is knitted and other layer is woven. Both layers of fabric is made of polyester filament yarns.

GSM (as such) = 226.49
% Composition:
Polyester Woven fabric = 49.61%
Polyester knitted fabric = Balance
Sealed remnant returned herewith.

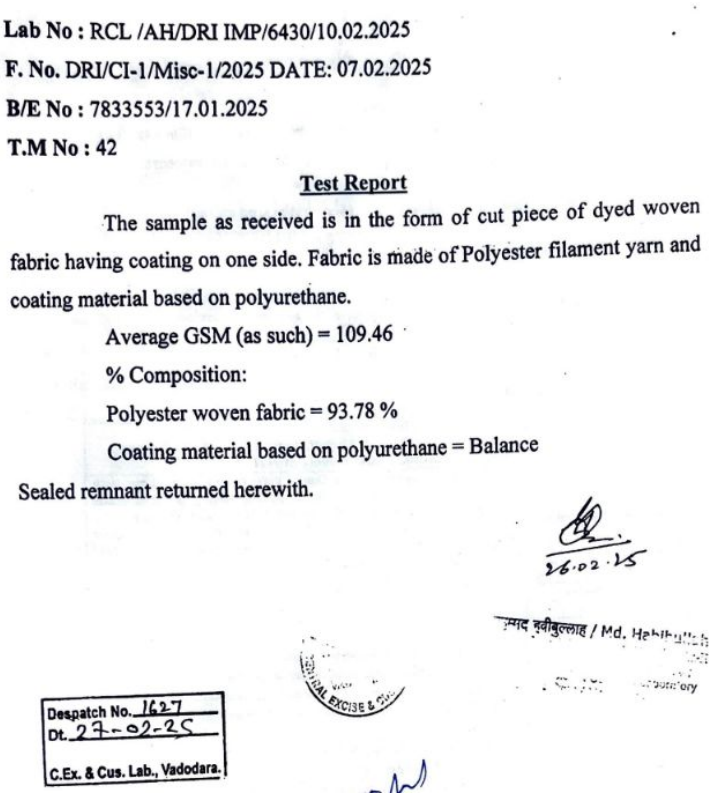
20.02.2025

~~CA/ACE~~

CE-II ARIYA
II
miner Gr.II

GOVT. OF INDIA No. VADODARA CENTRAL EXCISE & CUSTOMS

3.2. In respect of Type-2 Fabric under Test Memo No. 42/Shree Nath Fabcare Pvt Ltd./7833553, CRCL Vadodara vide their Test Report No. RCL/AH/DRI IMP/6430/10.02.2025 dated 26.02.2025 reported that "*The sample as received is in the form of cut piece of dyed woven fabric having coating on one side. Fabric is made of Polyester filament yarn and coating material based on polyurethane*." The image of the report received from CRCL Vadodara is extracted below for reference:



Lab No : RCL /AH/DRI IMP/6430/10.02.2025

F. No. DRI/CI-1/Misc-1/2025 DATE: 07.02.2025

B/E No : 7833553/17.01.2025

T.M No : 42

Test Report

The sample as received is in the form of cut piece of dyed woven fabric having coating on one side. Fabric is made of Polyester filament yarn and coating material based on polyurethane.

Average GSM (as such) = 109.46

% Composition:

Polyester woven fabric = 93.78 %

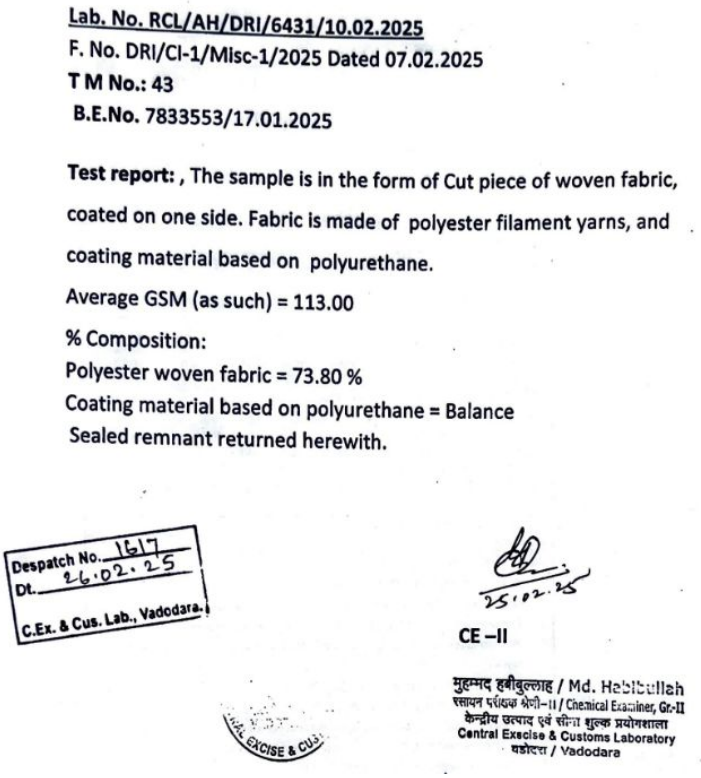
Coating material based on polyurethane = Balance

Sealed remnant returned herewith.

26.02.25

Despatch No. 1627
Dt. 27-02-25
C.Ex. & Cus. Lab., Vadodara.

3.3. In respect of Type -3 Fabric under Test Memo No. 43/Shree Nath Fabcare Pvt Ltd./7833553, CRCL Vadodara vide their Test Report No. RCL/AH/DRI/6431/10.02.2025 dated 26.02.2025 reported that "*the sample is in the form of cut piece of 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 appended below for reference:



Lab. No. RCL/AH/DRI/6431/10.02.2025
F. No. DRI/CI-1/Misc-1/2025 Dated 07.02.2025
T M No.: 43
B.E.No. 7833553/17.01.2025

Test report: , The sample is in the form of Cut piece of woven fabric, coated on one side. Fabric is made of polyester filament yarns, and coating material based on polyurethane.

Average GSM (as such) = 113.00

% Composition:
Polyester woven fabric = 73.80 %
Coating material based on polyurethane = Balance
Sealed remnant returned herewith.

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

25.02.25
CE –II

मुहम्मद हबीबुल्लाह / Md. Habibullah
रसायन परीक्षक श्रेणी–II / Chemical Examiner, Gr.-II
केन्द्रीय उत्पाद एवं सीमा शुल्क प्रयोगशाला
Central Excise & Customs Laboratory
वडोदरा / Vadodara

3.4. In respect of Type -4 Fabric under Test Memo No. 44/Shree Nath Fabcare Pvt Ltd. /7833553, CRCL Vadodara vide their Test Report No. RCL/AH/DRI/6432/10.02.2025 dated 21.02.2025 reported that "*The sample is in the form of cut piece of printed woven fabric, coated on one side. Fabric is made of polyester filament yarns, and coating material based on polyvinyl chloride*." The image of report received from CRCL Vadodara is appended below for reference:

Lab. No. RCL/AH/DRI/6432/10.02.2025
F. No. DRI/CI-1/Misc-1/2025 Dated 07.02.2025
T M No.: 44
B.E.No. 7833553/17.01.2025

Test Report

The sample is in the form of cut piece of printed woven fabric, coated on one side. Fabric is made of polyester filament yarns, and coating material based on polyvinyl chloride.
GSM (as such) = 240.53
Thickness(as such)= 0.15mm
% Composition:
Polyester woven fabric = 21.52 %
Coating material based on polyvinyl chloride = Balance
Sealed remnant returned herewith.

Despatch No. 1598
Dt. 21.02.25
C.Ex. & Cus. Lab., Vadodara.

21.02.2025
CE –II

3.5 In respect of Type -5 Fabric under Test Memo No. 45/Shree Nath Fabcare Pvt Ltd. /7833553, CRCL Vadodara vide their Test Report No. RCL/AH/DRI/6433/10.02.2025 dated 21.02.2025 reported that "*The sample 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 polyvinyl chloride*." The image of report received from CRCL Vadodara is appended below for reference:

Lab. No. RCL/AH/DRI/6433/10.02.2025
F. No. DRI/CI-1/Misc-1/2025 Dated 07.02.2025
T M No.: 45
B.E.No. 7833553/17.01.2025

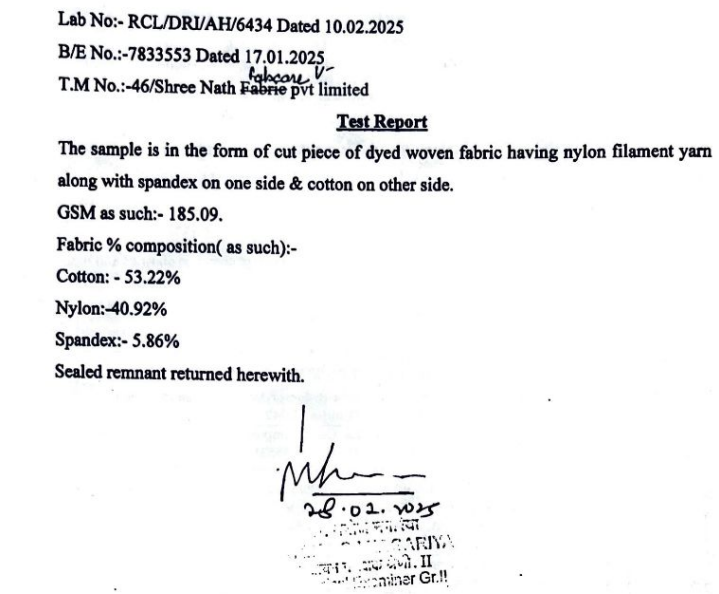
Test report dyed

The sample is in the form of Cut piece of woven fabric, coated on one side. Fabric is made of polyester filament yarns, and coating material based on polyvinyl chloride.
GSM (as such) = 217.04
Thickness(as such) = 0.15mm
% Composition:
Polyester woven fabric = 21.51 %
Coating material based on polyvinyl chloride = Balance
Sealed remnant returned herewith.

Despatch No. 1598
Dt. 21.02.25
C.Ex. & Cus. Lab., Vadodara.

21.02.2025
CE –II

3.6 In respect of Type -6 Fabric under Test Memo No. 46/Shree Nath Fabcare Pvt Ltd. /7833553, CRCL Vadodara vide their Test Report No. RCL/AH/DRI/6432/10.02.2025 dated 28.01.2025 reported that "*The sample is in the form of cut piece of dyed woven fabric having nylon filament yarn along with spandex on one side & cotton on other side.*" The image of report received from CRCL Vadodara is appended below for reference:



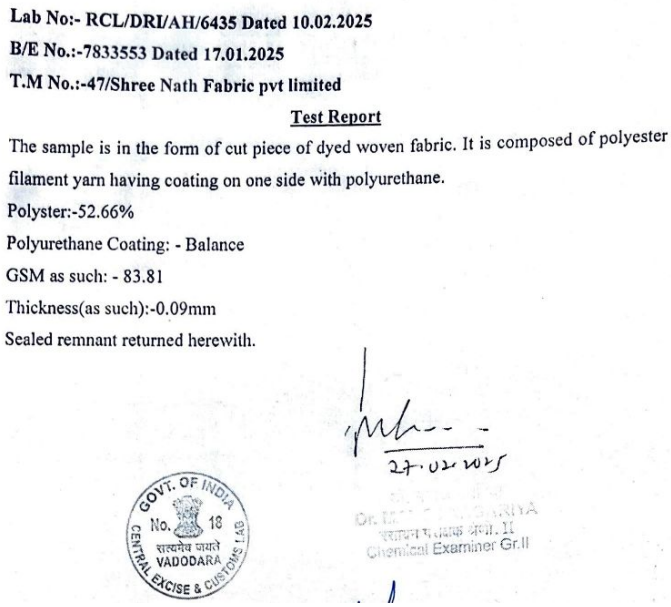
Lab No:- RCL/DRI/AH/6434 Dated 10.02.2025
B/E No.:-7833553 Dated 17.01.2025
T.M No.:-46/Shree Nath ~~Fabric~~ fabcare V- pvt limited

Test Report

The sample is in the form of cut piece of dyed woven fabric having nylon filament yarn along with spandex on one side & cotton on other side.
GSM as such:- 185.09.
Fabric % composition(as such):-
Cotton: - 53.22%
Nylon:-40.92%
Spandex:- 5.86%
Sealed remnant returned herewith.

28.02.2025
Chemical Examiner Gr.II

3.7 In respect of Type -7 Fabric under Test Memo No. 47/Shree Nath Fabcare Pvt Ltd. /7833553, CRCL Vadodara vide their Test Report No. RCL/DRI/AH/6435/10.02.2025 dated 27.02.2025 reported that "*The sample is in the form of cut piece of dyed woven fabric. It is composed of polyester filament yarn having coating on one side with polyurethane*." The image of report received from CRCL Vadodara is appended below for reference:



Lab No:- RCL/DRI/AH/6435 Dated 10.02.2025
B/E No.:-7833553 Dated 17.01.2025
T.M No.:-47/Shree Nath Fabric pvt limited

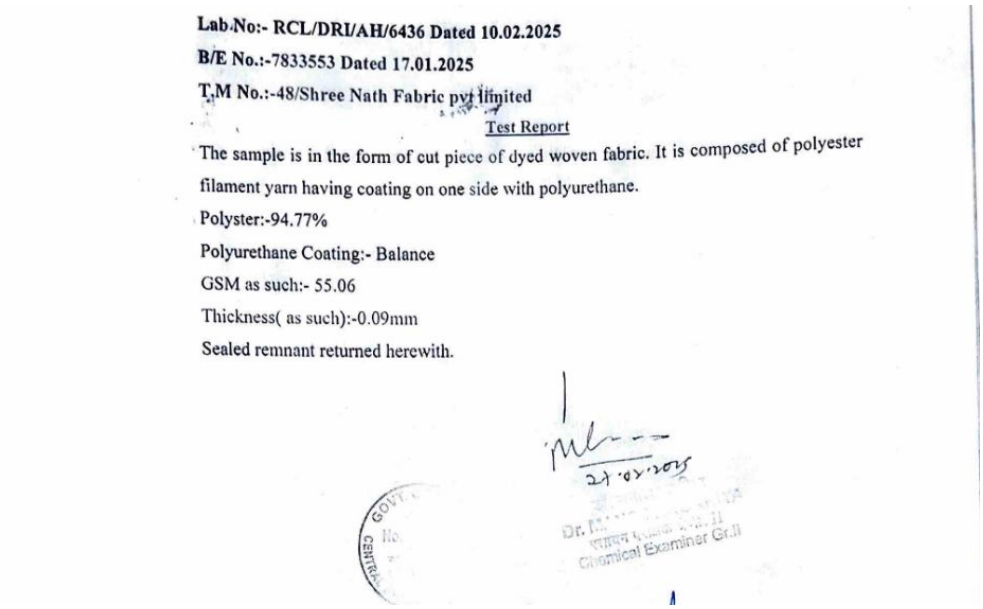
Test Report

The sample is in the form of cut piece of dyed woven fabric. It is composed of polyester filament yarn having coating on one side with polyurethane.
Polyster:-52.66%
Polyurethane Coating: - Balance
GSM as such: - 83.81
Thickness(as such):-0.09mm
Sealed remnant returned herewith.

27.02.2025
Chemical Examiner Gr.II

GOVT. OF INDIA No. 18 VADODARA CENTRAL EXCISE & CUSTOMS LAB

3.8 In respect of Type -8 Fabric under Test Memo No. 48/Shree Nath Fabcare Pvt Ltd. /7833553, CRCL Vadodara vide their Test Report No. RCL/DRI/AH/6436/10.02.2025 dated 27.02.2025 reported that "*The sample is in the form of cut piece of dyed woven fabric. It is composed of polyester filament yarn having coating on one side with polyurethane*." The image of report received from CRCL Vadodara is appended below for reference:



Lab.No:- RCL/DRI/AH/6436 Dated 10.02.2025

B/E No.:-7833553 Dated 17.01.2025

T.M No.:-48/Shree Nath Fabric pvt limited

Test Report

The sample is in the form of cut piece of dyed woven fabric. It is composed of polyester filament yarn having coating on one side with polyurethane.

Polyster:-94.77%

Polyurethane Coating:- Balance

GSM as such:- 55.06

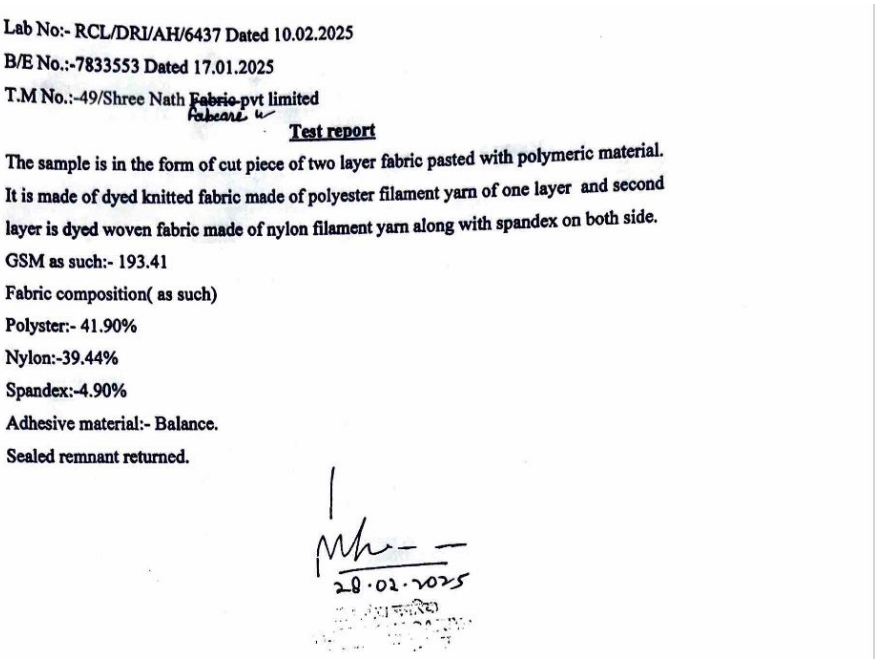
Thickness(as such):-0.09mm

Sealed remnant returned herewith.

24.02.2025

Chemical Examiner Gr.II

3.9 In respect of Type -9 Fabric under Test Memo No. 49/Shree Nath Fabcare Pvt Ltd. /7833553, CRCL Vadodara vide their Test Report No. RCL/DRI/AH/6437/10.02.2025 dated 28.02.2025 reported that "*The sample is in the form of cut piece of two-layer fabric pasted with polymeric material. It is made of dyed knitted fabric made of polyester filament yarn of one layer and second layer is dyed woven fabric made of nylon filament yarn along with spandex on both sides.*" The image of report received from CRCL Vadodara is appended below for reference:



Lab No:- RCL/DRI/AH/6437 Dated 10.02.2025

B/E No.:-7833553 Dated 17.01.2025

T.M No.:-49/Shree Nath ~~Fabric~~ Fabcare pvt limited

Test report

The sample is in the form of cut piece of two layer fabric pasted with polymeric material. It is made of dyed knitted fabric made of polyester filament yarn of one layer and second layer is dyed woven fabric made of nylon filament yarn along with spandex on both side.

GSM as such:- 193.41

Fabric composition(as such)

Polyster:- 41.90%

Nylon:-39.44%

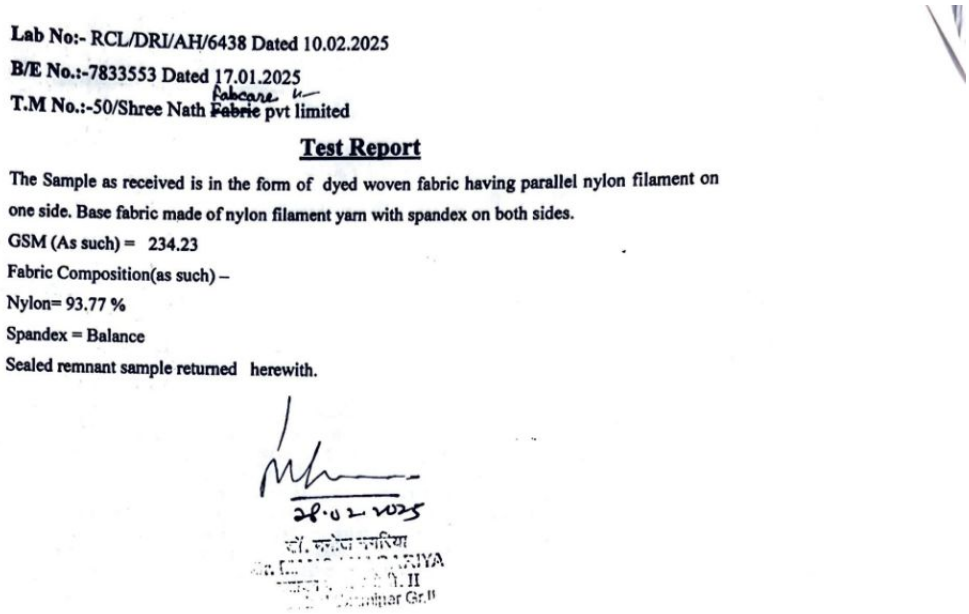
Spandex:-4.90%

Adhesive material:- Balance.

Sealed remnant returned.

28.02.2025

3.10 In respect of Type -10 Fabric under Test Memo No. 50/Shree Nath Fabcare Pvt Ltd. /7833553, CRCL Vadodara vide their Test Report No. RCL/DRI/AH/6436/10.02.2025 dated 28.02.2025 reported that "*The sample as received is in the form of dyed woven fabric having parallel nylon filament on one side. Base fabric made of nylon filament yarn with spandex on both sides*." The image of report received from CRCL Vadodara is appended below for reference:



Lab No:- RCL/DRI/AH/6438 Dated 10.02.2025

B/E No.:-7833553 Dated 17.01.2025

T.M No.:-50/Shree Nath ~~Fabric~~ Fabcare pvt limited

Test Report

The Sample as received is in the form of dyed woven fabric having parallel nylon filament on one side. Base fabric made of nylon filament yarn with spandex on both sides.

GSM (As such) = 234.23

Fabric Composition(as such) –

Nylon= 93.77 %

Spandex = Balance

Sealed remnant sample returned herewith.

28.02.2025

3.11 From the above, it is evident that the goods declared as "Polyester Dyed Laminated Fabrics" under CTI 59039090 vide BE No. 7833553 dated 17.01.2025 have been mis-declared. The test reports have confirmed that the goods are different from

the declared "Polyester Dyed Laminated Fabrics", thereby rendering them liable to confiscation under Section 111 of the Customs Act, 1962.

3.12 By mis-declaring the nature of the imported goods, the importer has evaded customs duty amounting to **₹69,57,560/- (Rupees Sixty-Nine Lakhs Fifty-Seven Thousand Five Hundred and Sixty only),** comprising Basic Customs Duty of ₹25,01,907/- (Rupees Twenty-Five Lakhs One Thousand Nine Hundred and Seven only), Social Welfare Surcharge (SWS) of ₹1,82,492/- (Rupees One Lakh Eighty-Two Thousand Four Hundred and Ninety-Two only), Anti-Dumping Duty of ₹25,16,145/- (Rupees Twenty-Five Lakhs Sixteen Thousand One Hundred and Forty-Five only), and Integrated Goods and Services Tax (IGST) of ₹17,57,016/- (Rupees Seventeen Lakhs Fifty-Seven Thousand and Sixteen only). The detailed calculation indicating the above quantum of evasion is brought out in the subsequent part of this SCN. Furthermore, the importer has imported goods falling under CTI 60063200, which are restricted for import in terms of Notification No. 49/2024-25 dated 04.01.2025, 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 by Bill of Entry No. 7833553 dated 17.01.2025 were placed under seizure vide Seizure Memo F. No. DRI/AZU/CI-1/Misc-1/2025 dated 13.03.2025, as they were found to be liable for confiscation under Section 111 of the Customs Act, 1962. The details of seized goods is as under:

Table – "4"

No. of types of goods	Total No. of Rolls	Length of each roll	Width of each roll
Type – 1	195	50 Mtr	1.5 Mtr
Type – 2	164	100 Mtr	1.5 Mtr
Type – 3	116	100 Mtr	1.5 Mtr
Type – 4	124	100 Mtr	1.5 Mtr
Type – 5	96	100 Mtr	1.5 Mtr

Type – 6	168	100 Mtr	1.5 Mtr
Type – 7	227	100 Mtr	1.7 Mtr
Type – 8	121	100 Mtr	1.7 Mtr
Type – 9	69	70 Mtr	1.4 Mtr
Type – 10	104	70 Mtr	1.5 Mtr

4.2. Vide the above Seizure Memo dated 13.03.2025, M/s. Shree Nath Fabcare Private Limited 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. Shree Nath Fabcare Private Limited.

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. Shree Nath Fabcare Private Limited, vide letter dated 25.07.2025.

5. Statements Recorded

5.1. Summons (CBIC-DIN-202503DDZ1000000CB36) dated 20.03.2025 and Summons (CBIC-DIN-202504DDZ1000061666B) dated 04.04.2025 were issued to record statement of representative of M/s. Shree Nath Fabcare Private Limited, however he didn't honor the Summons issued by the department.

5.2 Consequent to the Summons (CBIC-DIN-202504DDZ1000000B61E) dated 17.04.2025, a statement of ***Shri Siddharth Agarwal, Director of M/s. Shree Nath Fabcare Private Limited*** (IEC: AALCS3552R) was recorded under Section 108 of the Customs Act, 1962 on 24.04.2025, wherein, he inter-alia stated that M/s. Shree Nath Fabcare Private Limited is engaged in the business of trading of fabric; they procure the goods from domestic market as well as import the goods as per the requirement of their customers and subsequently sell the same into the domestic market. During the

statement, a copy of the panchanama dated 29.01.2025 & copies of CRCL's test reports were confronted. Shri Siddharth Agarwal admitted that, considering CRCL's test reports, goods imported were Polyurethane-coated fabric, dyed woven fabric and Polyester knitted fabric, which are other than the goods declared under Bill of Entry No. 7833553 dated 17.01.2025. 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 also stated that dyed woven fabric is correctly classifiable under CTI 54076190. He acknowledged that the government has imposed restrictions on the import of Synthetic knitted fabric, and import is free only if import CIF value is 3.5 USD and above per kilogram. He further admitted that M/s. Shree Nath Fabcare Private Limited has not fulfilled the Minimum Import Price criteria for the import of knitted fabrics. He inter alia admitted that the above said Bill of Entry No. 7833553 dated 17.01.2025 has been grossly mis-declared and further assured that he would discharge all his liabilities of Customs duty and/or Anti-Dumping Duty (ADD) along with applicable interest and penalty. However, the importer has not voluntarily paid any differential duty till date.

5.2 Summons (CBIC-DIN-202509DDZ10000666C03) dated 08.09.2025 was issued to M/s. Shree Nath Fabcare Private Limited for recording of statement on 16.09.2025. ***Shri Siddharth Agarwal*** presented himself for the recording of statement on 16.09.2025 and during the statement, Shri Siddharth Agarwal stated that:

i. M/s. Shree Nath Fabcare Private Limited, is engaged in business of trading of PVC laminated fabric and that of waterproof fabric. Initially they used to procure material from domestic market but since 2017 they are importing PVC laminated fabric and PA coated fabric.

ii. He himself handles the business operations of M/s. Shree Nath Fabcare Private Limited and all operations such as import, export, buying of goods and selling of goods are handled by him.

iii. He had imported around 30-40 containers vide various bills of entry at Mundra SEZ and ICDs of Delhi. He visits China for 2-3 times every year to place new orders and to check the quality of products.

iv. He places orders on phone and they don't maintain details of purchase orders placed by M/s. Shree Nath Fabcare Private Limited.

v. He totally agrees with the contents of panchnama dated 29.01.2025.

vi. Test report shows that samples 2A,3A,7A & 8A are fabrics which are PU-coated, however they contacted their supplier for verifying the same, to which the supplier stated that fabric was Polyester dyed laminated in nature.

vii. Test reports shows that samples 4A &5A are "Dyed Woven Fabric", which is classifiable under CTI 59031090.

viii. Test report shows samples 1A to be "Dyed two-layer fabric out of which one layer is knitted and another layer is woven". Hence the same goods appear to be classifiable under CTI 60063200.

ix. Test report shows sample 9A to be "Dyed knitted fabric made of polyester filament yarn of one layer and second layer is of dyed woven fabric made of nylon filament yarn along with spandex on both sides". Hence the same appears to be rightly classifiable under CTI 60063200.

x. Test report shows sample 6A to be "Dyed woven fabric having nylon filament yarn along with spandex on one side & cotton on other side, wherein cotton is less than 85% and GSM is less than 200". Hence the same appears to be rightly classifiable under CTI 52103190.

xi. Test Report shows sample 10A to be "Dyed Woven fabric having parallel nylon filament on one side. Base fabric made of nylon filament yarn with spandex on both sides". Hence the same is classifiable under CTI 54074290.

xii. He has perused the Customs Valuation Rules and Annexure-A which is regarding valuation of goods of all types of fabrics found during panchnama. He stated that the valuation appears to be fair and as per the Valuation Rules.

xiii. He has perused the Annexure-B containing duty calculation of all the samples and in the token of having seen and understood the same, he has put his dated signature on the same.

6. Re-classification of Goods:

6.1. Based on the CRCL's Test Reports and an analysis of the Customs Tariff Act, 1975, it is evident that the declared description of imported goods as "Polyester Dyed Laminated Fabrics" and its claimed classification under CTI 59039090 in the subject BE are incorrect.

6.2. Based on the nature, composition, etc. as reported vide CRCL Test reports and Explanatory Notes of the Chapters 52, 54, 59 & 60, these goods merit classification as per details mentioned below:

Table – "5"

Sample Name	Declared Description of Goods	Actual Description of goods as per test report	Applicable Classification
1 A	Polyester Dyed laminated fabrics under CTI 59039090	*"Dyed two-layer fabric, one layer is knitted and other layer is woven. Both layers of fabric is made of polyester filament yarns., GSM-226.49, Polyester woven fabric=49.61%, Polyester knitted fabric balance"*	60063200
2 A	Polyester Dyed laminated fabrics under CTI 59039090	*"Dyed Woven fabric having coating on one side. Fabric is made of polyester filament yarn and coating material based on polyurethane. GSM (As Such 109.46), % Composition: polyester Woven fabric= 93.76 %, Coating material based on Polyurethane= Balance."*	59032090
3 A	Polyester Dyed laminated fabrics under CTI 59039090	*"Woven fabric having coating on one side. Fabric is made of polyester filament yarn and coating material based on polyurethane. GSM (As Such 113, %. Composition: polyester Woven fabric=73.80 %, Coating material based on Polyurethane=Balance."*	59032090
4 A	Polyester Dyed laminated fabrics under CTI 59039090	*"Printed woven fabric having coating on one side. The Fabric is made of polyester filament yarn and coating material is based on Polyvinyl chloride, Average GSM-240.53, Thickness (as such) =0.15 mm, % composition: polyester Woven fabric % =21.52 %, Coating material based on PVC: Balance"*	59031090
5 A	Polyester Dyed laminated fabrics under CTI 59039090	*"Dyed woven fabric having coating on one side. The Fabric is made of polyester filament yarn and coating material is based on Polyvinyl chloride, Average GSM-217.04, Thickness (as such) =0.15 mm, % composition: polyester Woven fabric % =21.51 %, Coating material based on PVC: Balance"*	59031090
6 A	Polyester Dyed laminated fabrics under CTI 59039090	*"Dyed woven fabric, having nylon filament yarn along with spandex on one side & cotton on other side GSM (as such): 185.09, Fabric % composition (as such): - Cotton-53.22 %, Nylon: -40.92 %, Spandex: - 5.86 %"*	52103190

7 A	Polyester Dyed laminated fabrics under CTI 59039090	*"Dyed Woven fabric. Fabric is made of polyester filament yarn and coating material based on polyurethane. GSM (As Such 83.81, Thickness: 0.09 mm: polyester =52.66 %, Coating material based on Polyurethane=Balance."*	59032090
8 A	Polyester Dyed laminated fabrics under CTI 59039090	*"Dyed Woven fabric. Fabric is made of polyester filament yarn and coating material based on polyurethane. GSM (As Such 55.06, Thickness: 0.09 mm: polyester =94.77 %, Coating material based on Polyurethane=Balance."*	59032090
9 A	Polyester Dyed laminated fabrics under CTI 59039090	*"Two layers of fabric pasted with polymeric material.It is made of Dyed knitted fabric made of polyester filament yarn of one layer and second layer is dyed woven fabric made of nylon filament yarn along with spandex on both sides. GSM as such: - 193.41, Fabric Composition (as such), Polyester: - 41.90%, Nylon: - 39.44 % Spandex: - 4.90 %, Adhesive material- Balance"*	60063200
10 A	Polyester Dyed laminated fabrics under CTI 59039090	*"Dyed Woven fabric having parallel nylon filament on one side. Base fabric made of nylon filament yarn with spandex on both sides. GSM (as such) = 234.23, Fabric Composition (as such)- Nylon=93.77%, Spandex= Balance."*	54074290

6.2.1. Classification of Type-1 & Type 9 Fabrics

Based on Chapter Notes 1 and 2(a) to Chapter 59, HSN Explanatory Notes and CRCL's Test Report, the goods are knitted fabric and not woven fabric. In these cases, the essential character is that of synthetic knitted fabric, and based on nature & composition as reported in the CRCL's test report, Type-1 and Type-9 Fabrics are rightly classifiable under CTI 60063200, attracting BCD at the rate of 20%.

6.2.2. Classification of Type-2, 3, 7 & 8 Fabrics

CRCL, Vadodara, vide their test report stated that the imported fabrics shown as Type-2, 3, 7 & 8, in the above table were "Polyurethane (PU) Coated Fabrics". The report

specified that the coating is composed of polymeric material 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.

6.2.3. Classification of Type-4 & 5 Fabrics

CRCL, Vadodara, vide their test report stated that the imported fabrics shown as Type-4 & 5, in the above table were "Polyvinyl Chloride (PVC) Coated Fabrics". The report specified that the coating is composed of PVC. The correct classification for "Polyvinyl Chloride Coated Fabrics" is Customs Tariff Item 59031090, 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 polyvinyl Chloride coated fabric is under CTI 59031090.

6.2.4. Classification of Type-6 Fabric

CRCL, Vadodara, vide their test report, stated that the imported fabrics shown as Type-6 in the above table were "Dyed woven fabric having nylon filament yarn along with spandex on one side and cotton on the other side. The GSM of the fabric is 185, and the cotton content is 53.22%." Hence, the goods are correctly classifiable under CTH 52103190, which specifically covers *dyed woven fabrics of cotton containing less than 85% by weight of cotton, mixed mainly or solely with man-made fibres, and weighing not more than 200 GSM*.

6.2.5. Classification of Type-10 Fabric

As per Chapter Note 2(a) to Chapter 59 of the Customs Tariff – "Heading 5903 applies to textile fabrics, impregnated, coated, covered or laminated with plastics. Hence, based on physical examination, CRCL's test report and analysis of the nature and composition of the goods, the Type-10 Fabric merit classification under CTI 54074290, which specifically includes Dyed "Other woven fabrics, containing 85% or more by weight of filaments of nylon or other polyamides" and the same attracts BCD of 20% or Rs. 36 per sq. meter, whichever is higher.

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

7.1. On scrutiny of the invoice and Bill of Entry No. 7833553 dated 17.01.2025, 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 panchanama dated 29.01.2025. The comparison of the quantities of goods declared and the actual quantity of goods found is hereunder:

Table – "6"

Particulars	No. of type of the goods	Total No. of Rolls	Length of each roll (Mts)	Width of each roll (Mts)	Total Quantities in SQM
AS PER PANCHANAMA	A	B	C	D	E=B*C*D
	Type -1	195	50	1.5	14625
	Type-2	164	100	1.5	24600
	Type-3	116	100	1.5	17400
	Type-4	124	100	1.5	18600
	Type-5	96	100	1.5	14400
	Type-6	168	100	1.5	25200
	Type-7	227	100	1.7	38590
	Type-8	121	100	1.7	20570
	Type-9	69	70	1.4	6762
	Type-10	104	70	1.5	10920
	Total	**1384**			**191667**
AS PER BE					**82300**
DIFF. IN QNT					**109367**

7.2. Valuation of goods for assessment of 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 Price 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.

7.3. From the above, it is apparent that in the instant case, fabrics found in actual during the examination are not the fabrics as declared in the BE & as mentioned in the corresponding supplier's invoice. Accordingly, the value declared to the Customs in the respective Bill of Entry does not represent the true Transaction Value of the imported goods. Moreover, the importer has not only grossly misclassified the types of fabrics, but also under-declared the quantities of fabrics, creating reasonable doubt on the truth or accuracy of the declared value of the imported fabrics. It is further observed that the CIF value of the declared fabric was 0.14 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 Dyed Laminated Fabric (CTI 59039090); however, actual goods were found to be PU Coated Fabrics/other woven fabrics/knitted fabrics. Hence, the said transactional value declared in 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.

7.4. Further, Shri Siddharth Agarwal, Director of M/s. Shree Nath Fabcare Private Limited, the importer of the impugned goods, although imported PU Coated (CTI 59032090)/other woven fabrics (CTH 5210/5407/59031090)/knitted fabrics (CTH 6006) by mis-declaring it as Polyester Dyed Laminated Fabric (CTI 59039090), but did

not provide any documents evidencing the true Transaction Value of the imported goods.

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 PU Coated (CTI 59032090)/other woven fabrics (CTH 5210/5407/59031090)/ knitted fabrics (CTH 6006) 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.

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 (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 were enclosed as Annexure A to the said SCN.

7.8. Therefore, in terms of the provisions of Rule 5 of the CVR, 2007, value of PU Coated (CTI 59032090)/other woven fabrics (CTH 5210/5407/59031090)/knitted fabrics (CTH 6006) imported under the Bill of Entry no. 7833553 dated 17.01.2025, was redetermined by considering the contemporaneous imports of similar goods.

7.9 In his statement dated 16.09.2025, the importer 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.

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 – "7"

TOTAL DUTY CALCULATION			
	Total Applicable Duty	**Duty Paid in B. E**	**Duty Difference**
Assessable Value	**15247404.2**	**1003566**	
BCD	**2702620.1**	**200713.2**	**2501906.9**
SWS	**202563.8**	**20071.32**	**182492.4**
Anti-Dumping Duty	**2516144.8**	**0**	**2516144.8**
Ass. Value (for IGST)	**20668732.9**	**1224350.52**	**19444382.4**
IGST	**1903938.1**	**146922.06**	**1757016.04**
Total Duty	**7325266.8**	**367706.58**	**6957560.2**

The detailed duty calculation is enclosed as Annexure-B.

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 causing loss to 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.]

10. From the foregoing investigation,

10.1. In terms of Section 17 of the Customs Act 1962, an importer entering any imported goods under Section 46 shall self-assess the duty leviable on such goods. Whereas the importer, M/s. Shree Nath Fabcare Private Limited, in the instant case, has failed to assess the true duty leviable on PU Coated Fabrics/other woven fabrics/knitted fabrics Classifiable under different CTIs and has resorted to mis-declaration and mis-classification of the import goods as Polyester Dyed Laminated Fabric under CTI 59039090.

10.2. The Importer, by declaring the goods as “Polyester Dyed Laminated Fabrics" and classifying them under CTI 59039090, knowingly and deliberately misrepresented the true nature 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 consequent 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. Also, by not declaring the knitted fabric of CTH 6006, the importer has imported goods which are restricted in terms of DGFT Notification no. 49/2024-25 dated 04.01.2025 and has thus violated the provisions of Section 46 (4A) of the Customs Act, 1962, along with the provisions laid down in the foreign trade policy. 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.

10.3. By mis-declaring the description and misclassifying the goods with intent to evade duty, the imported goods are deemed to have been dealt with contrary to the provisions of the Customs Act, 1962, and are therefore liable to confiscation under Section 111(m) & 111(d) of the Customs Act, 1962, which states that any goods which are imported or attempted to be imported or which are brought within the Indian customs waters for the purpose of being imported, contrary to any prohibition imposed by or under this Act or any other law for the time being in force, shall be liable to confiscation. Even if not "prohibited" per se, misdeclaration to evade duty has rendered the imported goods liable to confiscation under Section 111(m) (for misdeclaration of description) and/or 111(d) (for goods falling under classification 6006, which are subject to restriction).

10.4 M/s. Shree Nath Fabcare Private Limited imported fabrics from China by intentionally mis-declaring the description of the goods as “Polyester Dyed Laminated Fabric”. Such acts of omission and commission appeared to have rendered the goods liable for confiscation under Section 111(d) and 111(m) of the Customs Act 1962. Hence, they are liable for a penalty under Section 112(a) & (b) of the Customs Act, 1962. The 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 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. Shree Nath Fabcare Private Limited imported fabrics from China by intentionally mis-declaring the description of the goods as "Polyester Dyed Laminated Fabric", has also resorted to mis-declaration of facts with intent to evade duty of Customs, as discussed in this SCN. This act of mis-declaration has led imported goods liable for confiscation and hence, he is liable for penalty under Section 112(a) & (b) of the Customs Act, 1962.

10.6. Shri Siddharth Agarwal, Director of M/s. Shree Nath Fabcare Private Limited (IEC No. AALCS3552R) appears to have indulged in presenting documents falsifying the identity of the goods, before the Customs authorities for import of the goods. Thus, 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, he has rendered himself liable to penalty under the said Section 114AA of the Customs Act 1962.

11. Accordingly, M/s. Shree Nath Fabcare Private Limited, having its address at Fourth Floor, 402, Krishna Apra Business, Netaji Subhash Place, Pitampura, Delhi-110034 (IEC No. AALCS3552R), were 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. 7833553 dated 17.01.2025— namely PU Coated Fabrics, other woven fabrics, and knitted fabrics (total quantity 191,667 SQM (comprising 1384 rolls)) with declared value of Rs. 10,03,566/-(Ten Lakhs Three thousand Five hundred and Sixty-Six only),

which were found to have been mis-declared as "Polyester Dyed Laminated Fabric" in the said Bill of Entry 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/CTH: 59032090/59031090/5210/5407/ 6006 instead of the declared Customs Tariff Item 59039090.

(ii) The declared assessable value of Rs. 10,03,566/-(Ten Lakhs Three Thousand Five hundred and sixty-six only) should not be rejected and goods be re-assessed at ₹1,52,47,404/- (Rupees One Crore Fifty-Two Lakh Forty-Seven Thousand Four Hundred and Four only), as per the provisions laid down in the Rule 5 of the Customs Valuation Rules 2007. The same is covered under para 7 of the SCN and is detailed in Annexure-A of the SCN.

(iii) The differential duty amounting to **Rs. 69,57,560/- (Rupees Sixty-Nine Lakhs Fifty-Seven Thousand Five Hundred and Sixty only),** 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/Other woven fabric/knitted fabric having a total quantity of 191667 SQM (Total 1384 Rolls) valued at ₹1,52,47,404/- (Rupees One Crore Fifty-Two Lakh Forty-Seven Thousand Four Hundred and Four only), seized vide Seizure Memo dated 13.03.2025, should not be confiscated under Section 111(m) and/or 111 (d) of the Customs Act, 1962.

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

(vi) Penalty should not be imposed on Shri Siddharth Agarwal, Director of M/s. Shree Nath Fabcare Private Limited under Section 114 AA of the Customs Act, 1962.

WRITTEN SUBMISSION AND PERSONAL HERING

12. In pursuance to the principle of natural justice two personal hearing dated 04.02.2026 and 24.02.2026 were granted to the Importer M/s. Shree Nath Fabcare Private Limited and Shri Siddharth Agarwal, Director of M/s. Shree Nath Fabcare Private Limited. Further, Importer M/s. Shree Nath Fabcare Private Limited, vide their

letter dated 01.06.2026, has requested for waiver for personal hearing and requested to decide the case on merits. They also requested to take lenient consideration in the matter.

DISSCUSSION AND FINDINGS

13. I have carefully gone through the Show Cause Notice dated 15.10.2024, the Noticee's submission and facts of the case. I find that in the present case, principle of natural justice have been complied with and therefore, I proceed to decide the case on the basis of applicable laws/rules, written submissions and documentary evidences available on record. Accordingly, I proceed to decide the matter on the basis of the material evidence available on record.

13.1 I now proceed to decide the issues framed in the instant SCN before me. On a careful perusal of the subject Show Cause Notice and case records, I find that following main issues are involved in this case, which are required to be decided at the stage of adjudication: -

(i) Whether the goods imported vide Bill of Entry No. 7833553 dated 17.01.2025—namely PU Coated Fabrics, other woven fabrics, and knitted fabrics (total quantity 191,667 SQM (comprising 1384 rolls)) with declared value of Rs. 10,03,566/-(Ten Lakhs Three thousand Five hundred and Sixty-Six only), which were found to have been mis-declared as "Polyester Dyed Laminated Fabric" in the said Bill of Entry and were seized vide Seizure Memo dated 13.03.2025, are liable to be reassessed under section 17 of the Customs Act, 1962 by re-classifying the same under the correct CTI/CTH: 59032090/59031090/5210/5407/ 6006 instead of the declared Customs Tariff Item 59039090.

(ii) Whether the declared assessable value of Rs. 10,03,566/-(Ten Lakhs Three Thousand Five hundred and sixty-six only) is liable to be rejected and goods be re-assessed at ₹1,52,47,404/- (Rupees One Crore Fifty-Two Lakh Forty-Seven Thousand Four Hundred and Four only), as per the provisions laid down in the Rule 5 of the Customs Valuation Rules 2007.

(iii) Whether the differential duty amounting to Rs. 69,57,560/- (Rupees Sixty-Nine Lakhs Fifty-Seven Thousand Five Hundred and Sixty only), 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, is liable to be demanded from the importer.

(iv) Whether the seized goods, i.e., PU Coated Fabrics/Other woven fabric/knitted fabric having a total quantity of 191667 SQM (Total 1384 Rolls) valued at ₹1,52,47,404/- (Rupees One Crore Fifty-Two Lakh Forty-Seven Thousand Four Hundred and Four only), seized vide Seizure Memo dated 13.03.2025, are liable for confiscation under Section 111(m) and/or 111 (d) of the Customs Act, 1962.

(v) Whether the importer M/s. Shree Nath Fabcare Private Limited is liable for penalty under Section 112(a) and (b) of the Customs Act, 1962.

(vi) Whether Shri Siddharth Agarwal, Director of M/s. Shree Nath Fabcare Private Limited is liable for penalty under Section 114AA of the Customs Act, 1962.

13.2 I now take up the first issue regarding mis-declaration, mis-classification and re-assessment of the goods. I find that the importer M/s. Shree Nath Fabcare Private Limited declared the entire consignment uniformly as "Polyester Dyed Laminated Fabrics" under CTI 59039090 in Bill of Entry No. 7833553 dated 17.01.2025. The said goods were examined under Panchanama dated 29.01.2025 by the officers of DRI and it was found that the container had 1384 rolls of ten different types of fabric, totally different from the uniform declared description, as detailed in Table"'3" above. Representative samples of all ten types of fabrics were drawn and forwarded to CRCL, Vadodara for testing vide vide test memo's No. 41/Shree Nath Fabcare Pvt Ltd. /7833553, 42/Shree Nath Fabcare Pvt Ltd. /7833553, 43/Shree Nath Fabcare Pvt Ltd. /7833553, 44/Shree Nath Fabcare Pvt Ltd. /7833553, 45/Shree Nath Fabcare Pvt Ltd. /7833553, 46/Shree Nath Fabcare Pvt Ltd. /7833553, 47/Shree Nath Fabcare Pvt Ltd. /7833553, 48/Shree Nath Fabcare Pvt Ltd. /7833553, 49/Shree Nath Fabcare Pvt Ltd. /7833553 & 50/Shree Nath Fabcare Pvt Ltd. /7833553.

13.3 Based on the CRCL's Test Reports and an analysis of the Customs Tariff Act, 1975, I find that the declared description of imported goods as "Polyester Dyed Laminated Fabrics" and its claimed classification under CTI 59039090 in the subject BE are incorrect.

13.4 On the basis of nature, composition, etc. as reported vide CRCL Test reports and Explanatory Notes of the Chapters 52, 54, 59 & 60, I find that these goods merit classification, as per details mentioned below:

Sample Name	Declared Description of Goods	Actual Description of goods as per test report	Applicable Classification
1 A	Polyester Dyed laminated fabrics under CTI 59039090	*"Dyed two-layer fabric, one layer is knitted and other layer is woven. Both layers of fabric is made of polyester filament yarns., GSM-226.49, Polyester woven fabric=49.61%, Polyester knitted fabric balance"*	60063200
2 A	Polyester Dyed laminated fabrics under CTI 59039090	*"Dyed Woven fabric having coating on one side. Fabric is made of polyester filament yarn and coating material based on polyurethane. GSM (As Such 109.46), % Composition: polyester Woven fabric= 93.76 %, Coating material based on Polyurethane= Balance."*	59032090
3 A	Polyester Dyed laminated fabrics under CTI 59039090	*"Woven fabric having coating on one side. Fabric is made of polyester filament yarn and coating material based on polyurethane. GSM (As Such 113, %. Composition: polyester Woven fabric=73.80 %, Coating material based on Polyurethane=Balance."*	59032090
4 A	Polyester Dyed laminated fabrics under CTI 59039090	*"Printed woven fabric having coating on one side. The Fabric is made of polyester filament yarn and coating material is based on Polyvinyl chloride, Average GSM-240.53, Thickness (as such) =0.15 mm, % composition: polyester Woven fabric % =21.52 %, Coating material based on PVC: Balance"*	59031090
5 A	Polyester Dyed laminated fabrics under CTI 59039090	*"Dyed woven fabric having coating on one side. The Fabric is made of polyester filament yarn and coating material is based on Polyvinyl chloride, Average GSM-217.04, Thickness (as such) =0.15 mm, %*	59031090

		composition: polyester Woven fabric % =21.51 %, Coating material based on PVC: Balance"	
6 A	Polyester Dyed laminated fabrics under CTI 59039090	*"Dyed woven fabric, having nylon filament yarn along with spandex on one side & cotton on other side GSM (as such): 185.09, Fabric % composition (as such): - Cotton-53.22 %, Nylon: -40.92 %, Spandex: - 5.86 %"*	52103190
7 A	Polyester Dyed laminated fabrics under CTI 59039090	*"Dyed Woven fabric. Fabric is made of polyester filament yarn and coating material based on polyurethane. GSM (As Such 83.81, Thickness: 0.09 mm: polyester =52.66 %, Coating material based on Polyurethane=Balance."*	59032090
8 A	Polyester Dyed laminated fabrics under CTI 59039090	*"Dyed Woven fabric. Fabric is made of polyester filament yarn and coating material based on polyurethane. GSM (As Such 55.06, Thickness: 0.09 mm: polyester =94.77 %, Coating material based on Polyurethane=Balance."*	59032090
9 A	Polyester Dyed laminated fabrics under CTI 59039090	*"Two layers of fabric pasted with polymeric material.It is made of Dyed knitted fabric made of polyester filament yarn of one layer and second layer is dyed woven fabric made of nylon filament yarn along with spandex on both sides. GSM as such: - 193.41, Fabric Composition (as such), Polyester: - 41.90%, Nylon: - 39.44 % Spandex: - 4.90 %, Adhesive material- Balance"*	60063200
10 A	Polyester Dyed laminated fabrics under CTI 59039090	*"Dyed Woven fabric having parallel nylon filament on one side. Base fabric made of nylon filament yarn with spandex on both sides. GSM (as such) = 234.23, Fabric Composition (as such)- Nylon=93.77%, Spandex= Balance."*	54074290

13.5 I note that Shri Siddharth Agarwal, Director of M/s. Shree Nath Fabcare Private Limited, in his statement recorded on 24.04.2025, admitted that the goods imported were Polyurethane-coated fabric, dyed woven fabric and polyester knitted fabric, which are other than the goods declared under Bill of Entry No. 7833553 dated 17.01.2025. He further confirmed that polyurethane-coated fabric would fall under CTI 59032090 attracting Anti-Dumping Duty of 0.46 USD/Metre when imported from China. He also admitted that the government has imposed restrictions on the import of synthetic

knitted fabric and that M/s. Shree Nath Fabcare Private Limited had not fulfilled the Minimum Import Price criteria for the import of knitted fabrics. He further admitted that the said Bill of Entry has been grossly mis-declared. In his subsequent statement dated 16.09.2025, he also agreed with the valuation in **Annexure-A** and duty calculations in **Annexure-B** by affixing his dated signature thereon.

13.6 I find that the declaration of the entire consignment uniformly as "Polyester Dyed Laminated Fabrics" under CTI 59039090 is wholly incorrect, as established by the CRCL test reports and as admitted by the Director of the importer company himself. Heading 59039090 covers residual "other" textile fabrics impregnated, coated, covered or laminated with plastics not otherwise specified, whereas the actual goods comprise Polyurethane (PU) coated fabrics correctly classifiable under CTI 59032090, Polyvinyl Chloride (PVC) coated fabrics correctly classifiable under CTI 59031090, synthetic knitted fabrics correctly classifiable under CTI 60063200, dyed woven fabrics of cotton correctly classifiable under CTI 52103190, and dyed woven nylon fabric correctly classifiable under CTI 54074290. The uniform mis-classification under CTI 59039090 was manifestly deliberate, designed to avoid the higher Basic Customs Duty applicable on the actual goods and, more critically, to evade the Anti-Dumping Duty of 0.46 USD/Metre leviable on PU Coated Fabrics originating from China in terms of Notification No. 14/2022-Customs (ADD) dated 20.05.2022. I accordingly hold that the declared description and classification in Bill of Entry No. 7833553 dated 17.01.2025 are liable to be rejected and the goods are correctly classifiable as detailed in para 13.4 above.

13.7 I further find that the declared quantity of goods in the Bill of Entry was 82,300 SQM, whereas the actual quantity of goods found during the examination under the Panchanama dated 29.01.2025 was 1,91,667 SQM — a staggering under-declaration of 1,09,367 SQM, which is more than 133% excess over the declared quantity. This gross under-declaration of quantity further establishes the deliberate nature of the mis-declaration by the importer, aimed squarely at evading the correct quantum of duty payable. I accordingly hold that the self-assessment done by the importer in Bill of Entry No. 7833553 dated 17.01.2025 is incorrect and is liable to be rejected, and the Bill of Entry is required to be re-assessed under Section 17(4) of the Customs Act, 1962 based on the correct re-determined classification and valuation.

14. I now take up the **second issue** regarding rejection of declared value and re-determination of assessable value. I find that the declared CIF value of the goods in the Bill of Entry was Rs. 10,03,566/- at a unit rate of 0.14 USD/SQM, which is manifestly unrealistic and inconsistent with the actual nature of the goods imported. As established above, the goods are not "Polyester Dyed Laminated Fabrics" but are a mix of ten different types of fabric including PU Coated, PVC Coated, knitted, woven and other fabrics of varying specifications, each carrying different international market prices. The declared transaction value therefore does not represent the true transaction value of the imported goods and is liable to be rejected under Rule 12 of the Customs Valuation (Determination of Value of Imported Goods) Rules, 2007.

14.1 I find that as the declared value is not acceptable as the true transaction value, it becomes necessary to sequentially apply Rules 4 to 9 of the CVR, 2007 to re-determine the value. I find that:

(a) Rule 4 (transaction value of identical goods) could not be applied as no contemporaneous imports of identical goods with matching brand, specifications, and quantity from China were available in the ICES data.

(b) Rule 5 (transaction value of similar goods) could be applied, as contemporaneous imports of similar goods of Chinese origin during January 2025 from seaports and ICDs were found and examined. The import data for contemporaneous imports of similar goods (PU Coated Fabrics/other woven fabrics/knitted fabrics) from China was compiled as per **Annexure-A** to the SCN. The weighted average of contemporaneous bills for comparable goods was adopted to re-determine the value, as a similar quantity was not available in a single bill. Accordingly, the assessable value of the goods has been re-determined at Rs. **1,52,47,404/- (Rupees One Crore Fifty Two Lakh Forty Seven Thousand Four Hundred and Four only)** under Rule 5 of the CVR, 2007 read with Section 14 of the Customs Act, 1962.

14.2 I note that Shri Siddharth Agarwal, Director of M/s. Shree Nath Fabcare Private Limited, in his statement dated 16.09.2025, perused **Annexure-A** regarding the valuation of all types of fabrics found during the Panchanama and confirmed that the valuation appeared to have been carried out in accordance with the Customs Valuation Rules, and affixed his dated signature on Annexure-A and Annexure-B. This admission by the Director further validates the re-determined value. I accordingly hold

that the declared assessable value of Rs. 10,03,566/- is liable to be rejected under Rule 12 of the CVR, 2007 and the assessable value of the imported goods is required to be re-determined at Rs. 1,52,47,404/- under Rule 5 of the CVR, 2007 read with Section 14 of the Customs Act, 1962.

15. I now take up the **third issue** regarding the demand of differential duty. Based on the re-determined classification and the re-determined assessable value of Rs. 1,52,47,404/-, the total duty liability on the imported goods has been quantified as under (as detailed in **Annexure-B** to the SCN):

Component	Total Applicable Duty (Rs.)	Duty Paid in BE (Rs.)	Differential Duty (Rs.)
Assessable Value	1,52,47,404/-	10,03,566/-	—
Basic Customs Duty (BCD)	27,02,620/-	2,00,713.2/-	25,01,906.9/-
Social Welfare Surcharge (SWS)	2,02,564/-	20,071.32/-	1,82,492.4/-
Anti-Dumping Duty (ADD)	25,16,145/-	NIL	25,16,144.8/-
IGST	19,03,938/-	1,46,922.06/-	17,57,016.04/-
Total Duty	**73,25,267/-**	**3,67,706.58/-**	**69,57,560.2/-**

15.1 I find that the total differential duty liability of **Rs. 69,57,560/-** has arisen on account of the deliberate mis-declaration of description, mis-classification of goods and under-declaration of quantity, resulting in short-levy of Basic Customs Duty, Social Welfare Surcharge, Anti-Dumping Duty and IGST. I accordingly hold that the differential duty of **Rs. 69,57,560/- (Rupees Sixty-Nine Lakhs Fifty-Seven Thousand Five Hundred and Sixty only),** is liable to be demanded and recovered from the importer M/s. Shree Nath Fabcare Private Limited.

16. CONFISCATION OF GOODS:-

16.1 I now proceed to discuss the **issue of confiscation** of the imported goods under Section 111 of the Customs Act, 1962. I find that the Show Cause Notice has proposed confiscation of the impugned goods under Sections 111(m) and/or 111(d) of the Customs Act, 1962. The relevant legal provisions of Section 111(d) and 111(m) of the Customs Act, 1962 are reproduced below:

> *"...*
>
> *(d) any goods which are imported or attempted to be imported or are brought within the Indian customs waters for the purpose of being imported, contrary to any prohibition imposed by or under this Act or any other law for the time being in force;*
>
> *...*
>
> *(m) any goods which do not correspond in respect of value or in any other particular with the entry made under this Act or in the case of baggage with the declaration made under section 77 in respect thereof, or in the case of goods under transhipment, with the declaration for transhipment referred to in the proviso to sub-section (1) of section 54.*

16.2 I find that Section 111(m) of the Customs Act, 1962 provides that any goods which do not correspond in respect of value or in any other particular with the entry made under the Customs Act shall be liable to confiscation. In the present case, the goods imported vide Bill of Entry No. 7833553 dated 17.01.2025 do not correspond to the declared description "Polyester Dyed Laminated Fabrics" under CTI 59039090 in respect of description, nature, composition, classification, quantity and value — each of these being a material particular within the meaning of Section 111(m). I accordingly hold that the entire consignment of imported goods is liable to confiscation under **Section 111(m)** of the Customs Act, 1962.

16.3 I further find that goods of **Types 1 and 9** found in the consignment are synthetic knitted fabrics classifiable under CTI 60063200. As per **DGFT Notification No. 49/2024-25 dated 04.01.2025**, import of goods falling under CTH 60063200 is restricted and is freely permitted only if the CIF value is USD 3.5 per KG or above (Minimum Import Price). In the present case, the importer has not declared these

goods in the Bill of Entry at all, obviously with the intention of evading the Minimum Import Price conditions applicable to their import. The declared value of the goods in the BE at 0.14 USD/SQM is substantially below any Minimum Import Price that could be applicable. The concealment of the knitted fabrics by mis-declaring them as "Polyester Dyed Laminated Fabrics" under a different CTI constitutes importation of goods contrary to the prohibition imposed by the DGFT Notification No. 49/2024-25 dated 04.01.2025. Accordingly, the goods of Types 1 and 9 (knitted fabrics, CTI 60063200) are liable to confiscation also under **Section 111(d)** of the Customs Act, 1962.

17. IMPOSITION OF REDEMPTION FINE IN LIEU OF CONFISCATION UNDER SECTION 125 OF THE CUSTOMS ACT, 1962:

17.1 As the impugned goods have been held liable for confiscation under Sections 111(m) and/or 111(d) of the Customs Act, 1962, I now proceed to consider whether an option to redeem the goods on payment of redemption fine under Section 125 of the Customs Act, 1962 should be given to the importer.

17.2 Section 125(1) of the Customs Act, 1962 reads as under:

> *"Section 125. Option to pay fine in lieu of confiscation.—(1) Whenever confiscation of any goods is authorised by this Act, the officer adjudging it may, in the case of any goods, the importation or exportation whereof is prohibited under this Act or under any other law for the time being in force, and shall, in the case of any other goods, give to the owner of the goods … an option to pay in lieu of confiscation such fine as the said officer thinks fit."*

17.3 A plain reading of the above provision reveals that the imposition of redemption fine serves as an alternative to confiscation, providing the owner of the goods an opportunity to redeem them on payment of a fine, wherever their clearance for home consumption is not restricted under any policy or statutory provision

17.4 Regarding the goods of Types 2, 3, 4, 5, 6, 7, 8 and 10 (CTIs 59032090, 59031090, 52103190 and 54074290), these are dutiable but not prohibited goods.

There is no prohibition or restriction under any policy framework which would prevent their clearance for home consumption. Accordingly, in terms of the mandatory provision under Section 125(1), I give the owner the option to redeem these goods on payment of a Redemption Fine in lieu of confiscation.

17.5 Regarding the goods of Types 1 and 9 (CTI 60063200 — synthetic knitted fabric), these are restricted goods under DGFT Notification No. 49/2024-25 dated 04.01.2025, the import of which is permitted only if the CIF value is USD 3.5 per KG or above (Minimum Import Price). Since the restriction is not an absolute prohibition but a conditional restriction based on Minimum Import Price, the discretion to give an option of redemption fine exists under Section 125(1) of the Customs Act, 1962. I find it appropriate to exercise this discretion and give an option for redemption of these goods as well, subject to the importer fulfilling the conditions prescribed under DGFT Notification No. 49/2024-25 dated 04.01.2025 and paying applicable duties and redemption fine. Such release, being discretionary in nature for restricted goods, is given taking into account the factual position and to avoid disproportionate hardship, while ensuring that the regulatory and revenue interests of the Government are adequately protected through the levy of Redemption Fine and penalties.

DISCUSSION ON IMPOSITION OF PENALTIES ON NOTICEES

18. Penalty on M/s. Shree Nath Fabcare Private Limited (Importer):

18.1 I find that M/s. Shree Nath Fabcare Private Limited filed Bill of Entry No. 7833553 dated 17.01.2025 at Mundra SEZ, declaring the entire consignment of 1,384 rolls uniformly as "Polyester Dyed Laminated Fabrics" under CTI 59039090, whereas the goods on testing by CRCL, Vadodara were found to be ten distinct types of fabrics — including Polyurethane (PU) Coated Fabrics (CTI 59032090), Polyvinyl Chloride (PVC) Coated Fabrics (CTI 59031090), Synthetic Knitted Fabrics (CTI 60063200), Dyed Woven Cotton Fabrics (CTI 52103190) and Dyed Woven Nylon Fabric (CTI 54074290). The declared quantity of 82,300 SQM was also massively under-declared against the actual quantity of 1,91,667 SQM found during examination. The mis-declaration of description, classification and quantity was confirmed by the Director of the importer company himself, Shri Siddharth Agarwal, in his statement dated 24.04.2025 recorded under Section 108 of the Customs Act, 1962. The uniform mis-declaration of ten different types of fabrics — each with distinct physical characteristics, coatings — as a

single product under CTI 59039090 cannot be a result of oversight or inadvertence. The mis-declaration was plainly designed to evade Basic Customs Duty applicable to the actual goods and, more critically, to avoid the Anti-Dumping Duty of 0.46 USD/Metre leviable on PU Coated Fabrics originating from China under Notification No. 14/2022-Customs (ADD) dated 20.05.2022. The gross under-declaration of quantity further compounds the deliberate nature of the mis-statement. The importer also concealed the import of Synthetic Knitted Fabrics (CTI 60063200), which are restricted goods under DGFT Notification No. 49/2024-25 dated 04.01.2025, importable only subject to a Minimum Import Price condition, and did not declare these goods at all in the Bill of Entry. Shri Siddharth Agarwal, Director of the importer company, himself admitted in his statement dated 24.04.2025 that the Bill of Entry has been grossly mis-declared. The deliberate and systematic nature of the mis-declaration, the evasion of Anti-Dumping Duty, and the concealment of restricted goods collectively establish clear mens rea and a conscious intent to defraud the Revenue.

18.2 I find that Section 112(a) of the Customs Act, 1962 provides that any person 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, shall be liable to penalty. In the present case, as established above, the importer M/s. Shree Nath Fabcare Private Limited has committed acts of mis-declaration and misclassification of goods in the Bill of Entry, which have rendered the goods liable to confiscation under Sections 111(d) and 111(m) of the Customs Act, 1962. The importer has, by making a false and incorrect declaration in the Bill of Entry No. 7833553 dated 17.01.2025, contravened Section 46 of the Customs Act, 1962.

18.3 For the goods of Types 2, 3, 4, 5, 6, 7, 8 and 10 (dutiable but non-prohibited goods classifiable under CTIs 59032090, 59031090, 52103190 and 54074290), the importer has rendered the goods liable to confiscation under Section 111(m) of the Customs Act, 1962, and is accordingly liable to penalty under Section 112(a)(ii) of the Customs Act, 1962, which provides for penalty not exceeding ten percent of the duty sought to be evaded or five thousand rupees, whichever is higher, in respect of dutiable goods other than prohibited goods.

18.4 For the goods of Types 1 and 9 (restricted goods classifiable under CTI 60063200), the importer has rendered the goods liable to confiscation under Section

111(d) read with Section 111(m) of the Customs Act, 1962, by importing restricted goods by way of concealment and mis-declaration, in violation of DGFT Notification No. 49/2024-25 dated 04.01.2025. The importer is accordingly liable to penalty under Section 112(a)(i) of the Customs Act, 1962, 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.

18.5 I find that imposition of penalty under Section 112(a) and 112(b) simultaneously amounts to imposition of double penalty for the same act; therefore, I refrain from imposition of penalty under Section 112(b) of the Customs Act, 1962.

19. **Penalty on on Shri Siddharth Agarwal, Director of M/s. Shree Nath Fabcare Private Limited:**

19.1 I find that Shri Siddharth Agarwal is the Director of M/s. Shree Nath Fabcare Private Limited and, as established from his statement dated 24.04.2025, was personally responsible for the business operations of the firm including the import of the subject consignment. Consequent to the summons issued to him, Shri Siddharth Agarwal appeared before the DRI and tendered his statement under Section 108 of the Customs Act, 1962. During his statement, he was confronted with the Panchanama dated 29.01.2025 and the CRCL test reports, and he admitted that the goods imported were Polyurethane-coated fabric, dyed woven fabric and Polyester knitted fabric — wholly different from the goods declared in Bill of Entry No. 7833553 dated 17.01.2025. He further confirmed that PU coated fabric falls under CTI 59032090 attracting Anti-Dumping Duty at 0.46 USD/Metre when imported from China, that dyed woven fabric is correctly classifiable under CTI 54076190, and that restrictions on Synthetic Knitted Fabrics require CIF value of USD 3.5 per KG or above — conditions which the importer had not fulfilled. He admitted in categorical terms that the said Bill of Entry has been grossly mis-declared, and assured discharge of all liabilities including customs duty, Anti-Dumping Duty and penalty.

19.2 I find that Section 114AA of the Customs Act, 1962 provides that if a person knowingly or intentionally makes, signs or uses, or causes to be made, signed or used, any declaration, statement or document which is false or incorrect in any material particular in the transaction of any business for the purposes of the Act, he shall be liable to a penalty. I find that Shri Siddharth Agarwal, as Director and the person handling all business operations of M/s. Shree Nath Fabcare Private Limited, was the person responsible for the filing of Bill of Entry No. 7833553 dated 17.01.2025 with

false and incorrect declarations in material particulars, viz., incorrect description of goods as "Polyester Dyed Laminated Fabrics" instead of the actual PU Coated Fabrics, PVC Coated Fabrics, knitted fabrics, dyed woven fabrics and other fabrics; incorrect classification under CTI 59039090 instead of the correct CTIs; and gross under-declaration of quantity (82,300 SQM declared against 1,91,667 SQM found). Shri Siddharth Agarwal himself admitted in his statement dated 24.04.2025 that the Bill of Entry has been grossly mis-declared. He has thereby knowingly and intentionally caused to be made, signed and used a declaration before the Customs authorities which is false and incorrect in material particulars. I accordingly hold that Shri Siddharth Agarwal is liable to penalty under Section 114AA of the Customs Act, 1962.

20. In view of the foregoing discussions and findings, I pass the following order:

ORDER

(i) I order to reject the declared description, quantity and classification of the impugned goods imported vide Bill of Entry No. 7833553 dated 17.01.2025 and order to re-described, re-quantified and re-classified as detailed in Table-“5” and Table-“6” above.

(ii) I reject the declared assessable value of Rs. 10,03,566/- (Rupees Ten Lakhs Three Thousand Five Hundred and Sixty Six only) under Rule 12 of the Customs Valuation (Determination of Value of Imported Goods) Rules, 2007 and order to re-determine the same at **Rs. 1,52,47,404/- (Rupees One Crore Fifty Two Lakh Forty Seven Thousand Four Hundred and Four only)** under Rule 5 of CVR, 2007 ibid read with Section 14 of the Customs Act, 1962.

(iii) I order for re-assessment of the said Bill of Entry under Section 17(4) of the Customs Act, 1962.

(iv) I confirm the differential duty of **Rs. 69,57,560/- (Rupees Sixty-Nine Lakhs Fifty-Seven Thousand Five Hundred and Sixty only)**, arising consequent to such re-assessment shall be payable from the importer M/s. Shree Nath Fabcare Private Limited (IEC No. AALCS3552R).

(v) I order to confiscate the goods of Types 1 and 9 (Synthetic Knitted Fabrics, CTI 60063200 — total 264 rolls) having re-determined assessable value of **Rs.14,19,312/-**

(Rupees Fourteen Lakh Nineteen Thousand Three Hundred and Twelve only), under Section 111(d) and 111(m) o8f the Customs Act, 1962. However, I give an option to M/s. Shree Nath Fabcare Private Limited to redeem the said goods on payment of a Redemption Fine of **Rs. 1,40,000/- (Rupees One Lakh Forty Thousand only)** under Section 125(1) of the Customs Act, 1962, as discussed above.

(vi) I order to confiscate the remaining goods i.e. goods of Types 2, 3, 4, 5, 6, 7, 8 and 10 (total 1120 rolls), having re-determined assessable value of **Rs. 1,38,28,092/- (Rupees One Crore Thirty Eight Lakh Twenty Eight Thousand and Ninety Two only)**, under Section 111(m) of the Customs Act, 1962. However, I give an option to the importer M/s. Shree Nath Fabcare Private Limited to redeem the said goods on payment of a **Redemption Fine of Rs. 13,00,000/- (Rupees Thirteen Lakh only)** under Section 125(1) of the Customs Act, 1962, subject to payment of applicable differential duties thereon.

(vii) I impose a penalty of **Rs. 70,000/- (Rupees Seventy Thousand only)** only) upon the importer M/s. Shree Nath Fabcare Private Limited (IEC No. AALCS3552R), under Section 112(a)(i) of the Customs Act, 1962, in respect of the goods of Types 1 and 9 (Knitted Fabric classifiable under CTH 60063200).

(viii) I impose a penalty of **Rs. 6,50,000/-** (Rupees Six Lakh Fifty Thousand only) upon the importer M/s. Shree Nath Fabcare Private Limited (IEC No. AALCS3552R), under Section 112(a)(ii) of the Customs Act, 1962, in respect of the goods of Types 2, 3, 4, 5, 6, 7, 8 and 10.

(viii) I impose a penalty of **Rs. 1,00,000/- (Rupees One lakh only)** upon Shri Siddharth Agarwal, Director of M/s. Shree Nath Fabcare Private Limited, under Section 114AA of the Customs Act, 1962.

21. This order is issued without prejudice to any other action which may be contemplated against the importer or any other person under the provisions of the Customs Act, 1962 and rules/regulations framed thereunder or under any other law for the time being in force in the Republic of India.

22. The Show Cause Notice issued No. 117/2025-26/ADC/ZDC/MCH dated 26.11.2025 and its corrigendum dated 29.05.2026, is hereby disposed of on the above terms.

Digitally signed by Dipakbhai Zala
Date: 02-06-2026 18:39:23

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

To,

(i) M/s. Shree Nath Fabcare Private Limited,
Fourth Floor, 402, Krishna Apra Business,
Netaji Subhash Place, Pitampura,
Delhi-110034.

(ii) Shri Siddharth Agarwal, Director of M/s. Shree Nath Fabcare Private Limited,
H.no.-46, Opposite TV Tower, Sandesh Vihar,
Pitampura Main Road, Saraswati Vihar,
North west Delhi-110034

Copy to:

1. The Additional Director General, DRI, Ahmedabad Zonal Unit

2. The Dy./Asstt. Commissioner (RRA/TRC), Customs House, Mundra.

3. The Dy./Asstt. Commissioner (EDI), Customs House, Mundra... (with the direction to upload on the official website immediately)