	प्रधान आयुक्त का कार्यालय, सीमा शुल्क सदन, मुन्द्रा **OFFICE OF THE PRINCIPAL COMMISSIONER OF CUSTOMS,** **CUSTOM HOUSE: MUNDRA, KUTCH** **MUNDRA PORT & SPL ECONOMIC ZONE, MUNDRA-370421** ई-मेल/ E-Mail: adj-mundra@gov.in	
A	फा. सं./ FILE NO.	GEN/ADJ/ADC/726/2026-Adjn-O/o Pr Commr-Cus-Mundra
B	मूल आदेश सं. ORDER-IN- ORIGINAL NO.	MCH/ADC/ZDC/432/2026-27
C	द्वारा पारित किया गया PASSED BY	**Dipak Zala,** Additional Commissioner of Customs, Custom House, Mundra
D	आदेश की तिथि DATE OF ORDER	22.10.2026
E	जारी करने की तिथि DATE OF ISSUE	22.10.2026
F	कारण बताओ नोटिस सं. एवं तिथि SCN NO. & DATE	44/2026-27/ADC/ZDC/MCH dated 14.05.2026
G	नोटिसी/पार्टी / आयातक NOTICEE/PARTY/ IMPORTER	**1.** M/s Sinotex Changshu India Pvt. Ltd. (IEC: 3316909036) **2.** Shri Sameer Chadha, Director of M/s Sinotex Changshu India Pvt. Ltd.

1. यह अपील आदेश 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 अपील आदेश से असंतुष्ट है तो वह सीमा शुल्क अपील नियमावली 1982 के नियम 6(1) के साथ पठित सीमा शुल्क अधिनियम 1962 की धारा 128 के अंतर्गत प्रपत्र सीए3-में चार प्रतियों में नीचे बताए गए पते पर अपील कर सकता है-
Any person aggrieved by this Order - in - Original may file an appeal under Section 128 of Customs Act, 1962 read with Rule 3 of the Customs (Appeals) Rules, 1982 in quadruplicate in Form C. A. -1 to:

"सीमा शुल्क आयुक्त (अपील), चौथी मंजिल, हुडको बिल्डिंग, ईश्वर भुवन रोड, नवरंगपुरा, अहमदाबाद 380009"

"The Commissioner of Customs (Appeals), Mundra, 4TH Floor, Hudco Building, Ishwar Bhuvan Road, Navrangpura, Ahmedabad-380009."

3. उक्त अपील यह आदेश भेजने की दिनांक से 60 दिन के भीतर दाखिल की जानी चाहिए।
Appeal shall be filed within sixty days from the date of communication of this order.

4. उक्त अपील के पर न्यायालय शुल्क अधिनियम के तहत 5/- रुपए का टिकट लगा होना चाहिए और इसके साथ निम्नलिखित अवश्य संलग्न किया जाए-
Appeal should be accompanied by a fee of Rs. 5/- under Court Fee Act it must accompanied by –

5. उक्त अपील पर न्यायालय शुल्क अधिनियम के तहत 5/- रूपये कोर्ट फीस स्टाम्प जबकि इसके साथ संलग्न आदेश की प्रति पर अनुसूची- 1, न्यायालय शुल्क अधिनियम, 1870 के मदसं°-6 के तहत निर्धारित 0.50 पैसे की एक न्यायालय शुल्क स्टाम्प वहन करना चाहिए।
The appeal should bear Court Fee Stamp of Rs.5/- under Court Fee Act whereas the copy of this order attached with the appeal should bear a Court Fee stamp of Rs.0.50 (Fifty paisa only) as prescribed under Schedule-I, Item 6 of the Court Fees Act, 1870.

6. अपील ज्ञापन के साथ ड्यूटि/ दण्ड/ जुर्माना आदि के भुगतान का प्रमाण संलग्न किया जाना चाहिये। Proof of payment of duty/fine/penalty etc. should be attached with the appeal memo.

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

8. इस आदेश के विरुद्ध अपील हेतु जहां शुल्क या शुल्क और जुर्माना विवाद में हो, अथवा दण्ड में, जहां केवल जुर्माना विवाद में हो, Commissioner (Appeals) के समक्ष मांग शुल्क का 7.5% भुगतान करना होगा।
An appeal against this order shall lie before the Commissioner (A) on payment of 7.5% of the duty demanded where duty or duty and penalty are in dispute, or penalty, where penalty alone is in dispute.

BRIEF FACTS OF THE CASE

1.1. M/s Sinotex Changshu India Pvt. Ltd., (IEC: 3316909036) Plot No. 15, Shri Ram Marg, Opp. Sector 25, HUDA, Part-II, Panipat, Haryana, 132103, [hereinafter referred to as M/s Sinotex or importer for the sake of brevity] is engaged in the import of fabrics through Mundra SEZ.

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

1.3. Based on the above intelligence, the following import consignments of M/s. Sinotex (IEC: 3316909036) were intercepted:

Table "1"

SEZ Bill of Entry No. & date	BE Type	Container No.	Description of goods as per B/E	Declared CTH	Declared Quantity (KGs)
5920140 dated 25.11.2025	Z	MSDU8543107	POLYSTER KNITTED CUT PILE FABRICS	60019200	16905.2
			POLYSTER KNITTED LONG	60011020	1164.76

			PILE FABRICS		
5919766 dated 25.11.2025	Z	MSMU6 783595	POLYSTER KNITTED CUT PILE FABRICS.	60019200	16920
			POLYSTER KNITTED LONG PILE FABRICS.	60011020	1198

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

2. Examination of Goods

2.1. The consignments imported by M/s. Sinotex through Mundra port under the above-mentioned Bills of entries were examined under panchnama dated 05.12.2025 at warehouse of M/s OWS Warehouse Services LLP, Survey No. 169, Sector-8, Village Dhruve, APSEZ, Mundra, Kachchh, Gujarat, 370421 and under panchnama dated 15.12.2025 at M/s Hind Terminals Pvt Ltd situated at Survey No. 76/1/1, and 77/1/1, Opp Dhrub GID, Mundra Port Road, Dhrub, Mundra, Kachchh, Gujarat – 370421. During the examination, it was observed that goods stuffed in the said containers were fabric rolls. All the imported goods under the said container were de-stuffed, and a systematic examination of the goods was conducted.

2.2 The goods Imported by M/s Sinotex and examined under Panchnama dated 05.12.2025 were as under**:**

Table- "2"

S. No.	BE No.	BE DATE	CONTAINER NUMBER	Net weight of the goods
1	5920140	25-11-2025	MSDU8543107	20290 Kgs.

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

Table- "2A"

BE No. with Container No.	Net weight of the container (in KGs)	Total No. of Rolls found	Type of Goods	No. of Rolls found	Weight of the goods (in KGs) ascertained.

5920140 dated 25.11.2025 MSDU8543107	20290	687	Polyster Knitted Cut Pile Fabrics**	652	19170 Kgs.
			Polyster Knitted Long Pile Fabrics**	35	1120 Kgs.

** = Description of goods declared in BE

2.4 Further, below mentioned are the details of import consignment imported by M/s Sinotex and examined under Panchnama dated 15.12.2025:

Table- "3"

B/E No. & Date	**Container No.**	**Net weight of the cargo**
5919766 dated 25.11.2025	MSMU6783595	20800 KGs.

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

Table- "3A"

BE No. with Container No.	**Net weight of the container (in KGs)**	**Total No. of Rolls found**	**Type of Goods**	**No. of Rolls found**	**Weight of the goods (in KGs) ascertained.**
5919766 dated 25.11.2025 MSMU6783595	20800	687	Polyster Knitted Cut Pile Fabrics**	652	19441 Kgs.
			Polyster Knitted Long Pile Fabrics**	35	1359 Kgs.

** = Description of goods declared in BE

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

Table- "4"

Sr. No.	**Bill of Entry No.**	**Container No.**	**Test Memo No.**
1	5920140 dated 25.11.2025	MSDU8543107	23 & 24
2	5919766 dated 25.11.2025	MSMU6783595	33 & 34

3. Sample Test Reports

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

Table- "5"

Sr No.	SEZ Bill of Entry No. & date	Test Memo No./Test Report	Description of Goods as per Test Reports	CTI determined as per Test reports	Quantity ascertained during the examination under panchnama
1	5920140 dated 25.11.2025	23	Polyester Knitted Cut Pile Fabric	60019200	19170 Kgs.
		24	Polyester Knitted Cut Pile Fabric	60019200	1120 Kgs.
2	5919766 dated 25.11.2025	33	Polyester Knitted Cut Pile Fabric	60019200	23141.27 Kgs.
		34	Polyester Knitted Long Pile Fabric	60011020	1358.76 Kgs.

3.2 Further, goods imported with declared description Polyester Long Pile Fabrics and classified under CTI: 60011020 in Bill of Entries at Sr. Nos. 1/ Test Memo No. 24 in the table above were tested and reported by CRCL Vadodara to be "Polyester Knitted Cut Pile Fabric". These fabrics fall under CTI: 60019200 attracting MIP under DGFT notification no. 49/2024-25 dated 04 January, 2025**.** An image of a sample test report is extracted herein below:-

Lab No : RCL/DRI, AH/IMP/4614/11.12.2025
T.M No : 24/Sinotex/5920140/LP/Sample-1
B.E. No : 5920140/25.11.2025

Test Report

The sample is in the form of cut piece of dyed, knitted fabric having cut piles on one side. It is made of Polyester filament yarns.

GSM (as such)- 223.18

Q. No. 4, 10, 16 & 17 could not be ascertained here.

Sealed remnant returned herewith.

7/1/26

07.01.26

मुहम्मद हबीबुल्लाह / Md. Habibulla

GOVT. OF INDIA No. 16 सत्यमेव जयते VADODARA CENTRAL EXCISE & CUSTOMS LAB

Despatch No. 1659
Dt. 09/01/26
C.Ex. & Cus. Lab., Vadodara.

Perused
15-1-26

3.3 Based on the foregoing facts, it is evident that the goods declared as "Polyester Knitted Long Pile Fabric" under CTI 60011020 vide Bill of Entries were mis-declared, with the intent to conceal the import of Polyester Knitted Cut Pile Fabric under the guise of Polyester Knitted Long Pile Fabric.

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

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

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

3.6 In view of the above, by mis-declaring the nature of the imported goods, the importer has attempted to evade customs duty amounting to **₹ 45,078/-** (Rupees Forty Five Thousand and Seventy Eight only), comprising Basic Customs Duty of ₹ 34,385/- (Rupees Thirty Four Thousand three hundred and eighty Five Only), Social Welfare Surcharge (SWS) of ₹ 3,437/- (Rupees Three Thousand Four Hundred and Thirty Seven Only) and Integrated Goods and Services Tax (IGST) of ₹ 7,256/- (Rupees Seven Thousand Two Hundred and Fifty Six Only). The detailed calculation indicating the above quantum of evasion is brought out in the subsequent part of this Investigation Report. **(Annexure-A)**.

4. Seizure of Goods

4.1. The above ascertained mis-declaration and misclassification appeared to be a deliberate attempt to evade applicable duties. Accordingly, the imported goods covered under BE No. 5920140 dated 25.11.2025 as detailed in Table below were placed under Seizure vide Seizure Memo F. No. DRI/AZU/CI-02/ENQ-11(INT-56/25)/2026 dated 01.04.2026, as they were found to be liable for confiscation under sub-section (l) & (m) of Section 111 of the Customs Act, 1962. The details of the seized goods are as follows:

Table- "6"

Sr No.	SEZ Bill of Entry No. & date	Test Memo No./Test Report	Description of Goods as per Test Reports	CTI determined as per Test reports	Quantity ascertained during the examination under panchnama
1	5920140 dated 25.11.2025	23	Polyester Knitted Cut Pile Fabric	60019200	19170 Kgs.
		24	Polyester Knitted Cut Pile Fabric	60019200	1120 Kgs.

Table- "6A"

Sr No.	SEZ BE No. and Date	Total No. of Rolls found during panchnama	Gross weight found during panchnama (In KGs)
1	5920140 dated 25.11.2025	850	20290

4.2. Vide the above Seizure Memo dated 01.04.2026, M/s Sinotex was also given an option to approach the Jurisdictional Customs Authority for provisional release of the seized goods under the provisions of Section 110A of the Customs Act, 1962.

5. Statements Recorded

5.1. Consequent to the Summons (CBIC-DIN-202601DDZ10000555BBB) dated 08.01.2026, a statement of Shri Sameer Chadha, Director of M/s Sinotex, (GSTIN:-06AAXCS6572R1Z1) was recorded on 15.01.2026 under Section 108 of the Customs Act, 1962, wherein, he inter-alia stated that he looks after sales, purchase and overall operation of the firm; that he is business man and does not know much about the classification of fabrics as per Customs Act but has knowledge of fabrics as per market requirement; that imported goods were classified as per the Customs Tariff under the guidance of CHA and their staff; that M/s Sinotex is a trading firm engaged in import and trading of Pile fabric along with other fabrics; that he agrees with the Test Reports of CRCL Vadodara and acknowledges the receipt of copies of Test Report as below:-

Table- "7"

SEZ Bill of Entry No. & date	Container No.	Description of goods as per B/E	CTI	Quantity declared	Quantity of goods found during Examination (gross)	Test memo Number	Goods as per Test report
5920140 dated 25.11.2025	MSDU8543107	Polyester Knitted Cut Pile Fabric	60019200	16905 Kgs	19170 Kgs.	23	Knitted Cut Pile Fabric
		Polyester Knitted Long Pile Fabric	60011020	1165 Kgs	1120 Kgs.	24	Knitted Cut Pile Fabric
5919766 dated 25.11.2025	MSMU6783595	Polyester Knitted Cut Pile Fabric	60019200	16920Kgs	23141 Kgs.	33	Knitted Cut Pile Fabric
		Polyester Knitted Long Pile Fabric	60011020	1198 Kgs	1359 Kgs.	34	Knitted Long Pile Fabric

5.2 Consequent to the Summons (CBIC-DIN-202603DDZ1000000C882) dated 17.03.2026, another statement of Shri Sameer Chadha, Director of M/s Sinotex, (GSTIN:-06AAXCS6572R1Z1) was recorded under Section 108 of the Customs Act, 1962, wherein, he inter-alia stated that he agrees with the facts narrated in his earlier statement dated

15.01.2026; that he accepts the proposed re-classification and re-valuation of imported fabric; that he agrees for the re-valuation of imported fabric;

6. Re-classification of Goods:

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

Table – "8"

Sr. No.	SEZ Bill of Entry No. & date	Container No.	Description of goods as per B/E	Declared CTI	Goods as per Test report	Ascertained CTI
1	5920140 dated 25.11.2025	MSDU8543107	Polyester Knitted Cut Pile Fabric	60019200	Knitted Cut Pile Fabric	60019200
			Polyester Knitted Long Pile Fabric	60011020	Knitted Cut Pile Fabric	60019200
2	5919766 dated 25.11.2025	MSMU6783595	Polyester Knitted Cut Pile Fabric	60019200	Knitted Cut Pile Fabric	60019200
			Polyester Knitted Long Pile Fabric	60011020	Knitted Long Pile Fabric	60011020

6.2 Classification of Polyester Knitted Cut Pile Fabrics

6.2.1 CRCL, Vadodara, vide their test report has stated that the imported fabrics shown as Polyester Knitted Long Pile Fabrics in the above table were "Polyester Knitted Cut Pile Fabrics". The correct classification for " Polyester Knitted Cut Pile Fabrics " is Customs Tariff Item 60019200, which specifically covers 'Pile fabrics', including "Other" fabrics and terry fabrics, knitted or crocheted—of man-made fibers". Moreover, the importer has already classified the identical item imported under the Bill of Entry under investigation under CTI:- 60019200.

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

7.1. Investigation has brought out that quantities of goods declared in the above Bills of Entries were lesser than actual quantities ascertained during examination under

respective panchnama. The comparison of the quantities of goods declared and the actual quantity of goods found is attached as Annexure -A.

7.2 Further, the importer had mis-declared the description of goods or import of actual quantity of goods as detailed below:-

Table-"9"

Sr No.	**SEZ Bill of Entry No. & date**	**Container No.**	**Description of goods as per B/E**	**Declared CTI**	**Quantity as per BE (KGs.)**	**Actual Quantity of goods (KGs.)**	**Goods as per Test report**	**Ascertained CTI**
1	5920140 dated 25.11.2025	MSDU8543107	Polyester Knitted Cut Pile Fabric	60019200	16905.2	16864.7	Knitted Cut Pile Fabric	60019200
			Polyester Knitted Long Pile Fabric	60019200	1164.76	961.16	Knitted Cut Pile Fabric	60019200
2	5919766 dated 25.11.2025	MSMU6783595	Polyester Knitted Cut Pile Fabric	60019200	16920	17133	Polyester Knitted Cut Pile Fabric	60019200
			Polyester Knitted Long Pile Fabric	60011020	1198	1195.16	Polyester Knitted Long Pile Fabric	60011020

7.3 Valuation of goods for assessment to Customs duties is governed by the provisions of Section 14 of the Customs Act, 1962, which provides that the value of imported goods shall be the transaction value of such goods, when sold for export to India for delivery at the time and place of importation, where the buyer and seller of the goods are not related and price is the sole consideration for the sale, subject to such other conditions as may be specified in the rules made in this behalf. Further, the Customs Valuation Rules (Determination of value of imported goods) 2007 (hereinafter referred to as the 'CVR, 2007'), having been framed under the provisions of Section 14, provide for the determination of value in a variety of situations. More specifically, Rule 3 of the CVR, 2007 provides that, subject to Rule 12, the value of the goods shall be the Transaction Value adjusted in accordance with Rule 10.

7.4. From the foregoing, it is apparent that, in the present case, the fabrics actually found upon examination have been mis-declared in the respective Bill of Entries. The importer has declared description of goods in the Bill of Entry, in line with the

descriptions mentioned in the supplier's invoice. Furthermore, the quantity Fabric discovered during the examination does not correspond with the quantity declared in the Bill of Entry. Accordingly, the value declared to the Customs in the respective Bill of Entry appeared not to represent the true Transaction Value of the goods imported. Moreover, the importer has not only grossly misclassified the types of fabric, but also mis-declared the quantities of fabrics, creating reasonable doubt on the truth or accuracy of the declared value of imported fabrics. It is further observed that the CIF value of the actual imported goods viz. Cut Pile Fabrics has been kept significantly low as compared to the similar goods imported and declared in the same Bill of Entry by declaring the imported goods as Long Pile Fabrics as detailed in the table ibid. Hence, the said transactional value declared in the Bill of Entry appears to have failed the test of acceptability under Rule 3(2) of the Customs Valuation (Determination of Value of Imported Goods) Rules, 2007, which mandates that the declared price must reflect the actual price paid or payable. Accordingly, the declared value is liable to be rejected under Rule 12 read with Rule 3(2) due to the absence of genuine, valid commercial documentation.

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

7.6. As per Rule 4 of the CVR, 2007, the value of imported goods shall be the Transaction Value of identical goods sold for export to India and imported at or about the same time as the goods being valued, subject to certain conditions and parameters. The importer had imported identical goods and declared import price @3.51 $ per Kgs. in the same Bill of Entry as detailed in the Table ibid. Therefore, in terms of Rule 4 of the CVR, 2007 import price may be considered @3.51 $ per Kgs.

7.7. Therefore, in terms of the provisions of Rule 4 of the CVR, 2007, value of goods imported under above said Bill of Entries was re-determined by considering the import price of identical goods ie. @3.51 $ per Kgs.

7.8. In his statement dated 17.03.2026, Director of M/s Sinotex stated that he agree to the proposed re-valuation as per the import of identical goods. He also agreed to consequential payment of the proposed differential duty & taxes.

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

8.1. Revised Quantification under Rule 4

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

Table – "10"

Sr	SEZ Bill	Descriptio	Goods as	CTI	Total	Total	Different

. No.	**of Entry No., date & Container No.**	**n of goods as per B/E**	**per Test report**		**Duty Assessed in BE**	**Applicable Duty**	**ial Duty**
1	5920140 dated 25.11.2025 MSDU8543107	Polyester Knitted Cut Pile Fabric	Knitted Cut Pile Fabric	60019200	15,09,091	14,88,727	(-)20,364
		Polyester Knitted Long Pile Fabric	Knitted Cut Pile Fabric	60019200	21, 111	84,846	(+) 63,735
2	5919766 dated 25.11.2025 MSMU6783595	Polyester Knitted Cut Pile Fabric	Polyester Knitted Cut Pile Fabric	60019200	15,10,412	15,12, 411	(+)1,999
		Polyester Knitted Long Pile Fabric	Polyester Knitted Long Pile Fabric	60011020	21, 713	21, 421	(-)292
		Total:-			**30,62,327**	**31,07,405**	**45,078**

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

9. Legal Provisions

9.1. **Section 17 of the Customs Act, 1962**

17. Assessment of duty. – (1) An importer entering any imported goods under section 46, or an exporter entering any export goods under section 50, shall, save as otherwise provided in section 85, self-assess the duty, if any, leviable on such goods.

…….

(4) Where it is found on verification, examination or testing of the goods or otherwise that the self-assessment is not done correctly, the proper officer may, without prejudice to any other action which may be taken under this Act, re-assess the duty leviable on such goods.

9.2. **Section 46 of the Customs Act, 1962**:

46. Entry of goods on importation. – (1) The importer of any goods, other than goods intended for transit or transshipment, shall make entry thereof by presenting 4[electronically] 5[on the customs automated system] to the proper officer a bill of entry for home consumption or warehousing 6[in such form and manner as may be prescribed]:

9.3. **Section 110 of the Customs Act, 1962**

110. Seizure of goods, documents and things.—(1) If the proper officer has reason to believe that any goods are liable to confiscation under this Act, he may seize such goods: Provided that where it is not practicable to seize any such goods, the proper officer may serve on the owner of the goods an order that he shall not remove, part with, or otherwise deal with the goods except with the previous permission of such officer.

9.4. **Section 111 of the Customs Act, 1962**

111. Confiscation of improperly imported goods, etc.— The following goods brought from a place outside India shall be liable to confiscation: —

…….

(m) any goods which do not correspond in respect of value or in any other particular] with the entry made under this Act or in the case of baggage with the declaration made under section 77 3[in respect thereof, or in the case of goods under transshipment, with the declaration for transshipment referred to in the proviso to sub-section (1) of section 54;

9.5. **Section 112 of the Customs Act, 1962**

112. Penalty for improper importation of goods, etc. — Any person, —
(a) who, in relation to any goods, does or omits to do any act which act or omission would render such goods liable to confiscation under section 111, or abets the doing or omission of such an act, or
(b) who acquires possession of or is in any way concerned in carrying, removing, depositing, harbouring, keeping, concealing, selling or purchasing, or in any other manner dealing with any goods which he knows or has reason to believe are liable to confiscation under section 111,

shall be liable, —

(i) in the case of goods in respect of which any prohibition is in force under this Act or any other law for the time being in force, to a penalty 5[not exceeding the value of the goods or five thousand rupees], whichever is the greater;

(ii) in the case of dutiable goods, other than prohibited goods, subject to the provisions of section 114A, to a penalty not exceeding ten per cent. of the duty sought to be evaded or five thousand rupees, whichever is higher: Provided that where such duty as determined under sub-section (8) of section 28 and the interest payable thereon under section 28AA is paid within thirty days from the date of communication of the order of the proper officer determining such duty, the amount of penalty liable to be paid by such person under this section shall be twenty-five per cent. of the penalty so determined;]

(iii) in the case of goods in respect of which the value stated in the entry made under this Act or in the case of baggage, in the declaration made under section 77 (in either case hereafter in this section referred to as the declared value) is higher than the value thereof, to a penalty 3[not exceeding the difference between the declared value and the value thereof or five thousand rupees], whichever is the greater;

(iv) in the case of goods falling both under clauses (i) and (iii), to a penalty 4[not exceeding the value of the goods or the difference between the declared value and the value thereof or five thousand rupees], whichever is the highest;

(v) in the case of goods falling both under clauses (ii) and (iii), to a penalty 5[not exceeding the duty sought to be evaded on such goods or the difference between the declared value and the value thereof or five thousand rupees], whichever is the highest.

9.6. **Section 114AA of the Customs Act, 1962**

114AA. Penalty for use of false and incorrect material. – If a person knowingly or intentionally makes, signs or uses, or causes to be made, signed or used, any declaration, statement or document which is false or incorrect in any material, in the transaction of any business for the purposes of this Act, shall be liable to a penalty not exceeding five times the value of goods.]

9.7. **Section 124 of the Customs Act, 1962**

124. Issue of show cause notice before confiscation of goods, etc. – No order confiscating any goods or imposing any penalty on any person shall be made under this Chapter unless the owner of the goods or such person –
(a) is given a notice in writing with the prior approval of the officer of Customs not below the rank of 2[an Assistant Commissioner of Customs], informing] him of the grounds on which it is proposed to confiscate the goods or to impose a penalty;
(b) is given an opportunity of making a representation in writing within such reasonable time as may be specified in the notice against the grounds of confiscation or imposition of penalty mentioned therein; and
(c) is given a reasonable opportunity of being heard in the matter:

Provided that the notice referred to in clause (a) and the representation referred to in clause (b) may, at the request of the person concerned, be oral. 3 [Provided further that notwithstanding the issue of notice under this section, the proper officer may issue a supplementary notice under such circumstances and in such manner as may be prescribed.]

9.8. **Section 125 of the Customs Act, 1962**

125. Option to pay fine in lieu of confiscation. – (1) Whenever confiscation of any goods is authorised by this Act, the officer adjudging it may, in the case of any goods, the importation or exportation whereof is prohibited under this Act or under any other law for the time being in force, and shall, in the case of any other goods, give to the owner of the goods 4[or, where such owner is not known, the person from whose possession or custody such goods have been seized,] an option to pay in lieu of confiscation such fine as the said officer thinks fit:

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

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

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

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

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

9.9 **Section 30 of SEZ Act, 2005**

Subject to the conditions specified in the rules made by the Central Government in this behalf:-

(a) any goods removed from a Special Economic Zone to the Domestic Tariff Area shall be chargeable to duties of customs including antidumping, countervailing and safeguard duties under the Customs Tariff Act, 1975, where applicable, as leviable on such goods when imported; and

(b) the rate of duty and tariff valuation, if any, applicable to goods removed from a Special Economic Zone shall be at the rate and tariff valuation in force as on the date of such removal, and where such date is not ascertainable, on the date of payment of duty.

9.10 **Rule 28 of SEZ Rules, 2006**

28. (1) A Unit or Developer may import goods directly into the Special Economic Zone or through any other:

(a) ports or airports;
(b) land customs stations;
(c) inland container depots;
(d) foreign post offices;
(e) authorized couriers; or
(f) through personal baggage of passengers authorized by the Special Economic Zone Unit; or
(g) Via Satellite data communication such as internet or any other telecommunication link.

(2) Goods imported through ports or airports, land customs stations, or inland container depots shall be allowed to be transferred in full cargo load or less than container load cargo by direct transfer from such port or airport or Inland container Depot or land customs station to the Special Economic Zone.

(3) The import of Information Technology enabled services, including software, shall also be allowed through data communication link, internet, e-mail or any other electronic mode.

(4) The Unit or Developer may also procure goods required for the authorized operations, without payment of duty, from International Exhibitions held in India or from bonded warehouses set up under the Foreign Trade Policy and under the Customs Act in the Domestic Tariff Area;

(5) The goods imported by the Unit or Developer shall be allowed to be transferred from the port or airport to the Special Economic Zone without examination by the Customs Authorities at the port or airport, as the case may be:

Provided that the goods may be examined with the prior permission of the Assistant or Deputy Commissioner of Customs in writing in case there is specific adverse information or intelligence:

(6) The goods imported by a Developer or Unit shall be transshipped by the carrier or its agent directly to the Special Economic Zone.

(7) Where import cargo destination is other than the Special Economic Zone, delivery shall be allowed at the destination port or airport on the strength of Bill of Entry assessed by Special Economic Zone Customs without any Transshipment Bond:

Provided that in case of high value goods imported through the airport, the goods may be transferred to the Custodian who shall transfer the same to a designated Customs Area located inside the Processing Area designated by the Specified Officer for further delivery to the Unit or Developer:

Provided further that the high value cargo imported through the airport may also be transferred under the Customs escort at the option of the Unit or the Developer

9.11 **Rule 29 of SEZ Rules, 2006**

29. (1) Direct delivery shall be permitted at the place of import for clearance of goods imported by Units and Developer from ports or airports or land customs stations or inland container depots as is being done in the case of import of perishable or lifesaving drugs.

(2) The Unit or Developer, hereinafter referred to as the Special Economic Zone Importer, shall follow the following procedure for imports, namely:-

(a) the Special Economic Zone Importer shall file Bill of Entry for home consumption in quintuplicate giving therein, description with specially stamped endorsement as "Special Economic Zone Cargo" along with Bill of Lading or Airway Bill and invoice and packing list with the Authorized Officer who shall register and assign a running annual serial number and assess the Bill of Entry, on the basis of transaction value, which shall not require any counter signature of the Specified Officer:

9.12 **S.O. 2666(E) dated 05.08.2016.—**

In exercise of the powers conferred by sub-section (2) of section 21 and second proviso to section 22 of the Special Economic Zones Act, 2005 (28 of 2005) (hereinafter referred as the Act), the Central Government hereby authorises the Additional Director General, Directorate of Revenue Intelligence for offences under the Customs Act, 1962 (52 of 1962) and the Additional Director General, Directorate General of Central Excise Intelligence for offences under the Central Excise Act, 1944 (1 of 1944) and the Finance Act, 1994 (32 of 1994) to be the enforcement officer(s) in respect of any notified offence or offences committed or likely to be committed in a Special Economic Zone. The enforcement officer(s), for the reasons to be recorded in writing, may carry out the investigation, inspection, search or seizure in the Special Economic Zone or Unit and shall intimate the details of any action initiated under sub-section (3) of section 21 of the Act to the Joint Secretary in charge of Special Economic Zones Division in the Department of Commerce immediately and in any case not later than seven days of initiation of any action.

10. From the foregoing investigation, it emerges that

10.1. Consequent upon the amendment to Section 17 of the Customs Act, 1962 vide Finance Act, 2011, 'Self-Assessment' has been introduced in Customs. Section 17 of the Customs Act, effective from 8.4.2011, provides for self-assessment of duty on imported goods by the importer himself by filing a Bill of Entry in electronic form. Section 46 of the Customs Act, 1962, makes it mandatory for the importer to make an entry for the imported goods by presenting a Bill of Entry electronically to the proper officer. As per Regulation 4 of the Bill of Entry (Electronic Declaration) Regulation, 2011 (issued under Section 157 read with Section 46 of the Customs Act, 1962) the Bill of Entry shall be deemed to have been filed and self-assessment of duty completed when, after entry of the electronic declaration (which is defined as particulars relating to the imported goods that are entered in the Indian Customs Electronic Data Interchange System) in the Indian Customs Electronic Data Interchange System either through ICEGATE or by way of data entry through the service center, a Bill of Entry number is generated by the Indian Customs Electronic Data Interchange System for the said declaration. Thus, under self-assessment, it is the importer who must ensure that he declares the correct classification, applicable rate of duty, value, benefit of exemption notifications claimed, if any, in respect of the imported goods while presenting the Bill of Entry. Thus, with the introduction of self-assessment by amendments to Section 17, since 8th April, 2011, it is the added and enhanced responsibility of the importer to declare the correct description, value, notification, etc. and to correctly classify, determine and pay the duty applicable in respect of the imported goods.

10.2. The Importer, by mis-declaring the goods and mis-classifying them as detailed in the Table ibid. knowingly and deliberately misrepresented the true nature and classification of the imported Fabrics. This mis-declaration of goods in the Bill of Entry is a contravention of Section 46 of the Customs Act, 1962. The willful misclassification of fabrics under respective CTI was not merely an error but a conscious act to avoid the higher rate of Basic Customs Duty applicable to the actual imported fabrics. 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, 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/other taxes.

10.3. By mis-declaring both the quantity and description of the goods with the intent to conceal the import of actual fabric and misclassifying them, importer intended to evade applicable customs duty. This act of the importer is contrary to the provisions of

the Customs Act-1962 and has made the imported goods liable for confiscation under Section 111(l) and (m) of the Customs Act, 1962,

10.4 M/s Sinotex imported fabrics from China by intentionally mis-declaring the quantity and description of the goods. Such acts of omission and commission to have rendered the goods liable for confiscation under 111(l) and (m) of the Customs Act 1962. Hence, this has made importer liable for penalty under Section 112(a) & (b) of the Customs Act, 1962. These actions of the Importer amount to deliberate mis-statement and suppression of facts with intent to evade duty, making them liable for penalty under Section 112(a) & (b) of the Customs Act, 1962, for doing any act which renders the goods liable to confiscation.

10.5. In view of the foregoing facts and evidences on record, it is observed that M/s Sinotex is a company in which Shri Sameer Chadha is the key person who handles purchase (Import) of goods from China. As categorically stated, in his voluntary statements dated 15.01.2026 and 17.03.2026, it is evident that Shri Sameer Chadha, being the importer and Director of the affairs of M/s Sinotex, has submitted incorrect and false declarations to Customs authorities at the time of import, having full knowledge that the imported goods were other than what was declared in the respective Bill of Entries. Shri Sameer Chadha Director of M/s Sinotex (IEC: 3316909036) appears to have indulged in presenting documents falsifying the identity of the goods, before the Customs authorities for import of the goods. Thus, Shri Sameer Chadha has knowingly and intentionally made a declaration under the Bill of Entry filed under Section 46 of the Customs Act 1962, which is false and incorrect. Hence, Shri Sameer Chadha has rendered himself liable to penalty under the Section 114AA of the Customs Act 1962.

10.6 Further, the goods imported earlier by M/s Sinotex had been imported through SEZ and subsequently cleared in DTA which clearly indicate the modus of clearance of imported goods in DTA through SEZ route. The same had also been recorded in the statement dated 17.03.2026 of Shri Sameer Chadha where answering to Q.4 he has stated that the goods imported as detailed in Annexure was imported for further supply for the home consumption on filing of T type Bill of Entry; that all the goods were ought to be supplied in local market on payment of applicable duty and taxes. The statement of importer and modus of clearances of earlier imported consignments clearly indicate the intention of importer for subsequent clearance of goods in DTA through the SEZ route.

11.1 Accordingly, Show Cause Notice No. 44/2026-27/ADC/ZDC/MCH dated 14.05.2026 was issued to M/s Sinotex Changshu India Pvt. Ltd. calling upon it to show cause as to why:

(i) The goods imported (as detailed in Annexure-A to the SCN), found to have been mis-declared in terms of quantity & value and seized vide Seizure Memo dated 01.04.2026,

should not be re-assessed under Section 17 of the Customs Act, 1962 by re-classifying the same under the correct CTI, and the applicable duties re-assessed accordingly;

(ii) The declared assessable value of Rs. 1,10,04,314/- should not be rejected and the goods re-assessed at Rs. 1,11,11,581/- in terms of Rule 4 of the CVR, 2007;

(iii) The differential duty amounting to Rs. 45,078/- should not be re-assessed in respect of the Z-type Bills of Entry filed by them;

(iv) The seized goods, having re-determined value of Rs. 55,99,905/-, should not be confiscated under Section 111(l) & (m) of the Customs Act, 1962;

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

11.2 Shri Sameer Chadha, Director of M/s Sinotex Changshu India Pvt. Ltd., was called upon, vide the same Show Cause Notice, to show cause as to why penalty under Section 114AA of the Customs Act, 1962 should not be imposed upon him for knowingly and intentionally submitting incorrect/false declarations to Customs at the time of import, describing "Polyester Knitted Cut Pile Fabric" as "Polyester Knitted Long Pile Fabric", so as to avoid payment of appropriate/leviable duty.

WRITTEN SUBMISSIONS

12.1 M/s Sinotex Changshu India Pvt. Ltd. vide their letter dated 29.05.2026 submitted the following:

> *"With reference to the above-mentioned Show Cause Notice issued under Section 124 of the Customs Act, 1962, we hereby submit that we have carefully examined and understood the contents thereof.*
>
> *In this connection, we respectfully state that we accept the proposed re-classification, re-assessment, and the differential duty liability as set out in the said Show Cause Notice. We further undertake to discharge the applicable duty liability and comply with any consequential proceedings in accordance with the provisions of the Customs Act, 1962, and the rules framed thereunder.*
>
> *Further, we respectfully submit that we do not intend to avail ourselves of the opportunity of Personal Hearing in the present matter and request your good office to adjudicate the case on the basis of the written submissions made herein and the documents available on record.*
>
> *We further request your good office to kindly take a considerate and lenient view in the matter."*

12.2 Shri Sameer Chadha, Director of M/s Sinotex Changshu India Pvt. Ltd., vide his letter received vide e-mail dated 21.09.2026 submitted the following:

> *"With reference to the above-mentioned Show Cause Notice issued under Section 124 of the Customs Act, 1962, we hereby submit that we have carefully examined and understood the contents thereof.*
>
> *In this connection, we respectfully state that we accept the proposed re-classification, re-assessment, and the differential duty liability as set out in the said Show Cause Notice. We further undertake to discharge the applicable duty liability and comply with any consequential proceedings in accordance with the provisions of the Customs Act, 1962, and the rules framed thereunder.*
>
> *Further, we respectfully submit that we do not intend to avail ourselves of the opportunity of Personal Hearing in the present matter and request your good office to adjudicate the case on the basis of the written submissions made herein and the documents available on record.*
>
> *We further request your good office to kindly take a considerate and lenient view in the matter."*

DISCUSSION AND FINDINGS

13. I have carefully gone through the Show Cause Notice, the case records, the Investigation Report and the written submissions filed by M/s Sinotex Changshu India Pvt. Ltd. and Shri Sameer Chadha, Director. Since the Importer and Shri Sameer Chadha, Director have, in their written submission, requested for waiver of Personal Hearing and has accepted the proposed re-classification, re-valuation and differential duty, I find that the principles of natural justice as provided under Section 122A of the Customs Act, 1962 stand duly complied with, and I proceed to decide the case on the basis of the Show Cause Notice, the written submissions and the documentary evidence available on record. The issues to be decided by me are:

(i) Whether the goods imported vide BE No. 5920140 and BE No. 5919766, both dated 25.11.2025, are liable to be re-classified, and the quantity thereof re-determined, as per Annexure-A to the SCN;

(ii) Whether the declared assessable value of Rs. 1,10,04,314/- is liable to be rejected and re-determined at Rs. 1,11,11,581/- under Rule 4 of the CVR, 2007;

(iii) Whether the self-assessment done by the Importer is liable to be rejected and BE Nos. 5920140 and 5919766, both dated 25.11.2025, are liable to be re-assessed under

Section 17(4) of the Customs Act, 1962 with differential duty of Rs. 45,078/- confirmed against M/s Sinotex Changshu India Pvt. Ltd.;

(iv) Whether the goods covered under BE No. 5920140, having re-determined value of Rs. 55,99,905/- and seized vide Seizure Memo dated 01.04.2026, are liable for confiscation under Section 111(l) & (m) of the Customs Act, 1962;

(v) Whether penalty is imposable on M/s Sinotex Changshu India Pvt. Ltd. under Section 112(a) and/or 112(b) of the Customs Act, 1962;

(vi) Whether penalty is imposable on Shri Sameer Chadha, Director of M/s Sinotex Changshu India Pvt. Ltd., under Section 114AA of the Customs Act, 1962.

14. RE-CLASSIFICATION

14.1 Regarding the first issue, I find that CRCL, Vadodara, upon testing of representative samples drawn under Panchnama, has categorically reported that the goods declared as "Polyester Knitted Long Pile Fabric" under CTI 60011020 vide BE No. 5920140 dated 25.11.2025 (Test Memo No. 24) were, in material fact, "Polyester Knitted Cut Pile Fabric". I find that Cut Pile Fabric and Long Pile Fabric are distinct commercial commodities classifiable under separate Customs Tariff Items, namely CTI 60019200 and CTI 60011020 respectively, and that the correct classification of the goods actually imported is CTI 60019200.

14.2 I find that the goods covered under BE No. 5919766 dated 25.11.2025 tested consistent with their declared description; however, the quantities of Cut Pile and Long Pile fabric ascertained upon examination varied from the declared quantities in both Bills of Entry, as brought out in Annexure-A to the SCN.

14.3 I find that Shri Sameer Chadha, Director of M/s Sinotex, has in his statement dated 17.03.2026 recorded under Section 108 of the Customs Act, 1962, unequivocally agreed with the CRCL Test Reports and accepted the proposed re-classification of the goods. The Importer has, further, vide their written submission dated 29.05.2026, accepted the proposed re-classification.

14.4 I therefore hold that the goods declared as "Polyester Knitted Long Pile Fabric" vide BE No. 5920140 are correctly classifiable under CTI 60019200 as "Polyester Knitted Cut Pile Fabric", and that the quantities of goods covered under both Bills of Entry are liable to be re-determined as per Annexure-A to the SCN.

15. VALUATION

15.1 Regarding the second issue, I find that the mis-declaration of the goods in respect of description/classification and quantity, as discussed above, furnishes sufficient reason to doubt the truth and accuracy of the transaction value declared by the Importer in the said Bills of Entry. I therefore hold that the declared assessable value is liable to be rejected under Rule 12 read with Rule 3(2) of the CVR, 2007.

15.2 I find that the Importer had, in the very same Bills of Entry, imported identical goods, i.e. Polyester Knitted Cut Pile Fabric, and declared the import price thereof @ US$ 3.51 per Kg. I find that, in terms of Rule 4 of the CVR, 2007, the value of identical goods imported at or about the same time is to be adopted for valuation of the goods in question, and the said price of US$ 3.51 per Kg. therefore constitutes an appropriate basis for re-determination of value under Rule 4 of the CVR, 2007.

15.3 I find that Shri Sameer Chadha has, vide his statement dated 17.03.2026, agreed to the proposed re-valuation of the imported goods, and the Importer vide their written submission dated 29.05.2026 also accepted the same.

15.4 I therefore hold that the declared assessable value of **Rs. 1,10,04,314/-** is rejected under Rule 12 read with Rule 3(2) of the CVR, 2007, and is re-determined at **Rs. 1,11,11,581/-** under Rule 4 of the CVR, 2007 read with Section 14 of the Customs Act, 1962.

16. RE-ASSESSMENT UNDER SECTION 17 & DIFFERENTIAL DUTY

16.1 Regarding the third issue, I find that Section 17 of the Customs Act, 1962 deals with assessment of duty. The relevant provisions are as follows:

> *"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."*

16.2 I find that, based on the mis-declaration of the goods in terms of classification and quantity, and the consequent re-determination of value, discussed under the first and second issues above, it is evident that the self-assessment done by the Importer in respect of BE Nos. 5920140 and 5919766, both dated 25.11.2025, was not done correctly. The Importer had declared assessable value of **Rs. 1,10,04,314/-** whereas the value has been re-determined at **Rs. 1,11,11,581/-**.

16.3 I further find that, consequent to the re-classification and re-valuation discussed above, the total applicable duty on the goods covered under BE Nos. 5920140 and 5919766 both dated 25.11.2025 works out to **Rs. 31,07,405/-** as against **Rs. 30,62,327/-**, resulting in a differential duty of **Rs. 45,078/-** (Rupees Forty Five Thousand and Seventy Eight Only), as detailed in Annexure-A to the Show Cause Notice.

16.4 I find that the Importer vide their written submission dated 29.05.2026, accepted and undertaken to discharge the said differential duty liability. I therefore hold that the self-assessment done by the Importer under Section 17(1) of the Customs Act, 1962 is liable to be rejected, and that BE Nos. 5920140 and 5919766, both dated 25.11.2025, are re-assessed under Section 17(4) of the Customs Act, 1962 with re-determined classification and quantity as per Annexure-A to the Show Cause Notice.

17. <u>CONFISCATION</u>

17.1 Regarding the fourth issue, I find that Section 111(m) of the Customs Act, 1962 provides for confiscation of "any goods which do not correspond in respect of value or in any other particular with the entry made under this Act…". I find that the goods covered under BE No. 5920140 dated 25.11.2025, declared as "Polyester Knitted Long Pile Fabric", were, on examination and testing, found to be "Polyester Knitted Cut Pile Fabric", and the quantity found on examination was also at variance with the declared quantity. The said goods therefore do not correspond with the entry made in the Bill of Entry in respect of description, classification and quantity.

17.2 I find that Section 111(l) of the Customs Act, 1962 provides for confiscation of dutiable goods which are not included, or are in excess of those included, in the entry made under the Act. I find that the mis-declaration of description resulted in under-declaration of MIP-applicable Cut Pile Fabric and consequent evasion of applicable duty, rendering the goods liable to confiscation under this provision as well.

17.3 I therefore hold that the goods covered under BE No. 5920140 dated 25.11.2025, having re-determined value of **₹55,99,905/-**, and seized vide Seizure Memo F. No. DRI/AZU/CI-02/ENQ-11(INT-56/25)/2026 dated 01.04.2026, are liable for confiscation under Section 111(l) & (m) of the Customs Act, 1962.

17.4 I find it necessary to examine whether the goods covered under BE No. 5919766 dated 25.11.2025 are similarly liable for confiscation. I find that, unlike BE No. 5920140 dated 25.11.2025, the CRCL Test Reports (Test Memo Nos. 33 & 34) have confirmed that the goods covered under BE No. 5919766 dated 25.11.2025 conform to their declared description — Polyester Knitted Cut Pile Fabric tested as Cut Pile Fabric, and Polyester Knitted Long Pile Fabric tested as Long Pile Fabric — and no mis-declaration of description or classification is attributable to this Bill of Entry. I find that the only

discrepancy noticed in respect of BE No. 5919766 dated 25.11.2025 is a variance in quantity, viz. an excess of approximately 1.26% in Cut Pile Fabric and a shortage of approximately 0.24% in Long Pile Fabric, as against the respective declared quantities as per Annexure-A to the SCN. I find that such variance falls squarely within the tolerance limits prescribed under Sr. No. 1 and Sr. No. 2 of the table annexed to Public Notice No. 1/2019-20 dated 12.04.2019 issued by this Commissionerate, which provides that a deviation of up to 1% in weight is to be ignored, and a deviation in the range of 1% to 5% does not warrant adjudication but only requires the value component of the excess goods to be included in the assessable value and duty recovered accordingly. I therefore hold that the goods covered under BE No. 5919766 dated 25.11.2025 are not liable for confiscation under Section 111(l) or 111(m) of the Customs Act, 1962, and that re-assessment of quantity, value and differential duty, as discussed above, suffices to address the discrepancy noticed in respect of this Bill of Entry. Confiscation under this Order is accordingly confined to the goods covered under BE No. 5920140 dated 25.11.2025 alone.

17.5 Once the goods are held liable for confiscation, the next question before me is whether to allow the release of the impugned goods on Redemption Fine. I find sub-section (1) of Section 125 of the Customs Act, 1962 prescribes that:

> *"Wherever confiscation of any goods is authorized by this Act, the officer adjudicating it may, in the case of any goods, the importation or exportation whereof is prohibited under this Act or under any other law for the time being in force, and shall in the case of any other goods, give to the owner of the goods, [or, where such owner is not known, the person from whose possession or custody such goods have been seized] an option to pay in lieu of confiscation such fine as the said officer thinks fit."*

17.6 In the present case, since the impugned goods are not prohibited goods, and the Importer has accepted the re-classification and re-valuation and has sought a lenient view in the matter, I find it appropriate to give the Importer an option to redeem the confiscated goods on payment of an appropriate redemption fine under Section 125 of the Customs Act, 1962 for clearance for home consumption.

17.7 I further find that the differential duty arising on re-assessment of the Bills of Entry is **Rs. 45,078/-**. I also find that the overall re-determined value of **Rs. 1,11,11,581/-** differs from the declared value of **Rs. 1,10,04,314/-** by **Rs. 1,07,267/-,** i.e., less than 1% of the declared value; and that the liability of the goods to confiscation is limited to the goods covered under BE No. 5920140 dated 25.11.2025, no mis-declaration of description having been found in respect of the goods covered under BE No. 5919766 dated 25.11.2025. I therefore find that the present case does not involve gross mis-declaration or undervaluation. I also find that M/s Sinotex Changshu India Pvt. Ltd. has, at no stage, controverted the CRCL Test Reports or the facts constituting mis-declaration, has not contested the Show Cause Notice on merits, and has waived the opportunity of

Personal Hearing, thereby showing a cooperative approach on their part. I shall keep the above facts in consideration while determining the quantum of redemption fine under Section 125 of the Customs Act, 1962.

18. PENALTY ON M/S SINOTEX CHANGSHU INDIA PVT. LTD.

18.1 Regarding the fifth issue, 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, or abets the doing or omission of such an act, shall be liable to penalty. I have held above that the goods covered under BE No. 5920140 dated 25.11.2025 are liable for confiscation under Section 111(l) & (m) of the Customs Act, 1962 on account of mis-declaration of description and quantity, which mis-declaration was aimed at circumventing the Minimum Import Price condition prescribed under DGFT Notification No. 49/2024-25 dated 04.01.2025 and resulted in evasion of applicable Customs duty of **Rs. 45,078/-**. Accordingly, I hold that M/s Sinotex Changshu India Pvt. Ltd. is liable to penalty under Section 112(a)(ii) of the Customs Act, 1962.

18.2 I further find that imposition of penalty simultaneously under both Section 112(a) and Section 112(b) of the Customs Act, 1962 would amount to double penalty for the same act, which is not warranted, since M/s Sinotex Changshu India Pvt. Ltd. is itself the Importer whose act of mis-declaration is already covered under Section 112(a) ibid. I therefore refrain from imposing penalty under Section 112(b) of the Act.

19. PENALTY ON SHRI SAMEER CHADHA, DIRECTOR

19.1 Regarding the sixth issue, I find that Section 114AA of the Customs Act, 1962 provides for penalty upon a person who 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 Customs Act, 1962. In the present case, I find that Shri Sameer Chadha, Director of M/s Sinotex, has himself admitted, vide his statements dated 15.01.2026 and 17.03.2026 recorded under Section 108 of the Customs Act, 1962, that he looks after the sales, purchase and overall operations of the firm, including its import business, and that the goods imported through the SEZ route were intended for subsequent clearance to the DTA. I find that the description "Polyester Knitted Long Pile Fabric" declared in BE No. 5920140 dated 25.11.2025, which was in fact "Polyester Knitted Cut Pile Fabric" attracting MIP under DGFT Notification No. 49/2024-25 dated 04.01.2025, was material to the assessment and to the applicability of MIP, and that a true declaration would have resulted in a materially different duty and regulatory outcome.

19.2 I find that Shri Sameer Chadha, being the Director in overall charge of the import operations of M/s Sinotex, and having accepted the CRCL Test Reports and the fact of mis-declaration both in his statements under Section 108 of the Customs Act, 1962 and in his written submission received through e-mail dated 21.09.2026, was the person responsible for the declaration filed on behalf of the Importer being false and incorrect in a material particular, viz. the description of the goods. I therefore hold that Shri Sameer Chadha, Director of M/s Sinotex Changshu India Pvt. Ltd., has rendered himself liable to penalty under Section 114AA of the Customs Act, 1962.

20. I further find that the factors noted in para 17.7 above, namely the quantum of differential duty, the marginal variation between the declared and re-determined values, the absence of gross mis-declaration or undervaluation, and the confinement of the liability to confiscation to BE No. 5920140 dated 25.11.2025 only, are equally relevant for the purpose of penalty. I also find that M/s Sinotex Changshu India Pvt. Ltd. and Shri Sameer Chadha have not controverted the CRCL Test Reports or the facts constituting mis-declaration, have not contested the Show Cause Notice on merits, and have waived the opportunity of Personal Hearing, thereby showing a cooperative approach on their part. I shall keep these facts in consideration while determining the quantum of penalty imposable on M/s Sinotex Changshu India Pvt. Ltd. under Section 112(a)(ii) and on Shri Sameer Chadha under Section 114AA of the Customs Act, 1962.

ORDER

21. In view of the foregoing Discussion and Findings, I pass the following order:

(i) I hold that the goods declared as "Polyester Knitted Long Pile Fabric" vide BE No. 5920140 dated 25.11.2025 are correctly classifiable under CTI 60019200, and I order re-classification and re-determination of quantity of the goods covered under BE Nos. 5920140 and 5919766, both dated 25.11.2025, as per Annexure-A to the SCN;

(ii) I reject the declared assessable value of **Rs. 1,10,04,314/-** and re-determine the same at **Rs. 1,11,11,581/-** under Rule 4 of the Customs Valuation (Determination of Value of Imported Goods) Rules, 2007;

(iii) I confirm and order re-assessment of BE Nos. 5920140 and 5919766, both dated 25.11.2025, under Section 17(4) of the Customs Act, 1962, with differential duty of **Rs. 45,078/-** (Rupees Forty Five Thousand and Seventy Eight Only), payable in addition to the duty already assessed, along with applicable interest under Section 28AA of the Customs Act, 1962;

(iv) I order confiscation of the goods covered under BE No. 5920140 dated 25.11.2025, having re-determined value of **Rs. 55,99,905/-**, under Section 111(l) & (m) of the Customs Act, 1962. However, I give the Importer an option to redeem the said goods for

clearance to the Domestic Tariff Area under Section 125 of the Customs Act, 1962 on payment of Redemption Fine of **Rs. 1,00,000/-** (Rupees One Lakh Only);

(v) I impose a penalty of **Rs. 5,000/-** (Rupees Five Thousand Only) on M/s Sinotex Changshu India Pvt. Ltd. under Section 112(a)(ii) of the Customs Act, 1962;

(vi) I impose a penalty of **Rs. 5,000/-** (Rupees Five Thousand Only) on Shri Sameer Chadha, Director of M/s Sinotex Changshu India Pvt. Ltd., under Section 114AA of the Customs Act, 1962.

22. This order is issued without prejudice to any other action that may be taken against the Noticees or any other person(s) under the provisions of the Customs Act, 1962 and the rules/regulations framed thereunder or under any other law for the time being in force in the Republic of India.

23. Show Cause Notice No. 44/2026-27/ADC/ZDC/MCH dated 14.05.2026 stands disposed of in the above terms.

Digitally signed by Dipakbhai Zala
Date: 24-10-2026 17:40:10

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

To,

1. M/s Sinotex Changshu India Pvt. Ltd. (IEC: 3316909036),
Plot No. 15, Shri Ram Marg, Opp. Sector 25, HUDA, Part-II, Panipat, Panipat, Haryana – 132103

2. Shri Sameer Chadha, Director of M/s Sinotex Changshu India Pvt. Ltd.,
Plot No. 15, Shri Ram Marg, Opp. Sector 25, HUDA, Part-II, Panipat, Panipat, Haryana – 132103

Copy to:

1. The Deputy Director, DRI, Ahmedabad Zonal Unit, Ahmedabad – 380 054
2. The Deputy Commissioner, Review, Custom House, Mundra
3. The Deputy Commissioner, TRC, Custom House, Mundra
4. The Assistant Commissioner, EDI, Custom House, Mundra
5. Guard File