OFFICE OF THE PRINCIPAL COMMISSIONER OF CUSTOMS

CUSTOMS HOUSE, MP & SEZ

MUNDRA, KUTCH-GUJARAT -370421

Email: Group3-mundra@gov.in

सत्यमेव जयते

A	**FILE NO.** फ़ाइल संख्या	CUS/APR/4913/2026-Gr 3-O/o Pr Commr-Cus-Mundra
B	**OIO NO.** आदेश संख्या	MCH/ADC/ZDC/380/2026-27
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	13.10.2026
E	**DATE OF ISSUE** जारी करने की तिथि	13.10.2026
F	**SCN No. & Date** कारण बताओ नोटिस क्रमांक	Waived.
G	**NOTICEE/ PARTY/ IMPORTER** नोटिसकर्ता/पार्टी/आयातक	M/s. Global Commerce Solutions (JJTPK6499G)

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),

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:

M/s. Global Commerce Solutions (IEC- JJTPK6499G), at Ground and First floor, Flat No.-828, Pocket A, Paschim Puri, Delhi-110063 (hereinafter referred to as *'Importer'* for the sake of brevity) have filed Z Type Bill of Entry No. 3264080 dated 20.08.2026 for import of "*Polyester Plain Dyed Flock Fabric (CTH 59070012)*" as detailed in below table:

S No	**Declared CTH**	**Declared description**	**Qty**	**UQC**	**Declared Assessable Value (Rs)**	**Declared Duty (Rs)**
1	59070012	Polyester Plain Dyed Flock Fabric	45,786	SQM	13,34,166	2,20,805

2. The officers of SIIB section, CH Mundra, conducted the examination of the impugned goods stuffed into the container no. REGU5091790 covered under the Z type Bill of Entry No. 3264080 dated 20.08.2026 under the panchnama dated 21.09.2026 in presence of two independent panchas, authorized representative of M/s. Rudraksh Terminal LLP, Mundra and authorized representative of Importer.

3. INVESTIGATION:

3.1 During the examination it was found that container was fully stuffed with similar looking rolls packed in white colour PP Bags. The goods were examined systematically. Selected rolls were cut open for detailed examination. During examination, the rolls appeared to be composed of same material but were found to be of different colours. It was found that the thickness of each roll was different and the length of fabric in each roll was mentioned on a paper slip affixed on each roll with the help of transparent tape. The length of the fabric varied between 50 to 60 Metre. The weighment of the rolls was done on random basis on the weighing scale provided by Sh. Rajneesh Dwivedi, Manager of M/s. Rudraksh Terminal LLP, APSEZ Mundra. The weight of rolls was found to be approximately 14.2 Kgs. Further, weighment of each and every roll of fabric was not required as the weighment of the container was already done and the weighment slip was submitted by Sh. Rajneesh Dwivedi. The Customs Officer found that there were total 895 rolls present in the container. The details of the goods found during examination is mentioned in the table below.

TABLE-A

Sr. No.	Type	No. of Rolls	Lenth of each fabric roll	Width of Each Fabric Roll	Weight of each Fabric roll (in KGs)	Total Weight (in Kgs)
1	Fabric	895	50-60 Metre	1.5 Metre	14.2 (approx.)	12,830

3.2 Further, as exact nature and composition of the fabric could not be ascertained by naked eyes, sample in triplicate were drawn and sent to the CRCL, Kandla vide Test Memo No. 214/2026-27 dated 22.09.2026 for testing.

3.3 The CRCL, Kandla Lab vide their Lab report no. 3952/SIIB dated 25.09.2026 submitted test report in respect of Test Memo No. 214/2026-27 dated 22.09.2026 as under-

Nature: The sample as received is in the form of a cut piece of bonded fabric made of two layer, dyed (light brown colour) knitted, self-designed fabric on upper side and dyed (brown colour) non-

woven fabric on lower side adhered to each other with adhesive material.

Composition: Upper fabric is composed of Polyester filament yarns and non woven fabric is composed of Polyester.

GSM (as such) = 198.7

Selvedge to selvedge width (cms) = No Selvedge

% Composition (as such),

% of Total Polyester = 99.12%by wt.

% of Adhesive material = balance

Notes/Comments: It is other than flock fabric.

3.4 Further, the aforesaid Test Report was forwarded to the importer vide email dated 05.10.2026 for their perusal and acceptance. In response, the importer, vide email dated 07.10.2026, has submitted that they do not agree with the findings mentioned in the above CRCL report and have confirmed with their supplier that the subject fabric is a warp-knitted fabric and not flock fabric. The importer has further requested to re-verify the test report and confirm from CRCL that the subject fabric is warp-knitted fabric or any fabric other than warp-knitted fabric.

3.5 Further, CRCL Kandla vide email dated 08.10.2026 has submitted their clarification and confirmed that the goods are ***bonded fabric with upper layer made up of brown coloured dyed warp knitted self-design fabric made up of 99.12% polyester filament yarn and lower layer is made up of brown coloured dyed non-woven and both fabrics are adhered with each other with adhesive***.

4. Classification of the Goods

4.1 The importer had declared the imported goods to be "*Polyester plain Dyed Flock Fabric*" under CTH 59070012 in the Z Type BE No. 3264080 dated 20.08.2026 and the CRCL test report has found the goods to be "*bonded fabric made of two layers with upper layer composed of brown*

coloured dyed warp knitted self-design fabric made up of 99.12% polyester filament yarn and lower layer made up of brown coloured dyed non-woven. GSM as 198.7". Further, the sample has been reported as "*other than flock fabric*". In this regard, the relevant extract of CTH 59070012 is reproduced as under:

5907 Textile Fabrics otherwise impregnated, coated or covered; Painted canvas being theatrical scenery, studio back-cloths or the like

5907 00 - Textile Fabrics otherwise impregnated, coated or covered; Painted canvas being theatrical scenery, studio back-cloths or the like:
--- Fabrics covered partially or fully with textile flocks, or with preparation containing textile flocks:
5907 00 12 ---- On the base fabrics of m^2 man-made textile material.

4.2 Further, on examination of the CRCL test report and their clarification, it appears that the imported fabric merits classification under CTH 60053790 since as per the CRCL the imported fabric is "*bonded fabric made of two layers with upper layer composed of brown coloured dyed warp knitted self-design fabric made up of 99.12% polyester filament yarn and lower layer made up of brown coloured dyed non-woven*". Therefore, the declared description and classification of the importer "*Polyester plain Dyed Flock Fabric*" is incorrect. In this regard, the relevant extract of CTH 6005 is reproduced as under:

6005 Warp knit fabrics (including those made on galloon knitting machines), other than those of heading 60.01 to 60.04

- Of cotton:
- Of synthetic fibres:
6005 37 - Other, dyed:
6005 37 90 --- Other

4.3 On going through the description provided under chapter head 6005, it appears that the fabric is "*bonded fabric made of two layers with upper layer composed of brown coloured dyed warp knitted self-design fabric made up of 99.12% polyester filament yarn and lower layer made up of brown coloured dyed non-woven*" and merits classification under CTH 60053790 instead of 59070012.

5. Valuation of the goods:

5.1 The imported goods were mis-declared by the importer in terms of description and classification. The declared value appears to be for the declared description. Therefore, the value of the goods also needs to be redetermined:

5.2 Rejection of declared value & Redetermination of Assessable Value:

Rule 3 of the Customs Valuation (Determination of Price of Imported Goods) Rules, 2007 (hereinafter referred to as "*the CVR, 2007*") provides the method of valuation. The Rule 3(1) of the CVR, 2007 provides that "Subject to Rule 12, the value of imported goods shall be the transaction value adjusted in accordance with provisions of Rule 10. The Rule 3(4) ibid states that *"if the value cannot be determined under the provisions of sub-rule (1), the value shall be determined by proceeding sequentially through Rule 4 to 9 of CVR, 2007"*. Whereas, it appears that, transaction value in terms of Rule 3 of the CVR, 2007, is to be accepted only where there are direct evidences with regard to the price actually paid or payable in respect of the imported goods by the importer. Whereas, the goods have been found to be mis-declared in terms of description, it appeared that, there is a reasonable doubt regarding the truth and accuracy of the declared value, and hence it appears liable to be rejected in terms of Rule 12 of the CVR, 2007.

5.3 Whereas, it appears that, if actual transaction value which means price paid or payable cannot be ascertained on the basis of Rule 3 of the CVR, 2007, the value shall be decided proceeding to subsequent rules. Thus, recourse is to be taken to the Rule 9 of the CVR, 2007 which provides for

determination of value where the value of the imported goods cannot be determined under the provisions of the any of the preceding rules, the value shall be determined using reasonable means consistent with the principles and general provisions of these rules and on the basis of data available in India.

5.4 Whereas, it appears that, the value of the impugned goods could not be determined under Rule 4 and 5 ibid since the goods have been un-declared/mis-declared by means of description, the value of contemporaneous imports of identical and similar goods of same quality and composition was not found. Proceeding sequentially, it is stipulated under Rule 6 ibid that where the value is not determinable under Rule 3, 4 and 5, the value is to be determined under Rule 7 or when the value cannot be determined under that Rule, under Rule 8. Whereas, Rule 7 provides for 'Deductive Value' i.e. the value is to be determined on the basis of valuation of identical goods or similar imported goods sold in India, in the condition as imported at or about the time at which the declaration for determination of value is presented, subject to deductions stipulated under the rule. Whereas, for the reasons detailed above, the values also cannot be determined as per the said Rule 7 ibid. Likewise, for application of Rule 8 of the CVR, 2007, the cost of production or processing involved in the imported goods are not available. In the absence of requisite data, the value cannot be determined by taking recourse to these rules either.

5.5 Whereas, it appears that, the provisions of Rule 4 to 8 ibid, are not applicable in the instant case, the value of the impugned goods is required to be determined under the provisions of Rule 9 of the CVR 2007, which reads as under: -

> *"Rule 9: Residual method – (1) Subject to the provisions of Rule 3, where the value of the imported goods cannot be determined under the provisions of any of the preceding rules, the value shall be determined using reasonable means consistent with the principles and general provisions of these rules and on the basis of data available in India:"*

5.6 Whereas, as per the provisions of Rule 9 ibid, the assessable value of the goods actually found during examination are required to be re-determined under Rule 9 ibid, i.e. as per the residual method. Whereas, the impugned goods were inspected by Sh. Anwar Y. Kukad, Chartered Engineer & Government approved valuer, who submitted his report vide reference No. Ref. No. AYK: VAL: 03099: 2026 dated 08.10.2026. Wherein, he has reported the value of the cargo as tabulated below:

TABLE-B

SR. NO.	DESCRIPTION OF GOODS	No. of Rolls	Length of each fabric roll (Metre)	Width of each fabric roll	Weight of each fabric roll (Kgs)	Total weight (Kgs)	Per unit suggestive average CIF value in Bulk Quantity in USD (Approx)	Total suggestive average CIF value in Bulk Quantity in USD (Approx
1	Bonded fabric made of two layers with upper layer composed of brown coloured dyed warp knitted self-design fabric made up of 99.12% polyester filament yarn and lower layer made up of brown coloured dyed non-woven. GSM as 198.7	895	50-60 Metre	1.5 Metre	14.2	12,830	1.2 USD/Kg	15,396
TOTAL								**15,396**

5.7 Whereas, the chartered engineer has valued the goods at **Rs. 14,78,786/-** (15,396 x 96.05 exchange rate of USD), it appears that, the assessable value of Rs. 13,34,166/- declared by the importer in the Z-Bill of Entry No. 3264080 dated 20.08.2026 is liable to be rejected in terms of Rule 12 of the CVR, 2007. Further it appears that, the assessable value of the cargo covered under said Bill of Entry are required to be determined as **Rs. 14,78,786/**- on the basis of valuation report submitted by the CE for the

purpose of valuation under provisions of Rule 9 of the CVR, 2007 read with note 2 of the interpretative notes for Rule 9 of the CVR, 2007.

6. Findings of Investigation:

The findings of the investigation are summarized as below:

i. During the examination, it is found that there were total 895 rolls of measuring length in between 50 to 60 metre and width 1.5 metre and each weighing 14.2 Kgs approximately.

ii. From the test report and subsequent clarification received from CRCL Kandla, it appears that the imported fabric is "*bonded fabric made of two layers with upper layer composed of brown coloured dyed warp knitted self-design fabric made up of 99.12% polyester filament yarn and lower layer made up of brown coloured dyed non-woven*" which merits classification under CTH 60053790 as against "*Polyester plain dyed flock Fabric* CTH 59070012" declared in the BE.

iii. The value of the goods as ascertained by the chartered engineer 14,78,786/- as against 13,34,166/- declared in the Z type BE No. 3264080 dated 20.08.2026.

7. RELEVANT PROVISIONS OF SEZ ACT, 2005:

2. Definitions— In this Act, unless the context otherwise requires—

.....

(o) "**import"** means—

(i) bringing goods or receiving services, in a Special Economic Zone, by a Unit or Developer from a place outside India by land, sea or air or by any other mode, whether physical or otherwise; or

(ii) receiving goods, or services by a Unit or Developer from another Unit or Developer of the same Special Economic Zone or a different Special Economic Zone;

Section 21: Single enforcement officer or agency for notified offences—

1. The Central Government may, by notification, specify any act or omission made punishable under any Central Act, as notified offence for the purposes of this Act.

2. The Central Government may, by general or special order, authorise any officer or agency to be the enforcement officer or agency in respect of any notified offence or offences committed in a Special Economic Zone.

3. Every officer or agency authorised under sub-section (2) shall have all the corresponding powers of investigation, inspection, search or seizure as is provided under the relevant Central Act in respect of the notified offences.

Section 22: Investigation, inspection, search or seizure—

The agency or officer, specified under section 20 or section 21, may, with prior intimation to the Development Commissioner concerned, carry out the investigation, inspection, search or seizure in the Special Economic Zone or in a Unit if such agency or officer has reasons to believe (reasons to be recorded in writing) that a notified offence has been committed or is likely to be committed in the Special Economic Zone:

Provided that no investigation, inspection, search or seizure shall be carried out in a Special Economic Zone by any agency or officer other than those referred to in sub- section (2) or sub-section (3) of section 21 without prior approval of the Development Commissioner concerned:

Provided further that any officer or agency, if so authorised by the Central Government, may carry out the investigation, inspection, search or seizure in the Special Economic Zone or Unit without prior intimation or approval of the Development Commissioner

Notification Nos. 2665(E) and 2667(E) dated 05.08.2016:

1. In exercise of the powers conferred by section 22 of the Special Economic Zones Act, 2005 (28 of 2005), the Central Government by Notification No. 2667(E) dated 05.08.2016 issued by the Ministry of Commerce & Industry, has authorized the jurisdictional Customs Commissioner, in respect of offences under the Customs Act, 1962 (52 of 1962) 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 a Special Economic Zone or Unit with prior intimation to the Development Commissioner, concerned. Under Section 21(1) of the SEZ Act, 2005, the Central Government may, by notification, specify any act or omission made punishable under any Central Act, as notified offence for the purposes of this Act.
2. The Central Government, by the Notification 2665(E) dated 05.08.2016 has notified offences contained in Sections 28, 28AA, 28AAA, 74, 75, 111, 113, 115, 124, 135 and 104 of the Customs Act, 1962 (52 of 1962) as offences under the SEZ Act, 2005.

Section 47 (5) Refund, Demand, Adjudication, Review and Appeal with regard to matters relating to authorise operations under Special Economic Zones Act, 2005, transactions, and goods and services related thereto, shall be made by the Jurisdictional Customs and Central Excise Authorities in accordance with the relevant provisions contained in the Customs Act, 1962, Central Excise Act, 1944, and the Finance Act, 1994 and the rules made thereunder or the notifications issued thereunder.

8. Relevant provisions of the Customs Act, 1962 related to filling Bill of Entry and confiscation and seizure of the imported goods are reproduced herein under:

Customs Act, 1962, as amended:

8.1 **As per Section 2 (23)**, ***import***, *with its grammatical variations and cognate expressions, means bringing into India from a place outside India;*

8.2 **As per Section 2 (25)**, ***imported goods*** *means any goods brought into India from a place outside India but does not include goods which have been cleared for home consumption;*

8.3 **As per Section 2 (26),** ***importer***, *in relation to any goods at any time between their importation and the time when they are cleared for home consumption, includes, any owner, beneficial owner or any person holding himself out to be the importer*

8.4 **Section 17** provides the provisions of the Assessment of duty as under:

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.***

(2) The proper officer may verify the entries made under section 46 or section 50 and the self-assessment of goods referred to in sub-section (1)] and for this purpose, examine or test any imported goods or export goods or such part thereof as may be necessary.

Provided that the selection of cases for verification shall primarily be on the basis of risk evaluation through appropriate selection criteria.]

(3) For the purposes of verification under sub-section (2), the proper officer may require the importer, exporter or any other person to produce any document or information, whereby the duty leviable on the

imported goods or export goods, as the case may be, can be ascertained and thereupon, the importer, exporter or such other person shall produce such document or furnish such information.]

(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.

(5) Where any re-assessment done under sub-section (4) is contrary to the self-assessment done by the importer or exporter and in cases other than those where the importer or exporter, as the case may be, confirms his acceptance of the said re-assessment in writing, the proper officer shall pass a speaking order on the re-assessment, within fifteen days from the date of re-assessment of the bill of entry or the shipping bill, as the case may be.

8.5 Further, procedure of Entry of goods on importation are governed by the **Section 46** of the Act, *ibid* as under

(1) The importer of any goods, other than goods intended for transit or transhipment, shall make entry thereof by presenting electronically on the customs automated system to the proper officer a bill of entry for home consumption or warehousing in such form and manner as may be prescribed:

Provided further that if the importer makes and subscribes to a declaration before the proper officer, to the effect that he is unable for want of full information to furnish all the particulars of the goods required under this sub-section, the proper officer may, pending the production of such information, permit him, previous to the entry thereof (a) to examine the goods in the presence of an officer of customs, or (b) to deposit the goods in a public warehouse appointed under section 57 without warehousing the same.

(2) Save as otherwise permitted by the proper officer, a bill of entry shall include all the goods mentioned in the bill of lading or other receipt given by the carrier to the consignor.

(3) The importer shall present the bill of entry under sub-section (1) before the end of the day (including holidays) preceding the day on which the aircraft or vessel or vehicle carrying the goods arrives at a customs station at which such goods are to be cleared for home consumption or warehousing:

Provided that the Board may, in such cases as it may deem fit, prescribe different time limits for presentation of the bill of entry, which shall not be later than the end of the day of such arrival:

Provided further that] a bill of entry may be presented 9[at any time not exceeding thirty days prior to] the expected arrival of the aircraft or vessel or vehicle by which the goods have been shipped for importation into India:

Provided also that where the bill of entry is not presented within the time so specified and the proper officer is satisfied that there was no sufficient cause for such delay, the importer shall pay such charges for late presentation of the bill of entry as may be prescribed.

(4) The importer while presenting a bill of entry shall make and subscribe to a declaration as to the truth of the contents of such bill of entry and shall, in support of such declaration, produce to the proper officer the invoice, if any, and such other documents relating to the imported goods as may be prescribed.

(4A) The importer who presents a bill of entry shall ensure the following, namely:--

(a) the accuracy and completeness of the information given therein;

(b) the authenticity and validity of any document supporting it; and

(c) compliance with the restriction or prohibition, if any, relating to the goods under this Act or under any other law for the time being in force.

(5) If the proper officer is satisfied that the interests of revenue are not prejudicially affected and that there was no fraudulent intention, he may permit substitution of a bill of entry for home consumption for a bill of entry for warehousing or vice versa.

8.6 Section 111 of the Act, prescribes the Confiscation of improperly imported goods, etc. as under

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

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

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

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

Any person, -

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

(b) who acquires possession of or is in any way concerned in carrying, removing, depositing, harbouring, keeping, concealing, selling or purchasing, or in any other manner dealing with any goods which he knows or has reason to believe are liable to confiscation under section111,

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 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 not exceeding the difference between the declared value and the value thereof or five thousand rupees], whichever is the greater;

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

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

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

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

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

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

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

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

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

8.9 SECTION 125 provides the Option to pay fine in lieu of confiscation as under:

(1) Whenever confiscation of any goods is authorised by this Act, the officer adjudging it may, in the case of any goods, the importation or exportation whereof is prohibited under this Act or under any other law for the time being in force, and shall, in the case of any other goods,

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

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

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

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

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

9. In view of the above, it appears that the imported goods as stated in Table-A of BE No. 3264080 dated 20.08.2026 are found to be mis-declared in terms of classification, value and description. The importer has thus contravened the provisions of Section 17 & 46 of the Customs Act, 1962 read with Section 9A of the Customs Tariff Act. These acts of omission and commission on the part of importer has made these goods valued at **Rs. 14,78,786/-** liable for confiscation under Section 111 (m) of the Act, ibid and

has thus rendered themselves liable for penal action under Section 112 (a) (ii) and 114AA of the Customs Act, 1962.

10. In view of the above, the applicable duty on the imported goods should be redetermined to Rs. **4,15,539/- (Duty calculation chart enclosed as Annexure-A).** The importer had declared the duty payable in the BE as Rs. 2,20,805/-, therefore, it appears that the importer has short levied/not levied duty amounting to **Rs. 1,94,734/-**, which is required to be recovered from the importer.

11. The importer, vide email dated 08.10.2026, has accepted the test report as well as value of the goods as redetermined by the Chartered Engineer and has requested waiver of the Show Cause Notice (SCN) and Personal Hearing (PH) in the matter.

12. In view of the above, it appears that:-

(i) The declared description and value of goods in Z-Bill of Entry No. 3264080 dated 20.08.2026, filed by the Importer M/s. Global Commerce Solutions, are liable to be rejected due to mis-declaration in terms of description and undervaluation, and the classification of the goods are to be re-determined as per para 4 ibid and value needs to be redetermined as per table -B at Para 5.6 ibid.

(ii) The total declared assessable value of Rs. 13,34,166/- for the goods under Z-Bill of Entry No. 3264080 dated 20.08.2026is liable to be rejected and re-determined as **Rs. 14,78,786/-** as per the Chartered Engineer's valuation report (Ref. No. AYK: VAL: 03099: 2026 dated 08.10.2026), under Rule 9 of the Customs Valuation (Determination of Value of Imported Goods) Rules, 2007, read with Section 14 of the Customs Act, 1962.

(iii) The goods valued at Rs. 14,78,786/- were found mis-declared in terms of description and classification are liable for confiscation under Sections 111(m) of the Customs Act, 1962, as discussed in foregoing paras.

(iv) Total differential duty amounting to **Rs. 1,94,734/-** as detailed in para 10 ibid is required to be recovered from the importer.

(v) Penalty under Section 112 (a) (ii) of Customs Act, 1962 is imposable upon the importer.

(vi) Penalty under Section 114AA of Customs Act, 1962 is imposable upon the importer.

12.1 Accordingly, an Investigation Report No. 190/2026-27 dated 08.10.2026 was issued by SIIB, Mundra Customs.

WRITTEN SUBMISSION AND PERSONAL HEARING

13. The importer, M/s. Global Commerce Solutions (IEC:JJTPK6499G), vide their letter dated 12.10.2026, has requested waiver of issuance of Show Cause Notice and grant of Personal Hearing in the matter and has requested to adjudicate the case as per the applicable provisions and procedures.

DISCUSSION AND FINDINGS

14. I have carefully gone through Investigation Report No. 190/2026-27 dated 08.10.2026 forwarded by SIIB, Custom House, Mundra, the relied upon documents and all other material available on record. Vide email dated 08.10.2026, the Importer M/s. Global Commerce Solutions accepted the Chartered Engineer's Valuation Report and the Panchnama. Vide letter dated 12.10.2026, the importer again requested waiver of the Show Cause Notice and Personal Hearing and asked that the case be adjudicated as per the applicable provisions. I am satisfied that the principles of natural justice have been complied with. The matter is accordingly being disposed of on merits under the first proviso to Section 124 of the Customs Act, 1962.

14.1 On a careful perusal of the Investigation Report and case records, I find that the following main issues arise for consideration and determination in this case:

(i) Whether the declared description "Polyester Plain Dyed Flock Fabric" and classification under CTH 59070012 of the goods covered under Z-Bill of Entry No. 3264080 dated 20.08.2026 are liable to be rejected, and the goods re-classified under CTH 60053790;

(ii) Whether the declared assessable value of Rs. 13,34,166/- (Rupees Thirteen Lakh Thirty-Four Thousand One Hundred and Sixty-Six Only) is liable to be rejected under Rule 12 of the CVR, 2007 and re-determined as Rs. 14,78,786/- (Rupees Fourteen Lakh Seventy-Eight Thousand Seven Hundred and Eighty-Six Only) under Rule 9 ibid, as per CE Report No. AYK:VAL:03099:2026 dated 08.10.2026;

(iii) Whether Z-Bill of Entry No. 3264080 dated 20.08.2026 is liable to be re-assessed under Section 17(4) of the Customs Act, 1962 with differential duty of Rs. 1,94,734/-;

(iv) Whether the goods are liable for confiscation under Section 111(m) of the Customs Act, 1962; and

(v) Whether penalty is imposable on M/s. Global Commerce Solutions under Sections 112(a)(ii) and 114AA of the Customs Act, 1962.

15. FIRST ISSUE — DESCRIPTION AND CLASSIFICATION:

15.1 I find that M/s. Global Commerce Solutions filed Z-Bill of Entry No. 3264080 dated 20.08.2026 at M/s. Rudraksh Terminal LLP (SEZ Unit), APSEZ, Mundra. The goods were declared as "Polyester Plain Dyed Flock Fabric" under CTH 59070012, with a quantity of 45,786 SQM at USD 0.30/SQM and an assessable value of Rs. 13,34,166/-. They were shipped in Container No. REGU5091790 against Commercial Invoice No. 2026WDL111 dated 07.07.2026 issued by M/s. Haining Yudu Textile Co., Ltd., China.

15.2 I find that the goods were examined under Panchnama dated 21.09.2026. The container held 895 rolls of fabric, each 50–60 metres long and 1.5 metres wide. Per the weighbridge slip, the cargo weighed 12,830

kgs. A representative sample was drawn and forwarded to CRCL, Kandla vide Test Memo No. 214/2026-27 dated 22.09.2026.

15.3 I find that CRCL, Kandla, vide Test Report Lab No. 3952-SIIB dated 25.09.2026, reported that the sample is a bonded fabric made of two layers:

- the upper layer is a dyed, knitted, self-designed fabric;
- the lower layer is a dyed non-woven fabric;
- the two layers are adhered to each other with adhesive material;
- the upper fabric is composed of polyester filament yarn and the non-woven fabric of polyester;
- total polyester is 99.12% by weight, and GSM is 198.7.

CRCL specifically reported that the sample "is other than flock fabric".

15.4 I further find that the importer, vide email dated 07.10.2026, stated that their supplier had confirmed the fabric to be a **warp-knitted fabric and not flock fabric**, and asked that this be verified. On reference from SIIB, CRCL, Kandla re-examined the sample. Vide email dated 08.10.2026, CRCL clarified that the upper layer "appears to be **warp knitted**, self designed fabric", bonded with adhesive material to a dyed non-woven lower layer. I note that this clarification agrees with the importer's own stand that the fabric is warp-knitted. The importer has not disputed the CRCL findings after the clarification. Instead, vide email dated 08.10.2026, they accepted the CE report, which values the goods as "Polyester Warp Knitted Fabric" on the basis of the laboratory analysis.

15.5 I find that sub-heading 5907 covers, among other goods, textile fabrics covered partially or fully with textile flocks or with preparations containing textile flocks. Since the goods have been found to be **other than flock fabric**, the declared description and classification under CTH 59070012 cannot be sustained. The adhesive serves only to bond the two textile layers and is not reported to impregnate, coat or cover the fabric.

Accordingly, the goods also do not answer to the residual description of heading 5907.

15.6 I find that the goods are a bonded composite of two textile layers: a dyed, self-designed warp-knitted polyester fabric on the face, and a non-woven layer on the back. In terms of Rule 3(b) of the General Rules for the Interpretation of the First Schedule to the Customs Tariff Act, 1975, such a composite is to be classified as if it consisted of the component which gives it its essential character. The warp-knitted face fabric is the visible, dyed, self-designed surface of the goods and determines their appearance and end use, while the non-woven layer serves as a backing. The essential character is therefore given by the warp-knitted fabric of synthetic (polyester) filament yarn. Heading 6005 covers "Warp knit fabrics (including those made on galloon knitting machines), other than those of headings 60.01 to 60.04". Since the fabric is of synthetic fibres and dyed, it falls under sub-heading 6005 37 and, specifically, under tariff item 6005 37 90.

15.7 I accordingly reject the declared description and classification. I hold that the goods are correctly described as "Bonded fabric made of two layers, with upper layer of dyed warp-knitted self-design fabric of polyester filament yarn (99.12% polyester) and lower layer of dyed polyester non-woven, GSM 198.7", and are classifiable under CTH 60053790. The goods are freely importable on payment of the applicable Customs duty.

16. SECOND ISSUE — REJECTION OF DECLARED VALUE AND RE-DETERMINATION OF ASSESSABLE VALUE:

16.1 I find that the declared value of Rs. 13,34,166/- was for "Polyester Plain Dyed Flock Fabric" at USD 0.30/SQM. The goods actually imported are a different product, namely a bonded warp-knitted polyester fabric. The declared value therefore cannot be accepted as the transaction value of the goods actually imported under Rule 3(1) of the CVR, 2007. In view of the mis-declaration of description and classification, there is reasonable doubt about the truth and accuracy of the declared value. The importer has produced no evidence in support of the declared value and has instead

accepted the CE's valuation. I accordingly reject the declared value under Rule 12 of the CVR, 2007.

16.2 I find that contemporaneous import data for identical or similar goods of the same description, composition and GSM was not available, so the value could not be determined under Rules 4 and 5 of the CVR, 2007. There was also no data on deductive value or cost of production, so the value could not be determined under Rules 7 and 8 ibid. The value is therefore required to be determined under Rule 9 (Residual Method) ibid.

16.3 I find that Shri Anwar Y. Kukad, Chartered Engineer & Government Approved Valuer, inspected the goods on 04.10.2026. Vide Report No. AYK:VAL:03099:2026 dated 08.10.2026, he determined the value as under:

Sr. No.	**Description**	**UQC**	**Quantity**	**Unit CIF (USD/Kg)**	**Total CIF (USD)**	**Total CIF (Rs.) @ Rs. 96.05/USD**
1	Bonded fabric — upper layer dyed warp-knitted self-design polyester fabric, lower layer dyed polyester non-woven, GSM 198.7	KGS	12,830	1.20	15,396.00	14,78,785.80

16.4 I find that the importer has accepted the CE's report without any objection vide email dated 08.10.2026. I accordingly reject the declared assessable value of Rs. 13,34,166/- under Rule 12 of the CVR, 2007. I re-determine the assessable value at Rs. 14,78,786/- under Rule 9 of the CVR, 2007 read with Section 14 of the Customs Act, 1962.

17. THIRD ISSUE — RE-ASSESSMENT:

17.1 On the basis of the re-determined classification under CTH 60053790 and the re-determined assessable value of Rs. 14,78,786/-, the Customs duty leviable on the imported goods works out as under:

Particulars	**As declared (CTH 59070012) (Rs.)**	**As re-determined (CTH 60053790) (Rs.)**
Assessable Value	13,34,166	14,78,786
BCD	1,33,417 (@10%)	2,95,757 (@20%)
SWS @10% of BCD	13,342	29,576
IGST @5%	74,046	90,206
Total Duty	**2,20,805**	**4,15,539**

17.2 I find that the differential duty accordingly works out to **Rs. 1,94,734/-** (Rupees One Lakh Ninety-Four Thousand Seven Hundred and Thirty-Four Only), i.e. Rs. 4,15,539/- minus Rs. 2,20,805/-. I note that, unlike the declared CTH, the correct CTH 60053790 attracts BCD at 20% as against 10%. The short levy therefore arises from both the mis-classification and the undervaluation of the goods.

17.3 I accordingly order re-assessment of Z-Bill of Entry No. 3264080 dated 20.08.2026 under Section 17(4) of the Customs Act, 1962, with the correct description, classification (CTH 60053790), assessable value and duty as discussed above.

18. FOURTH ISSUE — CONFISCATION OF GOODS:

18.1 The goods were declared as “Polyester Plain Dyed Flock Fabric” under CTH 59070012 at an assessable value of Rs. 13,34,166/-. The goods actually imported are bonded warp-knitted polyester fabric, classifiable under CTH 60053790, with a re-determined value of Rs. 14,78,786/-. The goods therefore do not correspond with the entry made under Section 46 of the Customs Act, 1962 in respect of description, classification and value. I accordingly hold that the entire consignment of 895 rolls (12,830 kgs) covered under Z-Bill of Entry No. 3264080 dated 20.08.2026, in Container No. REGU5091790, lying at M/s. Rudraksh Terminal LLP (SEZ Unit), APSEZ, Mundra, having a re-determined assessable value of Rs.

14,78,786/-, is liable for confiscation under Section 111(m) of the Customs Act, 1962.

18.2 The goods are freely importable and are not prohibited goods. In the case of non-prohibited goods, Section 125(1) of the Customs Act, 1962 mandates that the adjudicating authority shall give the owner an option to pay a fine in lieu of confiscation. I accordingly give M/s. Global Commerce Solutions an option to redeem the said goods on payment of redemption fine under Section 125(1) of the Customs Act, 1962.

19. FIFTH ISSUE — PENALTIES:

19.1 Penalty under Section 112(a)(ii) of the Customs Act, 1962: M/s. Global Commerce Solutions mis-declared the description of the goods as flock fabric, mis-declared their classification under CTH 59070012 instead of CTH 60053790, and undervalued them (Rs. 13,34,166/- declared against Rs. 14,78,786/- re-determined). These acts and omissions contravene Sections 46(4) and 46(4A) of the Customs Act, 1962. They rendered the goods liable for confiscation under Section 111(m) ibid and resulted in a short levy of duty of Rs. 1,94,734/-. The goods are dutiable goods and not prohibited goods. M/s. Global Commerce Solutions has accordingly rendered itself liable for penalty under Section 112(a)(ii) of the Customs Act, 1962.

19.2 Penalty under Section 114AA of the Customs Act, 1962: M/s. Global Commerce Solutions filed the Bill of Entry themselves, without a Customs Broker. They made, signed and used Z-Bill of Entry No. 3264080 dated 20.08.2026 declaring the goods as “Polyester Plain Dyed Flock Fabric” under CTH 59070012. That description and classification was false and incorrect in material particulars, and it attracted a lower rate of BCD (10%) than the rate applicable to the goods actually imported (20%). The importer’s own email dated 07.10.2026 shows that, on enquiry, their supplier confirmed the goods to be warp-knitted fabric and not flock fabric. The nature of the goods was therefore within the knowledge of the importer, or readily ascertainable by them from their own supplier, yet the goods were

declared as flock fabric. I therefore find that the incorrect declaration was made knowingly in the transaction of business for the purposes of the Customs Act, 1962. M/s. Global Commerce Solutions has accordingly rendered itself liable for penalty under Section 114AA of the Customs Act, 1962.

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

ORDER

(i) I reject the declared description "Polyester Plain Dyed Flock Fabric" and the declared classification under CTH 59070012 of the goods covered under Z-Bill of Entry No. 3264080 dated 20.08.2026. I order that the goods be re-described as "Bonded fabric of dyed warp-knitted self-design polyester fabric (upper layer) and dyed polyester non-woven (lower layer), GSM 198.7" and re-classified under CTH 60053790.

(ii) I reject the declared assessable value of Rs. 13,34,166/- (Rupees Thirteen Lakh Thirty-Four Thousand One Hundred and Sixty-Six Only) under Rule 12 of the Customs Valuation (Determination of Value of Imported Goods) Rules, 2007. I re-determine the assessable value at **Rs. 14,78,786/- (Rupees Fourteen Lakh Seventy-Eight Thousand Seven Hundred and Eighty-Six Only)** under Rule 9 of the CVR, 2007 read with Section 14 of the Customs Act, 1962.

(iii) I order re-assessment of Z-Bill of Entry No. 3264080 dated 20.08.2026 under Section 17(4) of the Customs Act, 1962, as discussed above.

(iv) I order confiscation of the imported goods, i.e. 895 rolls (12,830 kgs) of bonded warp-knitted polyester fabric (CTH 60053790) having a re-determined value of **Rs. 14,78,786/-,** under Section 111(m) of the Customs Act, 1962. However, I give M/s. Global Commerce Solutions an option to redeem the said goods on payment of a Redemption Fine of **Rs. 1,45,000/-**

(Rupees One Lakh Forty Five Thousand Only) under Section 125(1) of the Customs Act, 1962.

(v) I impose a penalty of **Rs. 19,000/- (Rupees Nineteen Thousand Only)** on M/s. Global Commerce Solutions (IEC: JJTPK6499G) under Section 112(a)(ii) of the Customs Act, 1962.

(vi) I impose a penalty of **Rs. 10,000/- (Rupees Ten Thousand Only)** on M/s. Global Commerce Solutions (IEC: JJTPK6499G) under Section 114AA of the Customs Act, 1962.

21. This Order-in-Original is issued without prejudice to any other action that may be taken against M/s. Global Commerce Solutions or any other person under the provisions of the Customs Act, 1962, or any rules, regulations or notifications made thereunder, or under any other law for the time being in force.

Digitally signed by Dipakbhai Zala
Date: 13-10-2026 18:47:56

(DIPAK ZALA)
Additional Commissioner of Customs,
Mundra Customs

To,

M/s. Global Commerce Solutions (IEC: JJTPK6499G)
Ground and First, Flat No. 828, Pocket-A,
Paschim Puri, Delhi – 110063

Copy to:

1. The Additional Commissioner (SIIB), Custom House, Mundra
2. The Dy./Asstt. Commissioner (RRA/TRC), Custom House, Mundra
3. The Dy./Asstt. Commissioner (EDI), Custom House, Mundra