



प्रधान आयुक्त का कार्यालय, सीमा शुल्क, अहमदाबाद

“सीमा शुल्क भवन,” पहली मंजिल, पुराने हाईकोर्ट के सामने, नवरंगपुरा, अहमदाबाद – 380 009.

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DIN: 20251271MN0000386363

PREAMBLE

A	फाइल संख्या / File No.	:	GEN/INV/Misc/ 400 / 2025-ICD-SNND-CUS-Commrte-Ahmedabad
B	कारण बताओ नोटिस संख्या-तारीख / Show Cause Notice No. and Date	:	The importer has requested for waiver of SCN & PH
C	मूल आदेश संख्या / Order-In-Original No.	:	179/ADC/SR/O&A/HQ/2025-26
D	आदेश तिथि / Date of Order-In-Original	:	15.12.2025
E	जारी करनेकी तारीख / Date of Issue	:	15.12.2025
F	द्वारापारित / Passed By	:	Shravan Ram, Additional Commissioner, Customs Ahmedabad.
G	आयातक का नाम औरपता / Name and Address of Importer / Passenger	:	M/s. Mahesh Metalloys Private Limited (IEC: 0810002213), Plot No. 415, Road No. 10 Kathwada GIDC, Kathwada Ahmedabad-382430.
(1)	यह प्रति उन व्यक्तियों के उपयोग के लिए निःशुल्क प्रदान की जाती है जिन्हे यह जारी की गयी है।		
(2)	कोई भी व्यक्ति इस आदेश से स्वयं को असंतुष्ट पाता है तो वह इस आदेश के विरुद्ध अपील इस आदेश की प्राप्ति की तारीख के 60 दिनों के भीतर आयुक्त कार्यालय, सीमा शुल्क(अपील), चौथी मंजिल, हड्डों भवन, ईश्वर भवन मार्ग, नवरंगपुरा, अहमदाबाद में कर सकता है।		
(3)	अपील के साथ केवल पांच (5.00) रुपये का न्यायालय शुल्क टिकिट लगा होना चाहिए और इसके साथ होना चाहिए:		
(i)	अपील की एक प्रति और;		
(ii)	इस प्रति या इस आदेश की कोई प्रति के साथ केवल पांच (5.00) रुपये का न्यायालय शुल्क टिकिट लगा होना चाहिए।		
(4)	इस आदेश के विरुद्ध अपील करने इच्छुक व्यक्ति को 7.5 % (अधिकतम 10 करोड़) शुल्क अदा करना होगा जहां शुल्क या इयूटी और जुर्माना विवाद में है या जुर्माना जहां इस तरह की दंड विवाद में है और अपील के साथ इस तरह के भुगतान का प्रमाण पेश करने में असफल रहने पर सीमा शुल्क अधिनियम, 1962 की धारा 129 के प्रावधानों का अनुपालन नहीं करने के लिए अपील को खारिज कर दिया जायेगा।		

(1) This is granted free of charge for the use of person to whom it is issued

(2) Any person deeming himself aggrieved by this order may appeal against the order to the Commissioner of Custom (Appeals), 4th Floor, HUDCO Building, Ishwar Bhuvan Road, Navrangpura, Ahmedabad –380009 within sixty (60) days from the date of receipt of the order.

(3) The appeal should bear a Court Fee stamp of Rupees five only (Rs. 5.00), and it must be accompanied by i. A copy of the appeal and ii. This copy or any copy of this order will must bear a Court fee Stamp of Rupees five only (Rs. 5.00/-)

(4) Any person desirous of appealing against this order shall deposit 7.5% (subject to maximum of Rs. 10 crores) of duty demanded, in case where duty or penalty levied, where such penalty is in dispute and produce proof of such payment along with the appeal, failing which the appeal is liable to be rejected for non-compliance of the provisions of Section 129 of the Customs Act, 1962.

Brief facts of the case:

M/s. Mahesh Metalloys Private Limited (IEC: 0810002213), Plot No. 415, Road No. 10 Kathwada GIDC, Kathwada Ahmedabad-382430 (hereinafter also referred to as “the Importer”) had filed Bill of Entry No. 4695527 dated 24.09.2025 at Customs, ICD, Sanand through Customs Broker M/s. Guru Prakash Enterprise (Customs Broker Code-AIPPM9858DCH002) (hereinafter also referred to Customs Broker) seeking clearance of goods having total quantity of 108.140 MT in 04 containers bearing No. HMCU3089434, EITU0344695, XHCU2386006, DFSU2995417 with the goods declared as HMS Scrap under CTH 7204 detailed in table-1 below (**hereinafter referred to as “the import consignments”**) which were imported under Invoice and Bill of Lading mentioned against respective Bill of Entry.:-

Table – 1

Details of the goods sought clearance under B/E 4695527 dtd 24.09.2025

Container	Item Description	CTH	Qty in MT	Invoice and BL
EITU0344695	Heavy melting Scrap	72044900	26.760	Invoice No. GGM/2050/0125 dated 10.09.2025 and BL No.
XHCU2386006	Heavy melting Scrap	72044900	27.720	ASLASWKSU987A dated 13.09.2025
HMCU3089434	Heavy melting Scrap	72044900	26.820	
DFSU2995417	Heavy melting Scrap	72044900	26.840	

2. Based on intelligence, the above said import consignment was placed on hold by Directorate of Revenue Intelligence, Ahmedabad and got examined under regular Panchanama dated 29.09.2025 in presence of

independent Panchas. As per Panchanama the goods were found as pipes of 18-19 feet of 11-13 inches diameter and thus appeared to be mis-declared. To verify the content of the cargo, the opinion of the Chartered Engineer (CE) Shri Atanu Kundu was sought. Accordingly, the import consignment was inspected by Shri Atanu Kundu, Chartered Engineer on 30.09.2025. He provided his opinion vide report Ref. No. AK/26/2025-26/IMP/ICD-Sanand dated 03.10.2025 (**herein referred to as “the CE-Report”**) in respect of goods covered under Bill of Entry No. 4695527 dated 24.09.2025. Shri Atanu Kundu in his report, inter alia, opined that the cargo is MS Seamless Hollow pipes having length of 19 ft which does not match with Heavy melting scrap as per ISRI definition. Further, he opined that the MS Seamless pipes constituents FE -98.5%, CU-0.10%, Ni-0.45%, Cr- 0.20%, Moly- 0.10% and Mn- 0.65% which was confirmed with the metal GUN. Further, the CE certificate also discusses the declared weight and valuation in his report which matches with the invoice and packing list and is as follows:

Table – 2

Sr. No.	Description of Container (20 ft.)	Qty in Mt	@US \$/MT	Amount in US\$
1	EITU0344695	26.760	547	14637.72
2	XHCU2386006	27.720	547	15162.84
3	HMCU3089434	26.820	547	14670.54
4	DFSU2995417	26.840	547	14681.48
	Total	108.140	547	59152.58

He concluded that the cargo is MS Seamless Hollow pipes of length 19 ft. with diameter around 11-13 inches and thickness of 2.5 to 3 inches and these pipes would have been discarded from oil or gas industry and the greater length of the pipes may be considered reusable cargo but not the prime and further opined that the goods were liable to be classified under CTH 7304 “Tubes, Pipes and Hollow Profiles, Seamless, of Iron / Steel” instead of CTH 7204.

3. DRI, AZU vide letter dated 14.10.2025 transferred the case to the Customs for further action, inter alia, informing that the goods are restricted for import as per 2.31 of Foreign Trade Policy, being second hand / used goods having been imported without valid import authorization and that the same are liable for confiscation under provisions of Customs Act 1962.

4. Summons dated 27.11.2025 was issued to the importer and statement of Shri Vishnu B. Shah, Director of M/s. Mahesh Metalloys Private Limited was recorded under provisions of Section 108 of Customs Act 1962. Shri

Vishnu B. Shah, inter alia, stated that:

- They intended to import heavy melting scrap from M/s Green Gulf Metal & Scrap Tr. Co. LLC, Kuwait as per the sales contract, but upon opening, seamless hollow pipes were found. He provided copy of sales contract.
- He is not aware of Customs-related import restrictions and relied solely on the supplier's description of HMS @ USD 547/MT.
- He had email communication with the supplier containing chemical composition, sale contract, COO, SIMS, PSIC etc., all indicating HMS.
- Original import documents (invoice, packing list, BL) were received through bank; scanned copies came via email. He will verify which email contained them and
- That although the contract mentions 100% advance, in practice they always make payment only after receiving documents, and this is their usual trade practice and payment was made to the supplier on 25.09.2025 as per CAD (payment against documents) terms.
- The supplier had not provided any loading photographs and that they had also not insisted on the same, as the supplier was a regular one and the purchase decision was based solely on the chemical composition and description of HMS. He stated that upon being informed about the hollow pipes found in the containers, he contacted the supplier, who claimed that such old, used and rusted material is treated by them as HMS. He further informed that they were unaware of any mis-declaration and had relied entirely on the supplier's assurance while believing that the cargo was indeed HMS. He also stated that the goods found are old, used, rusted and not capable of reuse, and that they have already applied for clearance of the same after mutilation.

The importer, vide email dated 05.12.2025 was again requested to provide copies of email conversation vide which scanned copies of the import documents viz Invoice, Bill of Lading etc were received from Supplier. However, vide their email dated 06.12.2025. Importer informed that they tried to find the mail conversation with the foreign supplier, but could not find said conversation.

5. Defence submission and personal hearing:

The importer, vide their email / letter dated 12/13.11.2025, contended that they have imported a consignment of Heavy Melting Scrap under Bill of Entry No. 695527 dated 24.09.2025, covered by Bill of Lading No. ASLASWKSAU987A, from our foreign supplier M/s. Green Gulf Metal & Scrap TR Co. LLC, UAE; that upon examination it has been observed that the cargo received is rusted and bears clear gas-cutting marks, confirming that the material is indeed scrap and cannot be used for any purpose other than melting. The consignment was held by the DRI authorities, despite there being no conclusive justification or evidence to establish that the imported material is anything other than scrap. The

investigation has been considerably delayed, resulting in severe financial losses. The importer requested for allowing goods to be mutilated to scrap and requested for waiver of Show Cause Notice and Personal hearing in the matter.

6. Discussion and Findings:

6.1 I have carefully studied all the case records including the submissions made by the Importer vide letter/ email dated 12/13.11.2025. I find that that M/s. Mahesh Metalloys Private Limited have imported consignment under Invoice No. GGM/2050/0125 dated 10.09.2025 seeking its clearance as "heavy melting scrap" under Bill of Entry No. 4695527 dated 24.09.2025 as per details mentioned in Table-1 above. However, upon examination by DRI, AZU and customs officers and inspection by government empaneled Chartered Engineer, the consignment has been found to contain MS Seamless Hollow pipes of length 19 ft having diameter of around 11-13 inches which are classifiable under CTH 7304 instead of CTH 7204. Therefore, the goods covered in said Bill of Entry do not correspond to their declarations made in the Bill of Entry with respect to their description. Further, the goods being second hand goods are not allowed to be imported into India in terms of Para 2.31 of Foreign Trade Policy notified under Section 5 of the Foreign Trade (Development & Regulation) Act, 1992, as amended. Now the importer has requested for release of cargo after mutilation claiming that said items were not contracted for import by them and that suppliers at its end treat the material as scrap being rusted and old. Therefore, in the present matter, for the purpose of considering request of the mutilation of cargo, it is has also to be ascertained if:-

- (a) The goods are imported properly as per provisions of Section 111 of Customs Act 1962; and if not, whether imported goods are liable for confiscation under Customs Act 1962.
- (b) The goods can be allowed clearance MS pipes under CTH 7304 or as Heavy Melting Scrap under CTH 7204
- (c) M/s. Mahesh Metalloys Private Limited or other persons are liable for penalty under Customs Act 1962.

6.2 Whether the goods are imported properly:

As per Section 2 (23) of Customs Act 1962, "import", with its grammatical variations and cognate expressions, means bringing into India from a place outside India. In the present case the containers have arrived in the premises of ICD Sanand and Bill of Entry No. 4695527 dated 24.09.2025 was filed seeking clearance of the goods (details as per Table-1 above). Therefore, the goods stand imported into India. I find that the import consignments were first examined

under Panchanama dated 29.09.2025 and then got inspected by empaneled Chartered Engineer. The Panchanama and report of the Chartered Engineers have revealed that cargo is old MS Seamless Hollow pipes of length 19 ft. with diameter around 11-13 inches and thickness of 2.5 to 3 inches, these pipes may have been discarded from Oil & gas industry dealing in pipelines & drilling operation for transporting hydrocarbon at high pressure and temperature, or that these pipes may have been rejected due to renovated or dismantled power plant / Petrochemical and chemical plant / Refineries etc; and may be classified under CTH 7304 "Tubes, Pipes and Hollow Profiles, Seamless, of Iron / Steel" instead of declared CTH 7204. The goods being of second hand / used category are not allowed to be imported as per Para 2.31 of Foreign Trade Policy. Therefore, it is clear that the goods are not imported properly, in terms of provisions of Section 111 of Customs Act 1962.

6.3 Whether goods are liable for confiscation:

(i) I find that examination under Panchanama dated 29.09.2025 and Report of Chartered Engineer as discussed above has revealed that the goods covered in Bill of Entry do not correspond to their declarations made in the Bill of Entry with respect to their description, and thus, the goods with declared value Rs.53,14,833/- are liable for confiscation under Section 111 (m) of Customs Act 1962.

(ii) I find that the Chartered Engineer in his report dated 03.10.2025 has reported that on looking into the cargo, it is revealed that these seamless iron pipe may be discarded from Oil & gas industry dealing in pipelines & drilling operation for transporting hydrocarbon at high pressure and temperature; that these pipes may be rejected due to renovated or dismantled power plant / Petrochemical and chemical plant / Refineries. Therefore, it is clear the goods are Second Hand Goods. Second Hand goods are restricted for import and allowed to be imported against valid import authorization from DGFT. The Importer has not produced any import authorization to DRI or to Customs. As such I hold that the goods are liable for confiscation under Section 111(d) of the Customs Act, 1962 read with Section 2 (33) of Customs Act 1962 having been imported in contravention of prohibition imposed under Para 2.31 of Foreign Trade Policy.

6.4 Considering clearance of MS pipes under CTH 7304 or as Heavy Melting Scrap under CTH 7204 as requested Importer:

(a). Having gone through the documents available, as discussed above, I have found that the goods imported under Invoice No. Invoice No. GGM/2050/0125 dated 10.09.2025 and sought clearance under Bill of Entry No. 4695527 dated

24.09.2025 are MS Pipes and are second hand goods. Second hand goods other than capital goods are restricted for import as per Para 2.31 of Foreign Trade Policy and are allowed to be imported only against Import Authorization issued by DGFT. The Importer does not have any import authorization for importing second hand pipes. Therefore there is no question of allowing clearance of goods as MS pipes, being second hand goods, under CTH 7304, in contravention of provisions of Foreign Trade Policy.

(b) Now coming to the importer's request for granting permission for mutilation of the cargo submitted vide letter dtd 12.11.2025 received on 13.11.2025. In this letter importer has also submitted that as observed upon examination the cargo received is rusted and bears clear gas-cutting marks. They further contended and confirmed that the material is indeed scrap and cannot be used for any purpose other than melting.

(c) I find that it is the fact that the importer in their impugned Bill of Entry declared the goods as Heavy Melting Scrap having value of Rs.53,14,833/. I also find that the Chartered engineer in their Report dtd 03.10.2025 has found and reported the goods to be **old and used seamless** iron pipes discarded from Oil & gas industry. Thus I find that there is no doubt regarding the fact that the goods were mis-declared by the importer but at the same time I also find that the goods are not prime and are in the form of old and used seamless iron pipes discarded from Oil & gas industry .

The relevant excerpt of the C.E. Report is reproduced in the image below.

On looking into the cargo, it is revealed that these seamless iron pipe may be discarded from Oil & gas industry which dealing for pipelines & drilling operation for transporting hydrocarbon at high pressure and temperature . These pipes may be rejected due to renovated or dismantled plant such as power plant, Petrochemical and chemical plant or Refineries .

The origin of these MS heavy duty pipes is KUWAIT and these pipes may be comes from oil & gas industry . On looking into physical condition , it is old & used and Hugh length seamless



Now coming to the aspect of valuation of the impugned goods, I observe and find that the Chartered Engineer has reported the declared value rational and thus I also find that there is no difference in the value of the impugned goods.

The relevant excerpt of the C.E. Report is reproduced in the image below.

can be called as used MS seamless hollow pipes or article of iron or steel and it may be classified under 7304 instead of 7204 of Customs Tariff Act. The value declared seems to rational being used article.. No E-waste found.

(d) Now coming to the importer's request I find that the importer vide letter

dated 12/13.11.2025 has requested for allowing clearance of the impugned goods after mutilation of the goods to scrap. In this letter the importer has also interalia submitted as mentioned earlier also, that the cargo received is rusted and bears clear gas-cutting marks and the importer also further contended and confirmed that the material is indeed scrap and cannot be used for any purpose other than melting.

For deciding this matter and for guidance in this regard, I have gone through following relevant case laws.

(i) *Taiping International Vs Collector of Customs (Kolkata High Court, 1996). 1997 (89) ELT 457 (Cal)*

In July 1988 the appellants (i.e. supplier) exported goods to India in two consignments addressed to two importers, P.K. Kajaria and U.K. Kajaria. Upon examination part of the goods (i.e. 40%) were found to be copper wires instead of copper scrap. Import of copper wires required import license at the relevant time. Customs did not consider request of the Appellant to allow re-export of goods or clearance after mutilation. The appellants filed a writ petition with Hon'ble Kolkata High Court seeking re-export or, alternatively, release of 60% (admitted scrap) and remaining 40% after mutilation. Hon'ble Kolkata High Court finally allowed the appellant's appeal in part and directed that the goods be permitted to be cleared upon mutilation in presence of officers of Customs and assessment as scrap.

(ii) *Rupani Spinning Mills Pvt. Ltd. Vs Union of India (UOI) (Gujarat High Court, 1988). 1992 (60) ELT 77 (Guj)*

The petitioning-Companies having textile units had imported synthetic rags under an Open General License. The goods upon import were found to be not completely mutilated as required by the conditions of the import license. The petitioners requested for allowing clearance of goods after further mutilation. However the Customs did not allow mutilation post import and confiscated the goods under Section 111 (d) and penalty under Section 112 of Customs Act 1962. Hon'ble High Court allowed clearance of goods after further mutilation to render the goods totally un-serviceable and upon imposition of penalty.

In light of the above case laws, I find that the request of importer for clearance of goods that is used MS pipes by allowing mutilation to scrap merits consideration especially in the circumstances that the goods are restricted for import in the form i.e. second hand pipes. The Chartered Engineer in report dated 03.10.2025 has opined that as per ISRI norms the pipes must be cut into smaller lengths that fit charging box size specifications which are usually not more than 60 inches.

The relevant excerpt of the C.E. Report is reproduced in the image below.

Discarded mild steel (MS) seamless hollow pipe is typically categorized as heavy melting steel (HMS) scrap under specifications from the Institute of Scrap Recycling Industries (ISRI). The exact ISRI code depends on the pipe's thickness and preparation.

Key ISRI codes for MS pipe scrap based on ISRI ferrous scrap specifications, the material would likely fall under one of these HMS categories:

- **ISRI Code 200 (HMS 1):** *Wrought iron and steel scrap, 1/4 inch and over in thickness. Individual pieces should not be over 60 x 24 inches and must be prepared for compact charging. This is the most common code for high-quality, clean pipe scrap.*
- **ISRI Code 203 (HMS 2):** *Wrought iron and steel scrap, black and galvanized, 1/8 inch and over in thickness. This category is for material not suitable as No. 1 heavy melting steel. It may include some galvanized steel, which is often a factor with discarded pipe.*

To maximize the value of your scrap, It should prepare it according to these rules:

1. ***Cut to size: The pipes must be cut into smaller lengths that fit charging box size specifications. These are usually not more than 60 x 24 inches.***

Therefore, accordingly, I am inclined to allow the goods to be mutilated to melting scrap at the cost of Importer and allow clearance under CTH 7204. Since the Chartered Engineer has reported the value of goods to be rational for used pipes and that the goods are to be mutilated to scrap before clearance, I find no reason to reject the value of the goods that is used MS pipes.

6.5 Whether M/s. Mahesh Metalloys Private Limited is liable for penalty under Customs Act, 1962.

(i) Section 112 provides that a person is liable to penalty, if due to his action or due to omission of such required action, in respect of any goods, such goods are rendered liable for confiscation under provisions of Section 111 of Customs Act 1962. In the present case, the goods already stand imported and liable for confiscation under Section 111 (m) and 111 (d) of Customs Act 1962 as discussed at para 6.3 above. Shri Vishnu B. Shah Director of M/s. Mahesh Metalloys Private Limited has stated in his statement that they contracted for and intended to import heavy melting scrap only. He produced copy of sales contract which showed goods as "heavy melting scrap". He stated that they relied entirely on the supplier's description and supporting documents such as chemical composition reports, COO, SIMS and PSIC, and were unaware of any mis-declaration. However, it is noteworthy that all types of metal scrap needs to be accompanied by a Pre-Shipment Inspection Certificate confirming the category of scrap at the port of export before stuffing the same into containers. Importers normally call for photographs taken by Pre-Shipment Inspection Agency at the time of inspection.

Even these photographs are uploaded on the DGFT portal and can we easily accessed by the Importer. I find that photographs downloaded from DGFT Portal show the goods to be long pipes. The importer has not provided even copy of email communication vide which import documents were received. Therefore, I find that the omission of required actions at the part of Importer has rendered the goods liable for confiscation under Section 111 (m) and 111 (d) and therefore they are liable for penalty under Section 112 (a) (i) of Customs Act 1962.

7. In view of the aforementioned discussion and findings, I pass the order as under:

:ORDER:

- (i) I order to confiscate, goods (which are found as used MS pipes upon examination) valued at Rs. 53,14,833/- under Section 111(m) and 111 (d) of the Customs Act, 1962.
- (ii) The importer, M/s. Mahesh Metalloys Private Limited , is given option to redeem the confiscated goods, within 30 days of issuance of this order, and on payment of redemption fine of Rs. 5,00,000/- (Rupees Five Lakhs only) under Section 125 (1) of Customs Act 1962, in lieu of confiscation and on payment of with applicable duties of Customs and charges as per Section 125 (2), ibid. The goods would be allowed to be redeemed only after the goods are mutilated to melting scrap i.e. to length lesser than 60 inches in presence of officers of Customs, ICD Sanand and at the cost of the Importer.
- (iii) I order to impose penalty of Rs.2,00,000/- (Rupees Two Lakhs only) on M/s. Mahesh Metalloys Private Limited under Section 112 (a) (i) of Customs Act, 1962.

(Shravan Ram)

Additional Commissioner

DIN: **20251271MN0000386363**

F. No. GEN/INV/Misc/400/2025-ICD-SNND-CUS-COMMRTE-AHMEDABAD

By Speed Post/ By E-mail/ By Hand Delivery/ Through Notice Board

To,

1. M/s. Mahesh Metalloys Private Limited, Plot No. 415, Road No. 10 Kathwada GIDC, Kathwada Ahmedabad-382430

Copy To:

- (i) The Commissioner of Customs, Ahmedabad. (Kind Attn : RRA

Section)

- (ii) The Assistant Commissioner of Customs, ICD Sanand.
- (iii) The Deputy Commissioner of Customs (Task Force), Ahmedabad.
- (iv) The System In-Charge, Customs, HQ, Ahmedabad for uploading on the official web-site.
- (vi) Guard File.