

	<p>कार्यालय: प्रधान आयुक्त सीमा शुल्क, मुन्द्रा, सीमा शुल्क भवन, मुन्द्रा बंदरगाह, कच्छ, गुजरात- 370421</p> <p><b>OFFICE OF THE PRINCIPAL COMMISSIONER/COMMISSIONER OF CUSTOMS, CUSTOM HOUSE, MUNDRA PORT, KUTCH, GUJARAT- 370421</b></p> <p><b>PHONE:02838-271426/271423 FAX:02838-271425</b> <b>Email: adj-mundra@gov.in</b></p>	
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**SCN No.:** 06/2026-27/COMM/N.S./Adjn/MCH  
**DIN:-** 20260471M0000000B8D3

**Date:** 13.04.2026

**SHOW CAUSE NOTICE**

**[Issued under Section 28(4) read with Section 124 of the Customs Act, 1962]**

Whereas, the Directorate of Revenue Intelligence (DRI), Regional Unit, Gandhidham gathered an intelligence that M/s. Sagar Polytechnik Limited, (IEC-2401003894), Plot No.2819 To 2826, Lodhika, G.I.D.C. Village-Metoda, Rajkot, Gujarat-360021 (hereinafter referred to as “importer” for the sake of brevity) is indulging in misuse of the Advance Authorization Scheme in violation to the provisions of Foreign Trade Policy 2023 and under Advance Authorisation Scheme without payment of any duty and is diverting the imported goods to the local market and, thereby, evading applicable customs duties.

**1.1** Acting upon specific intelligence, the live export consignments of M/s Sagar Polytechnik Limited covered under Shipping Bill Nos. 4394754 dated 12.08.2025 and 4391611 dated 12.08.2025 ,both were placed on hold on 14.08.2025 and Shipping Bill No. 4485119 dated 16.08.2025 was placed on hold on 18.08.2025), filed at Mundra Port, having a combined FOB value of approximately ₹1,41,76,948.56/-, were put on hold for detailed examination. Subsequently, the examination of the said export consignments was conducted under Panchnama, and the details of the said consignments said are as under:

**Table No-1**

	Shipping Bill & date	Goods description	Containers	Assessable value	Examination under Panchnama dated
1	4394754 dated 12.08.2025	FLEXIBLE PIPES & HOSES FOR SUCTION* DELIVERY (CONTAINING 86% CPVC)	FCIU9299504	95,63,683.91/-	Panchnama dated 21.08.2025 drawn at M/s PSA Ameya CFS, Mundra <b>(RUD-1)</b>
2	4391611 dated 12.08.2025	FLEXIBLE PIPES & HOSES FOR SUCTION* DELIVERY (CONTAINING 86% CPVC)	MSKU3050588	7,50,060.84/-	Panchnama dated 21.08.2025 drawn at M/s Landmark CFS,

3	4485119 dated 16.08.2025	FLEXIBLE PIPES & HOSES  FOR SUCTION* DELIVERY  (CONTAINING 86% CPVC)	TCKU7481450 MRSU7563471	38,63,203.81/-	Mundra <b>(RUD-2)</b>
			Total	1,41,76,948.56	

**1.2** Further, simultaneous searches were conducted at the principal place of business of M/s Sagar Polytechnik Limited as well as its additional places of business. During the course of the search at Plot No. G-407, Om Narayan Agro Commodity, Kalawad Road, Lodhika GIDC, Gujarat-360021, a premises belonging to another company, M/s Albatross Polymers Private Limited, was also identified and Accordingly, a search was also conducted at the said premises of M/s Albatross Polymers Private Limited vide Panchnama dated 16.08.2025.

It is pertinent to mention that Shri Denish Kansagara, Director of M/s Sagar Polytechnik Limited, is also a common director in M/s Albatross Polymers Private Limited; therefore, the search of the said premises was considered necessary. The details of the premises searched are mentioned as under:

**Table No-2**

Sr. No.	Address at which search was conducted	Panchnama dated	RUD No.
1	M/s. Sagar Polytechnik Limited, Plot No.2819 To 2826, Lodhika, G.I.D.C., Kalavad Road, Village-Metoda, Rajkot, Dist Rajkot -Gujarat-360021,	15/16.08.2025	<b>(RUD-3)</b>
2	M/s. Sagar Polytechnik Limited, Plot No. G-407, Om Narayan Agro Commodity, Kalawad Road, Lodhika GIDC, Gujarat-360021	15/16.08.2025	
3	M/s. Sagar Polytechnik Limited, Plot no. 109,110,111,112 Bannabore G.I.D.C., Village-Bamanbore-363520, Dist.-Surendranagar, Gujarat, vide Panchnama dated 15.08.2025	15.08.2025	<b>(RUD-4)</b>
4	M/s Albatross Polymers Private Limited, Shreeji Engineering,GIDC Khirasara, Khirsara Ranmalji, Rajkot, Gujarat-360021	16.08.2025	<b>(RUD-5)</b>

1.2.1 During the course of the search at the aforesaid premises of M/s Sagar Polytechnik Limited on 15.08.2025, the stock of CPVC resin was recorded. The location-wise particulars of the CPVC resin stock are outlined below:

**Table No-3**

As On	Commodity	Location	Physically stock available as per panchnama
15.08.2025	CPVC Resins	Plot No. G-407, Lodhika GIDC, Kalavad Road, Metoda, Rajkot	564.975MT
		Plot No. 2819 To 2826, Lodhika, GIDC, Metoda	16.925 MT
		Total CPVC stock	<b>581.9 MT</b>

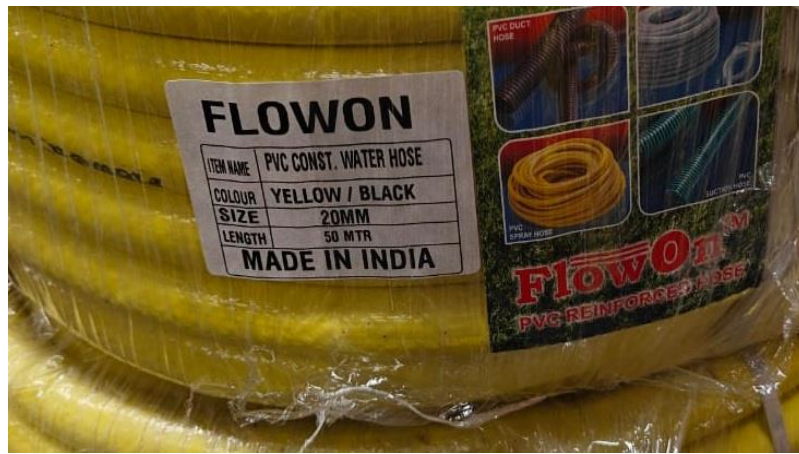
Further, during the search proceedings conducted on 16.08.2025 at M/s Albatross Polymers Pvt. Ltd., Shreeji Engineering, GIDC Khirasara, Khirasara Ranmalji, Rajkot, Gujarat-360021, a total quantity of 301.125 MTs of imported CPVC resin was found in stock. However, as per the stock statement of M/s Albatross Polymers Pvt. Ltd., the stock of CPVC resin available with them was shown as NIL as on 31.03.2025 as well as on 15.08.2025. **(RUD-06)**.

During the proceedings of the said search, Shri Denish Kansagara, Director of the company, informed that the CPVC resin stock lying at the premises of M/s Albatross Polymers Pvt. Ltd. actually belongs to M/s Sagar Polytechnik Limited and had been transferred there due to non-availability of adequate storage space at the premises of M/s Sagar Polytechnik Limited and failed to produce any documentary evidences such as Invoice ,E-way Bills etc. to show the purpose of shifting of the goods to a place other than mentioned in the Advance Authorisation License. Further, the total stock of imported CPVC resins available with M/s Sagar Polytechnik Limited as on 15.08.2025 works out to 883.025 MTs.

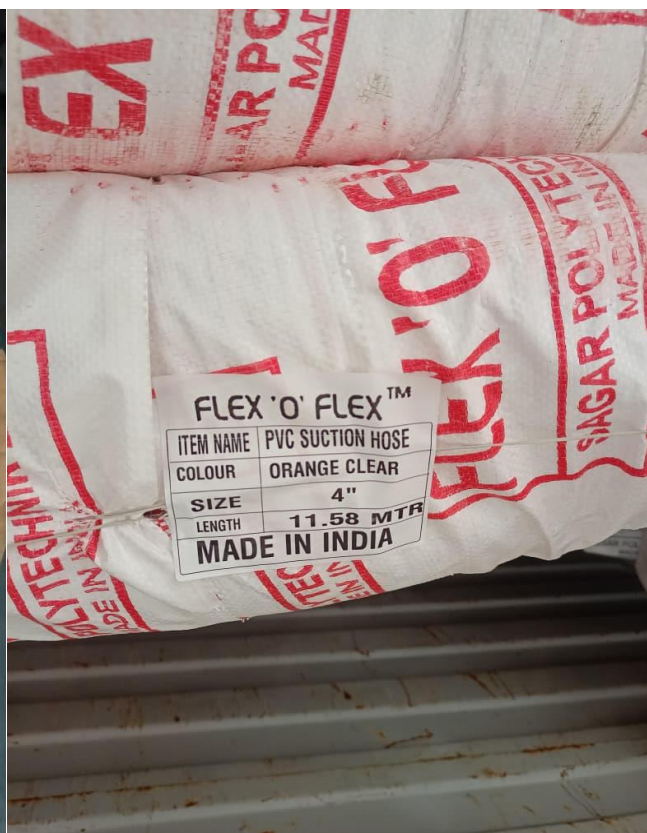
## **2. Sampling**

The export consignments covered under the Shipping Bills 4394754 dated 12.08.2025, 4391611 dated 12.08.2025 and 4485119 dated 16.08.2025 were examined in the presence of the authorized representative of the Customs Broker of the importer, and duly documented under Panchnama dated 21.08.2025 drawn at M/s PSA Ameya Logistics CFS and M/s Landmark CFS, Mundra. During the examination of container Nos. TCKU7481450, MRSU7563471, and MSKU3050588, various products such as PVC suction hoses and PVC construction water hoses of different colours and sizes were noticed, bearing "PVC" markings. Further, examination of container No. FCIU9299504 revealed goods such as PVC lay-flat hoses, PVC suction hoses, and Flex-O-Flex heavy-duty suction hoses of varying working pressures and colours, which were also marked as "PVC."

Further, it is observed that in all the aforesaid Shipping Bills, the description of the goods has been declared as "Flexible Pipes & Hoses for Suction & Delivery (Containing 86 % CPVC) (*of various sizes*)" and to be exported under Advance Authorization No. 2411004323 dated 26.02.2025. Under the said license, the export item permitted is specifically described as "Flexible Pipes & Hoses for Suction & Delivery (containing 86% CPVC)." However, the physical markings on the goods, as observed during examination, consistently indicate word "PVC," which prima facie appears at variance with the declared composition of 86% CPVC under the said Authorization. Snapshots of the goods, as taken during the course of examination, are appended below for reference.



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This discrepancy between the declared description in the Shipping Bills and the markings observed on the goods raised concerns regarding the actual material composition of the exported products and their conformity with the conditions of the Advance Authorization. Accordingly, a total of 22 representative samples were drawn from the four containers during the course of examination for detailed testing to ascertain the exact composition of the goods.

**2.1** The representative samples drawn were initially sent to CRCL Kandla. After CRCL Kandla expressed the inability to conduct the testing of the samples, samples were forwarded to CIPET: Institute of Petrochemicals Engineering & Technology (IPT), Ahmedabad vide letter dated 29.09.2025 alongwith the Test Memo No. 200/2025 to 221/2025 (**RUD-07**). The test reports no. 3014 to 3035 (**RUD-08**) were received on 17.10.2025 confirming all the sample products are PVC Pipes & Hoses instead of declared "Flexible Pipes & Hoses For Suction\* Delivery (**Containing 86% CPVC**)" i.e. as declared in the shipping bills.

**3.** The said goods were being exported under Advance Authorization No. 2411004323 dated 26.02.2025 wherein the input items is CPVC resins. M/s Sagar Polytechnik Ltd were availing benefit of Notification No. 21/2023-Cus dated 01.04.2023 as per Foreign Trade Policy 2023 under the Advance Authorization Scheme by utilising the Advance Licences issued to them. The goods imported under the Advance Authorization Scheme in terms of the said Notification are required to be utilised only for manufacture of finished goods as specified in the Advance Licence issued thereunder for subsequent export. As per the conditions of the said Notifications and the Advance Authorisation, the material imported thereunder shall not be transferred or sold.

**3.1 Advance Authorisation - Duty Exemption Scheme under Foreign Trade Policy 2023:** Directorate General of Foreign Trade (DGFT) vide Notification No. 1/2023 dated 31.03.2023 notified the Foreign Trade Policy, 2023 with effect from 01.04.2023. The Chapter 4 of the Foreign Trade Policy (FTP) 2023 enumerates duty exemption/remission schemes enabling duty free import for export production, including replenishment of inputs or duty remission. The relevant Paras of the Chapter 4 of Foreign Trade Policy 2023 are enumerated below:

- a. The Para 4.03 of FTP 2023 outlines Advance Authorisation Scheme:
  - a) Advance Authorisation is issued to allow duty free import of input, which is physically incorporated in export product (making normal allowance for wastage). In addition, fuel, oil, catalyst which is consumed / utilized in the process of production of export product, may also be allowed.
  - b) Advance Authorisation is issued for inputs in relation to resultant product, on the following basis:
    - i. As per Standard Input Output Norms (SION) notified (available in Hand Book of Procedures); or
    - ii. On the basis of self-declaration as per paragraph 4.07 of Handbook of Procedures; or
    - iii. Applicant specific prior fixation of norm by the Norms Committees per para 4.06 of Handbook of Procedures.; or
    - iv. On the basis of Self Ratification Scheme in terms of Para 4.06 of Foreign Trade Policy.
- b. Further as per Para 4.05 (a) of Chapter 4 of FTP 2023, Advance Authorisation can be issued either to a manufacturer exporter or merchant exporter tied to supporting manufacturer.
- c. Further, as per Para 4.07 of Chapter 4 of FTP 2023, Advance Authorisation for Annual Requirement shall only be issued for items notified in Standard Input Output Norms (SION), and it shall not be available in case of adhoc norms under Paragraph 4.03 (b) (ii) of FTP.

### 3.2 Customs Notifications with respect to Advance Authorisation Scheme:

Notification No. 21/2023-Cus dated 01.04.2023 exempts materials imported into India against a valid Advance Authorisation issued by the Regional Authority in terms of paragraph 4.03 of the Foreign Trade Policy from the whole of the duty of customs leviable thereon which is specified in the First Schedule to the Customs Tariff Act, 1975 and from the whole of the additional duty, leviable thereon under sub-sections(1), (3) and (5) of section 3, integrated tax leviable thereon under sub-section (7) of section 3, goods and services tax compensation cess leviable thereon under sub-section (9) of section 3, safeguard duty leviable thereon under section 8B, countervailing duty leviable thereon under section 9 and anti-dumping duty leviable thereon under section 9A of the said Customs Tariff Act, subject to a list of conditions, which include that the goods imported duty free are required to be utilized only for manufacture of finished goods as specified in the Advance Authorisation issued there under for subsequent export. As per the conditions of the said Notification and the scheme of Advance Authorisation, the said authorisation shall not be transferred and the materials imported under the advance authorisation scheme, shall not be transferred or sold.

### 3.3 Antidumping Duty (ADD) on CPVC-whether or not further processed into Compound

As per Notification No. 15/2024-Customs (ADD) dated 23.08.2024, Anti-Dumping Duty (ADD), as specified under Table-02, has been imposed on “CPVC—whether or not further processed into compound” falling under the relevant chapter headings listed therein. The Anti dumping duty is leviable at a rate equivalent to the amount indicated in the corresponding entry in column (8), in the currency specified in column (9), and in accordance with the unit of measurement provided in column (10) of the said Table. The relevant part of the said ADD Notification is reproduced below:

**Table No-4**

S. No.	Tariff item	Description of goods	Country of origin	Country of export	Producer	Specification	Amount	Currency	Unit of measurement
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1	39041010	Chlorinated	China	Any	Any	CPVC resin	790	USD	MT
	39041020	Polyvinyl	PR	country					
	39041090	Chloride		including					
	39042100	(CPVC) -		China					
	39042200	whether or		PR					
2	39043090	not further	China	Any	Any	CPVC compound	605	USD	MT
	39044000	processed	PR	country					
	39045090	into		including					
	39046990	compound		China					
	39049010	d		PR					

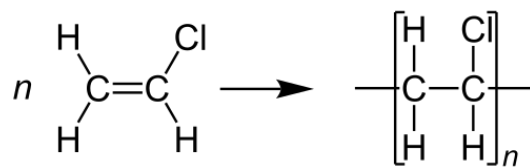
	0							
3	39049090	Any country other than China PR and Korea RP	China PR	Any	CPVC resin	790	USD	MT
4		Any country other than China PR and Korea RP	China PR	Any	CPVC compound	605	USD	MT
5		Korea RP	Any country including Korea RP	Hanwha Solutions Corporation	CPVC resin	593	USD	MT
6		Korea RP	Any country including Korea RP	Hanwha Solutions Corporation	CPVC compound	792	USD	MT
7		Korea RP	Any country including Korea RP	Any producer other than mentioned above	CPVC resin	593	USD	MT
8		Korea RP	Any country including Korea RP	Any producer other than mentioned above	CPVC compound	792	USD	MT
9		Any country other than China PR and Korea RP	Korea RP	Any	CPVC resin	593	USD	MT

10			Any country other than China PR and Korea RP	Korea RP	Any	CPVC compound	792	USD	MT
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### 3.4 Technical literature of raw materials- PVC and CPVC resins

#### a)PVC resin

According to Wikipedia, PVC( poly-vinyl Chloride) is produced by polymerization of the vinyl chloride monomer (VCM), as shown.



#### Microstructure

The polymers are linear and are strong. The monomers are mainly arranged head-to-tail, meaning that chloride is located on alternating carbon centres. About 57% of the mass of PVC is chlorine.

The above chlorine content is also confirmed as per patent application no US4459387A (<https://patents.google.com/patent/US4459387A/en>)

#### Calculation Breakdown

👉 PVC monomer unit =  $\text{C}_2\text{H}_3\text{Cl}$

#### Step 1: Use atomic weights

- Carbon (C) =  $12 \times 2 = 24$
- Hydrogen (H) =  $1 \times 3 = 3$
- Chlorine (Cl) = 35.5

Total molecular weight =  $24 + 3 + 35.5 = 62.5$

#### Step 2: Percentage of chlorine

$$\% \text{Cl} = \frac{35.5}{62.5} \times 100$$

#### Step 3: Result

- Chlorine %  $\approx 56.8\%$

#### b) CPVC resin

As per (Chemeurope.com)

[https://www.chemeurope.com/en/encyclopedia/Chlorinated\\_polyvinyl\\_chloride.html](https://www.chemeurope.com/en/encyclopedia/Chlorinated_polyvinyl_chloride.html)

**Chlorinated polyvinyl chloride (CPVC)** is a thermoplastic produced by chlorination of polyvinyl chloride (PVC) resin. Uses include hot and cold water pipe, and industrial liquid handling

## **Production process**

CPVC is PVC (polyvinyl chloride) that has been chlorinated via a free radical chlorination reaction. This reaction is typically initiated by application of thermal or UV energy utilizing various approaches. In the process, chlorine gas is decomposed into free radical chlorine which is then reacted with PVC in a post-production step, essentially replacing a portion of the hydrogen in the PVC with chlorine.

### **c) What Is the Difference Between CPVC and PVC?**

CPVC and PVC are not the same. CPVC is created by subjecting a PVC homopolymer to a chlorination reaction. This adds additional chlorine atoms to the polymer chain, giving CPVC material greater durability than PVC, especially at higher temperatures common to industrial applications.

4. During investigation, statements of following persons were recorded under Section 108 of the Customs Act, 1962, which are briefly discussed herein-below:

#### **4.1 Statement of Shri Denish Vijaybhai Kansagara, Director, M/s Sagar Polytechnik Limited, Plot No. 2819-26, Lodhika, GIDC, Kalavad Road, Metoda, Rajkot, Gujarat was recorded on 04.09.2025 (RUD-9), wherein he interalia stated that:**

- He stated that M/s Sagar Polytechnik Limited was originally established in 1988 under the name M/s Sagar Polymers and was incorporated and rebranded as M/s Sagar Polytechnik Limited in 2013; that he, along with his father Shri Vijay Kansagra and his wife Smt. Hershey Kansagra, are the Directors of the Company; that the Company is a manufacturing entity engaged in the production of hoses, pipes, fittings, valves and related products; that the Company is also actively involved in export of products to international markets; that as Director, he is responsible for overseeing all the work of the Company including overall growth and development, and also handles matters related to import and export on behalf of the Company.
- He stated that there is one more firm in his and his family's name, namely M/s Albatross Polymers Pvt. Ltd., in which he along with his father Shri Vijay Kansagra are the Directors.
- He stated that M/s Sagar Polytechnik Limited commenced its export operations in the year 2002-2003 and subsequently began import activities from the financial year 2009-10; that the Company has been importing CPVC material since 2013.
- On being asked about the different sections of the company and the employees in charge, he stated that the Purchase department (Domestic) is headed by Shri Arvind Bodhar; the Sales department (Export) is handled by Shri Ravi Radhanpura; the Sales department (Domestic) by Shri Jimesh Kawa; the Account department by Shri Namish Joshi; the Stores department by Shri Hardik; and the Quality and Control department by Mohit.
- On being asked about the types of licenses under Advance Authorization, he stated that the Company has used two types of licenses namely EPCG license and Advance License (DEEC); that currently the EPCG license is not in use; that currently three different conditional Advance Licenses are being used, namely for Flexible Hose, CPVC Pipe Fittings and Casing Pipe (PVC).
- On being asked whether he is aware of the terms and conditions of the licenses laid down by the DGFT, he stated that he is not aware of the same; that Shri Ravi Radhanpura (Export) is looking after all the work related to licenses with DGFT.
- On being asked about the types of CPVC products manufactured in the Company, he stated that the Company manufactures CPVC Valves, CPVC Pipe Fittings and

Flexible Hoses from CPVC; that the raw materials used in manufacturing are CPVC Resin, additives, Plasticizer and Stabilizers; that the resin is mostly imported and other materials are domestically procured.

- On being asked about the current Advance Authorizations under which CPVC is imported, he stated that the Company currently has 05 Advance Authorizations: No. 2411003343 dated 08.03.2024 (for Flexible Pipes & Hoses for Suction containing 86% CPVC); No. 2411003619 dated 12.06.2024 (for Flexible Pipes & Hoses for Suction containing 86% CPVC); No. 2411004321 dated 26.02.2025 (CPVC Pipe/CPVC Fittings); No. 2411004323 dated 26.02.2025 (for Flexible Pipes & Hoses for Suction containing 86% CPVC); and No. 2411004563 dated 20.05.2025 (CPVC Pipe/CPVC Fittings); that copies of these 05 Advance Authorizations were already submitted during search proceedings; that details of all previous Advance Authorization Licenses would be submitted within 7 days.
- On being asked whether all imported CPVC was used for manufacturing purpose, he confirmed that all imported CPVC was used for manufacturing purpose and that all obligations as per Advance Authorization were fulfilled to the best of his knowledge; that records and production data would be submitted within 5-6 days.
- On being asked about the manufacturing process of CPVC pipes and fittings, he stated that for pipes and hoses, the production process starts with compounding followed by extrusion; that for fittings, the process begins with compounding followed by moulding; that there is no standard ratio/norms used in manufacturing as it depends on the quality of the finished product; that approximately 86g of CPVC is required for making 100g of compound.
- On being asked about the technical difference between CPVC and PVC, he stated that CPVC product is suitable for hot water appliances/high temperature whereas PVC product is suitable for normal temperature and general purpose; that CPVC resin is made from PVC resin through chemical processing; that he is unaware of the chemical differences.
- On being asked about the Panchnama dated 21.08.2025 relating to recent export consignments declared as Flexible Pipes and Hoses for Suction containing 86% CPVC, wherein some pipes were found marked with the label "PVC", he stated that he had declared CPVC Flexible Pipes and Hoses for Suction containing 86% CPVC; that the raw materials used were CPVC Resin, plasticizers and stabilizer additives; that approximately 86% of CPVC is used in manufacturing; that the labelling of "PVC" is as per the requirement of the country of import and based on customer requirement; that although the marking was of PVC, the composition is of CPVC.
- On being asked about who is responsible for preparing the export documents, he stated that Shri Ravi Radhanpura had been preparing the export documents; that he had given one-time instructions to Shri Ravi Radhanpura and on the basis of that, he prepared all the documents related to export.
- On being asked about the description "Flexible Pipes 86% CPVC" used in exports, he stated that as per the Advance License issued by DGFT, the description "86% CPVC Flexible Pipes" was mentioned as per requirement of the license issuing authority.
- On being asked about the purpose of using CPVC pipes in garden hose/flat lay hose, he stated that garden hose/flat lay hose are made by CPVC for requirement of buyers for the purpose of hot weather resistance as per the requirements of the country of import.
- On being asked about stock mismatch, wherein as per the stock register the stock of CPVC should be 684.9 MT but actually 581.9 MT (23,276 Bags of 25 Kgs each) was found during search proceedings under Panchnama dated 15/16.08.2025, he stated that the mismatch may be due to accounting error which he is unable to explain at present; that he would reconcile the difference within 7 days.

- On being asked about M/s Albatross Polymers Pvt. Ltd., he stated that the company primarily involves in trading and all sales are entirely to M/s Sagar Polytechnik; that the company was set up primarily for the purpose of credit lines from banking channels and to become an independent company in future.
- On being asked about the Panchnama dated 16.08.2025 drawn at M/s Albatross Polymers Pvt. Ltd. wherein CPVC resin having net weight of 301 MT of Chinese origin was found, he stated that he is unable to account for the differences at this stage; that he would give reconciliation within 7 days.
- On being asked about domestic sales of CPVC pipes and fittings in the DTA, he stated that the Company does very limited domestic sales of CPVC pipes and fittings; that for domestic supplies, CPVC resin is sourced domestically; that the main supplier is M/s Albatross Polymers; that a list of suppliers along with purchase invoices would be provided within 7 days.
- On being asked about testing of manufactured goods being exported such as flexible pipes and fittings, he stated that for flexible pipes made of CPVC, there is no in-house test other than visual test, pressure test, cutting, crimping and flattening test; that all procedures are conducted on the basis of experience gathered over the years; that for CPVC fittings, some quality testing may have been conducted through a third-party lab, details of which would be provided within 7 days if available; that no quality/sampling certificate is issued to the importing parties abroad as they do not ask for such documents.
- On being asked whether he is willing to pay the applicable customs duty, interest, and penalty as per law, he stated that in the event any evidence is found against him or brought to his notice, he shall voluntarily pay the applicable customs duty, interest, and penalty in full as per the provisions of law, after taking suitable advice from his legal team/advisor.

**4.2 Statement of Shri Denish Vijaybhai Kansagara, Director, M/s Albatross Polymers Pvt. Ltd., Shreeji Engineering GIDC, Khirasara, Ranmavi, Rajkot, Gujarat was recorded on 06.10.2025 (RUD NO-10), wherein he interalia stated that:**

- He stated that M/s Albatross Polymers Pvt. Ltd. is a Private Limited Company established in the year 2017 by himself and his father Shri Vijaybhai Kansagara; that he is one of the Directors and is solely responsible for overseeing and managing all inward and outward operations of the firm; that the other Director is his father Mr. Vijaybhai Kansagara.
- He stated that there are two companies registered in the name of Shri Denish Kansagra and his family members, M/s Sagar Polytechnik Limited and M/s Albatross Polymers Pvt. Ltd.; that Shri Denish Kansagra is the main person of both firms.
- On being asked about the import and export operations of M/s Albatross Polymers Pvt. Ltd., he stated that the firm commenced import operations in the year 2021; that initially the company imported CPVC resins until August 2024; that due to imposition of anti-dumping duty on CPVC resins, it became financially unviable to continue such imports; that consequently the company shifted to importing PVC resins with the objective of increasing turnover and availing credit facilities from the bank; that the company has never engaged in any export activities.
- On being asked about import documentation and domestic sales, he stated that he is personally responsible for handling all import-related activities of the company including communication with overseas suppliers and coordination of import documentation; that all domestic supplies are made exclusively to M/s Sagar Polytechnik Ltd.; that M/s Albatross Polymers Pvt. Ltd. sells 100% of its imported CPVC resins exclusively to M/s Sagar Polytechnik Ltd. and all outward supplies are duly recorded and reflected on the E-Way Bill portal.
- On being asked about the ultimate use of CPVC resins purchased by M/s Sagar Polytechnik Ltd. from M/s Albatross, he stated that the CPVC resins are used in the manufacturing of CPVC PRECOMP, CPVC pipes and fittings; that these

finished products are subsequently sold in the domestic market for various industrial and plumbing applications.

- On being asked about the difference between various CPVC PRECOMP grades such as CPVC PRECOMP-HTP 120, CPVC PRECOMP HT, CPVC PRECOMP HTF 110, etc., he stated that CPVC resins are blended with various additives and plasticizers to create different grades of CPVC pre-compounds; that different grades such as HTP 120, HTP 110, HTF 110, etc. are formulated to meet specific processing or performance requirements but the core process remains similar; that a similar compounding process is also followed for PVC resins to produce different grades of PVC compounds for manufacturing pipes and fittings.
- On being asked about the Panchnama dated 16.08.2025 drawn at the premises of M/s Albatross Polymers Pvt. Ltd. during search proceedings, wherein CPVC resins of Chinese origin with a net weight of 301 MT were found but no stock of CPVC resins was recorded in the firm's stock register, he stated that the 301 MT of CPVC resins found at the premises of M/s Albatross Polymers Pvt. Ltd. does not belong to M/s Albatross but to the sister concern M/s Sagar Polytechnik Ltd.; that due to temporary storage space constraints at M/s Sagar Polytechnik Ltd., this material was shifted and stored at the premises of M/s Albatross purely for logistical reasons; that as such, the material was not reflected in the stock register of M/s Albatross Polymers Pvt. Ltd.
- On being asked about when the said goods were shifted, he stated that although he does not recall the exact dates, the goods were shifted in parts to the premises of M/s Albatross starting around May 2025; that the material originated from M/s Shandong Gaoxin Chemical Co. Ltd. and pertains to imports made by M/s Sagar Polytechnik Ltd. during the current year.
- On being asked about basic knowledge of PVC and CPVC resins, he stated that CPVC resins are used in hot water applications and PVC resins are used in cold water applications; that CPVC PRECOMP is made from CPVC resins and PRECOMP is made from PVC resins.

**4.3 Statement of Shri Denish Vijaybhai Kansagara, Director, M/s Sagar Polytechnik Limited, Plot No. 2819-26, Lodhika, GIDC, Kalavad Road, Metoda, Rajkot, Gujarat was recorded on 29.10.2025 (RUD NO-11), wherein he interalia stated that:**

- On being asked about Test Report No. 3015 issued by CIPET: Institute of Petrochemicals Technology (IPT), Ahmedabad, bearing Test Memo No. 201/2025, pertaining to samples drawn vide Panchnama dated 21.08.2025 wherein description is shown as "50 mtrs Lay Flat Hose" and the test results revealed that the goods are PVC Flexible Hose Pipe, he stated that he has seen the same and put his dated signature in token; that he observes that the findings of the Test Report are "PVC Flexible Hose Pipe".
- On being asked about the test reports of samples drawn vide Panchnama dated 21.08.2025 at M/s Landmark CFS Pvt. Ltd. and M/s Ameya Logistics Pvt. Ltd., bearing Test Memo No. 200/2025 to 221/2025 all dated 29.09.2025, issued by CIPET: IPT, Ahmedabad, wherein the test results revealed that the goods are made up of PVC, he stated that he has seen the same and put his dated signature in token; that he observes that the findings of the Test Reports have revealed that the products are made up of PVC; that however, he may like to go for re-testing of the same and would inform the department accordingly.
- On being asked about goods exported under Shipping Bills No. 4391611 dated 12.08.2025, No. 4485119 dated 16.08.2025, and No. 4394754 dated 12.08.2025, against Advance Authorisation No. 2411004323 dated 26.02.2025 — wherein the said Authorisation required export of Flexible Pipes & Hoses for Suction and Delivery containing 86% CPVC, but the test results showed the exported goods to be made of PVC — he stated that he noticed the test results indicate the exported goods are made of PVC instead of CPVC; that the exported products were intended to be Flexible Hoses and Pipes containing 86% CPVC in accordance

with the terms of the Advance Authorisation; that it appears an inadvertent error occurred during the production process resulting in use of PVC material; that the matter would be thoroughly examined and necessary corrective measures would be implemented.

- On being asked whether he agrees that he has contravened the terms, conditions and provisions of Advance Authorisation No. 2411004323 dated 26.02.2025, he stated that the test results have revealed that the exported goods are composed of PVC instead of CPVC; that the intended export items were Flexible Hoses and Pipes containing 86% CPVC as stipulated under the terms of the Advance Authorisation; that it appears an inadvertent error occurred during the production process; that he acknowledges this deviation amounts to non-compliance with the conditions of Advance Authorisation License No. 2411004323 dated 26.02.2025.
- On being asked about a balance quantity of 337 MT of CPVC resins which should be available as per import-export data for Advance Authorisation Nos. 2411004563, 2411004325 and 2411004323, whereas during Panchnama proceedings on 15-16.08.2025 a total of 883.025 MT of CPVC resins were found at the premises of M/s Sagar Polytechnik Ltd. and M/s Albatross Polymers Pvt. Ltd., he stated that he acknowledges the difference in quantity; that he would reconcile the import and export data related to the mentioned Advance Authorisations; and that in case any discrepancy is found upon verification, he is ready to pay the applicable duty as per law after consultation with his lawyer.
- He further requested that the goods be subjected to re-testing in the laboratory when he places the request for the same; that if the department wishes to collect further samples from the live consignment for verification, he has no objection to the same.

**4.4 Statement of Shri Denish Vijaybhai Kansagara, Director, M/s Sagar Polytechnik Limited, Plot No. 2819-26, Lodhika, GIDC, Kalavad Road, Metoda, Rajkot, Gujarat was recorded on 16.12.2025 (RUD NO-12), wherein he interalia stated that:**

- On being asked, he stated that the requisite data/documents sought from your office pertaining to M/s Sagar Polytechnik Ltd. vide e-mail dated 01.11.2025 and reminders dated 06.11.2025 and 20.11.2025 is bulky and to segregate and compile it requires time; that he is submitting Invoice copies of CPVC resin, CPVC Precomp and Precomp for the period from FY 2024-25 to 2025-26; and that for the period of 2020-21, 2021-22, 2022-23, 2023-24, the said data will be provided within 10 days.
- On being shown his statement dated 29.10.2025 wherein he stated that there might be some inadvertent error in the production process due to which the consignment exported vide Shipping Bills 4394754 dated 12.08.2025 and 4485119 & 4391611 both dated 16.08.2025, which was supposed to be made of CPVC, turned out to be made of PVC, he stated that he does not have any answer to this question right now.
- On being shown his statement dated 29.10.2025 wherein he acknowledged the difference in the quantity of CPVC resins and stated that he would verify the CPVC stock mismatch, he stated that he has seen the same; that out of the excess quantity of approximately 545 MT of CPVC resin, there is a corresponding shortfall in the physical stock of plasticizer of about 68 MT, i.e., the physical stock of plasticizer is less than the quantity in the books; that therefore there is a possibility that instead of CPVC resin, 68 MT of plasticizer might have been used in the manufacturing process; that in respect of the balance 477 MT, at the time of using the raw material to manufacture the final product, the weighment of the raw material is not done exactly but on an average basis; that while the actual physical usage of CPVC resin may be lesser, in the stock registers an approximate average weight is noted, due to which such difference is noticed.

- On being asked whether any quality issues were communicated by buyers due to usage of plasticizer in the final products, he stated that no such communication has been received from any buyer; and that the usage of plasticizer instead of CPVC happened over a period of time.
- On being referred to his answer to Q. No. 4, wherein he stated that M/s Sagar Polytechnik Limited do not carry out the accounting of imported CPVC resin under Advance Authorizations properly, thus evidently indicating violation of the conditions of Advance Authorizations allotted to them by DGFT, he stated that they did not reconcile the imported CPVC resin and it is their fault; but that they were not aware that these are violations of conditions of Advance Authorizations.
- On being shown the statement dated 07.11.2025 of Shri Babulal A. Ughreja, Chartered Engineer and proprietor of M/s Patcon Consultancy, and the enclosure of APPENDIX 4E Certificate dated 25.08.2020 (Specification & Pressure Rating of Flexible Pipes & Hoses), he stated that he has seen the same and put his dated signature in token; that the same was submitted by them while obtaining DGFT License for Flexible Pipes & Hoses (containing 86% CPVC); that the bursting pressure is measured at their factory using a water pump in which the temperature of water is 27 degree Celsius; and that normally, the working pressure of any hose/pipe is half of the bursting pressure.
- On being shown the product manual of “PVC Medium Duty Suction Hose Pipes” downloaded from the website [www.sagarpipes.com](http://www.sagarpipes.com) wherein the Working Pressure/Bursting Pressure and all other parameters are exactly the same as mentioned in the “Medium Duty Suction Hose” sheet enclosed with APPENDIX 4E Certificate dated 25.08.2020, implying that both products are identical and made of PVC only, he stated that he has seen the same and put his dated signature in token; that the said product manuals are displayed on their website; that the technical parameters i.e. bursting pressure and working pressure remain the same if they are measured on the same temperature water intake, and it would not be different for PVC as well as CPVC made products.
- On being shown the product manuals of “PVC Heavy Duty Suction Hose” and “PVC Mining Hose” downloaded from the website [www.sagarpipes.com](http://www.sagarpipes.com) of M/s Sagar Polytechnik Ltd., wherein the Working Pressure/Bursting Pressure and all other parameters are exactly the same as mentioned in the “Heavy Duty Suction Hose” and “Mining Hose” sheets enclosed with APPENDIX 4E Certificate dated 25.08.2020, implying that both products are identical and made of PVC only, he stated that he has seen the same and put his dated signature in token; that the technical parameters i.e. bursting pressure and working pressure remain the same if they are measured on the same temperature water intake; that it would not be different for PVC as well as CPVC made products; and that bursting pressure and Working Pressure of the Hose Pipes will always be the same whether it is made of PVC or CPVC.
- On being shown the Q. No. 15 and Answer to that question of Statement dated 07.11.2025 of Shri Babulal A. Ughreja wherein he stated that he issued certificate for the final product as PVC compound using raw materials as CPVC resin, plasticizer and stabilizer, he stated that he cannot comment on the statement of Shri Babulal A. Ughreja; and that they have been manufacturing Flexible Pipes & Hoses containing around 86 percent CPVC resins only.
- On being pointed out that from the above answers it appears that the firm has not been able to reconcile the excess stock of 545.959 MT of imported CPVC resins and the same implies that the conditions of the Advance Authorisation License have been violated, he stated that he acknowledges that excess stock of 545.959 MT was found; that they have reconciled some stock data from their side and at present have paid Rs. 1,15,00,000/- (Rs. One Crore Fifteen Lakhs only) vide Challan number 2003405044 dated 15.12.2025; that they are in the process of reconciling the excess stock and accordingly will pay any differential duty that may arise in the process; and that the duty payable on the left over excess stock of CPVC resins will be paid by January 2026.

- On being asked whether he wants to state anything else in the matter, he stated that he is a law abiding citizen; that as stated earlier if any mistake has happened inadvertently, the same will be resolved at the earliest; and that he has nothing further to say in this matter and requests to release the goods.

**4.5 Statement of Shri Radhanpura Ravi Jaysukhlal, Marketing Manager, M/s Sagar Polytechnik Limited, Plot No. 2819-26, Lodhika, GIDC, Kalavad Road, Metoda, Rajkot, Gujarat was recorded on 02.09.2025 (RUD NO-13), wherein he interalia stated that:**

- He stated that M/s Sagar Polytechnik Limited was originally established in 1988 under the name M/s Sagar Polymers and was incorporated and rebranded as M/s Sagar Polytechnik Limited in 2013; that the Company is a manufacturing entity engaged in the production of high-quality hoses, pipes, fittings, valves and related products and is actively involved in export; that as Marketing Manager, he is responsible for overseeing sales growth, export operations and market research.
- He stated that the Directors of M/s Sagar Polytechnik Limited are Shri Denish Kansagra, Shri Vijay Kansagra (father of Shri Denish Kansagra) and Smt. Hershey Kansagra (wife of Shri Denish Kansagra); that all the Directors are members of the same family; that as far as he knows, there are two companies registered in the name of Shri Denish Kansagra and his family members , M/s Sagar Polytechnik Limited and M/s Albatross Polymers Pvt. Ltd. , and Shri Denish Kansagra is the main person of both firms.
- He stated that M/s Sagar Polytechnik Limited commenced its export operations in the year 2002 and began import activities from the financial year 2009-10; that the Company has used two types of licenses namely EPCG license and Advance License, and currently only Advance License is in use.
- On being asked about the different sections of the company, he stated that the Purchase department (Domestic) is headed by Shri Arvind Bhai; Sales department (Export) by himself, Shri Ravi Radhanpura; Sales department (Domestic) by Shri Jimesh; Account department by Shri Namish Bhai; and Stores department by Shri Hardik.
- On being asked about the terms and conditions of licenses laid down by the DGFT, he stated that he has some idea regarding the license terms as he handles all the work related to licenses; that he has knowledge about the export obligation and other conditions but does not have further details regarding the license terms.
- On being asked about the types of CPVC products manufactured in the Company, he stated that the Company manufactures CPVC pipe fittings and flexible hoses from CPVC and the raw material is CPVC Resin; that as far as he knows, most of the raw materials have been imported; that he does not have detailed information regarding domestic procurement of CPVC.
- On being asked about the technical understanding of applications of CPVC pipes, PVC pipes and UPVC pipes, he stated that CPVC pipes are suitable for high-temperature resistance and high durability; PVC pipes are used for normal temperature applications; UPVC pipes also resist normal temperatures, offering durability; that due to technical matters, he has no idea about the specific manufacturing process of CPVC pipes and fittings.
- On being asked about the process of exportation from M/s Sagar Polytechnik Limited, he stated that the company has a self-sealing process for exportation; that the Company exports Hoses, CPVC pipe fittings and PVC pipes; that Flexible Hoses are available in all four consignments which were held by DRI.

**4.6 Statement of Shri Radhanpura Ravi Jaysukhlal, Marketing Manager, M/s Sagar Polytechnik Limited, Plot No. 2819-26, Lodhika, GIDC, Kalavad Road, Metoda, Rajkot, Gujarat was recorded on 16.10.2025 (RUD NO-14), wherein he interalia stated that:**

- He stated that he handles both marketing and participation in international exhibitions; that marketing involves maintaining communication with existing buyers and reaching out to prospective customers; that exhibitions involve physically displaying products at international platforms in countries such as the United Arab Emirates (Big 5 Dubai), Italy and China (Canton Fair); that during international exhibitions, display goods are transported either through accompanied baggage on international flights or as part of export consignments in shipping containers; that the products typically showcased include a variety of pipes, fittings and flexible hoses.
- On being asked about major buyers of CPVC Flexible Pipes and Hoses, he stated that some of the major international buyers include M/s Croon Mining Supplies, Guyana; M/s Ghulan Nabi, Dubai; and M/s Sunny Brothers, Liberia; that these business relationships were established through his direct efforts during international exhibitions.
- On being asked whether the firm specifically markets goods as CPVC at exhibitions, he stated that the buyers do not have any particular technical demand whether they want PVC Hoses and Pipes or CPVC Hoses and Pipes; that buyers just place orders for Flexible Hoses and Pipes, Suction Hose, etc.; that buyers state that they want particular labelling as per pictures; that orders are generally placed on the company website and sometimes via WhatsApp.
- On being shown the printout of the previous homepage of the company website (www.sagarpolymers.com), which earlier listed products such as "PVC Light Duty Suction Hose, PVC Medium Duty Suction Hose, PVC Heavy Duty Suction Hose, PVC Light Duty Lay Flat Delivery Hose, PVC Medium Duty Lay Flat Delivery Hose" etc., and which was subsequently updated after the DRI hold of consignments to include "PVC and CPVC" for each product type, he stated that he has seen the same and put his dated signature in token; that the website was not updated earlier and was done to update the website.
- On being shown the printout of the homepage of the website which states "World's First Manufacturer of CPVC Flexible Hose Pipes" — a claim that appears to have been added only after enquiry by DRI — he stated that this statement was added recently as part of a website update; that to the best of his knowledge and based on internal research, the Company is the first in the world to manufacture CPVC flexible hoses and the website has been updated to reflect this achievement; that the relevant pictures of the CPVC Hose Pipes are not uploaded on the website.
- On being asked about which PVC flexible and hose pipe products are exported by M/s Sagar Polytechnik Ltd., he stated that as far as he knows, the Company does not currently export PVC Hose Pipes; that they had exported PVC Hose Pipes to overseas buyers in the past, around five years ago.
- On being shown a quotation document shared by him which includes various PVC hose and suction pipe products with export payment terms such as "30% in advance and balance against copy of Bill of Lading (BL)", he stated that he has seen the same and put his dated signature in token; that the quotation documents were shared from his email for internal purpose; that he acknowledges these quotations for export are for PVC Pipes & Hoses for Suction and Delivery; that he does not specifically mention "CPVC" in the Export Quotation of Flexible Pipes and Hoses.

**4.7 Statement of Shri Radhanpura Ravi Jaysukhlal, Marketing Manager, M/s Sagar Polytechnik Limited, Plot No. 2819-26, Lodhika, GIDC, Kalavad Road, Metoda, Rajkot, Gujarat was recorded on 17.10.2025 (RUD NO-15), wherein he interalia stated that:**

- On being shown Export Quotation No. SPL/072 dated 26.07.2025 for Consignee M/s Industrias Rubber Hose S.A.C., Lima, Peru, specifically mentioning "PVC Transparent/Flexible Hose for Suction/PVC Suction Hose — Sagar Brand", he

stated that he has seen the same and put his dated signature in token; that the said quotation was prepared for client M/s Industrias Rubber Hose S.A.C. located in Lima, Peru; that the quotation was shared via email as part of the regular export process; that the mention of "PVC Transparent/Flexible Hose for Suction" and "PVC Suction Hose — Sagar Brand" refers to the specific type of product the client inquired about and was quoted for; that Proforma Invoices of CPVC orders were submitted to the department.

- On being asked about Test Report No. 3015 issued by CIPET: IPT, Ahmedabad, bearing Test Memo No. 201/2025, pertaining to samples drawn vide Panchnama dated 21.08.2025 — wherein the goods described as "50 mtrs Lay Flat Hose" were found to be PVC Flexible Hose Pipe — he stated that he has seen the same and put his dated signature in token; that he observes that the findings of the Test Reports have revealed that the goods are made up of PVC material.
- On being shown Test Report No. 3016 issued by CIPET: IPT, Ahmedabad, bearing Test Memo No. 202/2025, pertaining to samples drawn vide Panchnama dated 21.08.2025, wherein the test results revealed that the goods are PVC Flexible Ribbed Hose Pipe, he stated that he has seen the same and put his dated signature in token; that he observes that the findings of the Test Reports have revealed that the goods are made up of PVC material.
- On being shown the test reports of samples drawn vide Panchnama dated 21.08.2025 at M/s Landmark CFS Pvt. Ltd. and M/s Ameya Logistics Pvt. Ltd., bearing Test Memo No. 200/2025 to 221/2025, all dated 29.09.2025, issued by CIPET: IPT, Ahmedabad, wherein the test results revealed that the goods are made up of PVC, he stated that he has seen the same and put his dated signature in token; that he observes the findings of the Test Reports have revealed that the goods are made up of PVC material; that according to the Test Reports, it appears that goods being exported vide Shipping Bill No. 4391611 dated 12.08.2025, No. 4485119 dated 16.08.2025 and No. 4394754 dated 12.08.2025 are made of PVC; that he does not want to state anything else in this matter.

**4.8 Statement of Shri Babulal A. Ugheja, Chartered Engineer of M/s Patcon Consultancy, Rajkot was recorded under Section 108 of the Customs Act, 1962, on 07.11.2025 (RUD No.-16 ) wherein he inter-alia stated that:**

- He is the Proprietor of M/s Patcon Consultancy, Rajkot, a proprietorship firm established in the year 1999. He further stated that he holds a Bachelor of Engineering (Mechanical) degree and is certified by The Institute of Engineers (India), with Certificate No. M 115758/7 issued in the year 1999. The firm is engaged in providing professional certification services, including issuing certificates required for obtaining EPCG Licenses, DFIA Licenses, and carrying out valuation of plant and machinery for bank loans, as well as issuing certificates for firms seeking subsidies from the Government of Gujarat.
- He stated that his firm had issued certain certificates to M/s Sagar Polytechnik Ltd., Rajkot, namely APPENDIX-4E along with Chartered Engineer Certificates dated 25.08.2020, 21.09.2020, and 13.01.2021. He further stated that if any additional certificates had been issued to the said firm, he would provide the details within two to three days.
- Regarding the procedure followed while issuing such certificates, he stated that Shri Denish Kansagra had approached him for obtaining the license, and during the process he visited the premises of M/s Sagar Polytechnik Ltd., where the production process of the exported goods was shown to him. During the visit, he stated that he was shown PVC resins as raw material and was also shown the extrusion plant and other machinery used in the manufacturing process, which was explained to him by Shri Denish. However, he clarified that he does not

possess technical knowledge of the difference between PVC resins and CPVC resins.

- With regard to the Specification and Pressure Rating sheets of Flexible Pipes and Hoses attached with APPENDIX-4E, he stated that during his visit Shri Denish showed him a few randomly selected hose pipes (approximately three to four pieces) and demonstrated the working pressure and bursting pressure using an air compressor, wherein the fluid pressure readings were observed on a pressure gauge in Kg/cm<sup>2</sup> until the pipes burst. Based on these readings, the sheet relating to pressure ratings was prepared. However, he admitted that the sheet contained various pipe dimensions, and he had not tested pipes of all dimensions, as the complete sheet was provided to him by the company.
- When shown the product manuals downloaded from the website of M/s Sagar Polytechnik Ltd., relating to PVC Medium Duty Suction Hose, PVC Heavy Duty Suction Hose, and PVC Mining Hose, which contained identical parameters such as working pressure and bursting pressure as mentioned in the APPENDIX-4E sheets, he observed that the products appeared to be of the same nature and made of PVC. He further stated that during his inspection it appeared that he had been shown PVC pipes for testing, and reiterated that the technical sheets were supplied by Shri Denish.
- Further, he clarified that during his visit he did not observe the complete manufacturing process wherein raw materials were converted into finished goods, and he had only randomly checked certain finished hose pipes in the factory. Regarding his understanding of the Advance Authorisation License, he stated that as per his knowledge, under this license goods are imported duty-free and used for manufacturing export goods, and that his usual practice is to visit the company, observe the manufacturing process, and issue the certificate accordingly.
- He further stated that flexible hoses and pipes are generally made of PVC resins, and that while issuing certificates to M/s Sagar Polytechnik Ltd., he had processed the documents based on the details provided to him by the company, which mentioned PVC resins as the imported raw material. He admitted that an error could have occurred during the issuance of the certificates, as he was not aware at that time about the technical difference between PVC and CPVC resins, and the certification was based mainly on the manufacturing process shown to him.
- With respect to the production and consumption data mentioned in APPENDIX-4E dated 13.01.2021, he stated that the data for the years 2017-18, 2018-19, and 2019-20 was provided to him by the company, and he signed and stamped the document without independently verifying the supporting records. He stated that when he inquired about the CA-signed document, he was informed that it would be attached later. He also acknowledged that in earlier certificates dated 25.08.2020 and 21.09.2020, the production details were mentioned as "Not Applicable," whereas in the certificate dated 13.01.2021, the production data had been filled in, and he admitted that he had not cross-verified these records and that it was negligence on his part.
- He further acknowledged that the APPENDIX-4E and Chartered Engineer Certificates issued by him were used as the basis for the Directorate General of Foreign Trade (DGFT) to grant Advance Authorisation licenses, which enabled duty-free import of CPVC resin. However, he stated that the certificates were issued based on his observation of the manufacturing process and the information provided by the company, and he had been informed that the company would export flexible pipes and hoses for suction and delivery. He stated that he was not informed whether the products were to be made of PVC or CPVC,

and he had not examined any laboratory testing report or third-party certification confirming the CPVC content of the products.

- Finally, he confirmed that the working pressure and bursting pressure sheets attached with the APPENDIX-4E certificates were entirely provided by the company, and that they were not independently prepared by him after testing all dimensions of the products.

**4.9 Statement of Shri Mohit Zankat, Quality Control Incharge of M/s Sagar Polytechnik Limited, Rajkot was recorded under Section 108 of the Customs Act, 1962, on 10.09.2025 (RUD No.-17 ) wherein he inter-alia stated that:**

- Shri Mohit Zankat stated that he is responsible for looking after the quality grade of the goods manufactured at the firm M/s Sagar Polytechnik Limited. He informed that the company manufactures various products such as CPVC suction pipes, CPVC LFH pipes, CPVC braided pipes, PVC suction pipes, PVC LFH pipes, PVC braided pipes, and PVC pipes and fittings. To ensure quality parameters of the manufactured goods, the company adopts hydro pressure testing, gauging, and bending techniques. He further explained that CPVC products are generally used for hot water applications, whereas PVC products are used for cold water applications.
- When questioned regarding the chlorine content of the PRECOMP material, which was more than 62% as per the Certificate of Analysis (COA), he stated that the PRECOMP material mentioned in the COA is made of PVC resins. He also reiterated that CPVC pipes are typically used for hot water applications and PVC pipes for cold water applications. However, when asked why CPVC pipes exported were being used as garden hoses, he stated that he did not have sufficient knowledge to comment on the matter. Regarding the feasibility of manufacturing flexible pipes containing 86% CPVC, he stated that it is technically possible as plasticizers and stabilizers are added during the manufacturing process, which can provide flexibility to the pipes. When asked why CPVC resin would be used for flexible hose pipes for cold water applications when PVC would be cheaper, he again stated that he did not have sufficient knowledge on the reason for such use.
- When shown certain Certificates of Analysis (COA) for PRECOMP HTP 110, he stated that he had seen the documents but clarified that the signatures appearing on the COA were not his and that he could not identify the person who had signed them. He further stated that although he is responsible for discrepancies noticed after the goods pass through quality checks, the responsibility for issuance of those particular COA reports lies with Shri Denish Kansagra, Director, since the documents were not signed by him. Despite this, he stated that the COA documents appear genuine as they bear the stamp of the firm and the signature of a quality control person, and therefore the chlorine percentage mentioned in the reports appears to be correct. With regard to the product PRECOMP HTP 100/110, he stated that he is not aware of its end use, as his role is limited to checking the quality parameters of the manufactured goods.
- Further he stated that testing reports for export consignments are generated only upon specific requests from overseas buyers and are not issued for every shipment. When asked to provide testing reports for past export shipments, he stated that he would provide the same within five days. He was also shown Panchnama dated 21.08.2025 relating to goods exported under certain shipping bills. The labels on the goods in the photographs showed descriptions such as PVC Construction Water Hose, PVC Suction Hose, and PVC Lay Flat Hose, whereas the export documents described the goods as flexible pipes and hoses containing 86% CPVC. In response, he stated that export documents are prepared by another person and there may have been an error in labelling.

- Regarding whether the goods labelled as PVC hoses were actually made from PVC resins, he stated that testing would be required to determine the exact identity of the goods. He confirmed that all export consignments are mandatorily subjected to quality checks before dispatch, which he supervises as the quality in-charge. However, he stated that no Certificate of Analysis was issued for the specific export consignments mentioned because no such request was made by the overseas buyer. Finally, when asked why the goods were exported with a declaration of 86% CPVC content, he stated that the company exports hoses and pipes made from CPVC, and therefore CPVC content of 86% was mentioned in the export documents.

**4.10 Statement of Shri Bhimani Priteshbhai Narendrabhai, Partner of M/s Mayur Dyes & Chemicals Corporation, Rajkot was recorded under Section 108 of the Customs Act, 1962, on 04.09.2025 (RUD No. -18 ) wherein he inter-alia stated that:**

- M/s Mayur Dyes & Chemicals Corporation is a family partnership firm incorporated in 1977, engaged primarily in the trading of waxes, chemicals, ceramics, PVC resins, and related products, sourced largely from the domestic market with some imports. He joined the firm in 1997, became a partner in 2007, and acts as an Authorized Signatory, handling imports, purchases, and sales. Another partnership firm, M/s Raj Chem Enterprise, is also operated by the deponent and family members and is engaged in trading of dyes. The firm has been importing goods since 1992, mainly waxes, and subsequently PVC (from 2011), CPVC (2018–2021), and other chemicals as required.
- He confirmed long-standing business relations with M/s Sagar Polytechnik Ltd. since 2013–14, purchasing PRECOMP from them since 2023 and selling PVC resins to them since 2013. PRECOMP HTP 100/110 is stated to be a CPVC pre-compound used for manufacturing CPVC pipes and fittings, which is traded without any further processing.
- On being asked about the Invoice No. 1L-25-261010 & 1L-25-261011 both dated 12.04.2025 in which you have purchased PRECOMP from M/s. Sagar Polytechnik Ltd. and also peruse Certificate of Analysis of goods covered under these invoices, in which Content of Chlorine % is 62.8%, which were recovered under Panchnama dated 15/16.08.2025 drawn during search conducted at the premise of M/s Sagar Polytechnik Ltd., he stated that as per the Content of Chlorine % which is 62.8% mentioned in Certificate of Analysis, it appears that this PRECOMP may be CPVC pre-compound made from CPVC Resins. Also, he stated that their buyers are using this product PRECOMP for making of CPVC Pipes and Fittings.
- The PRECOMP purchased from M/s Sagar Polytechnik Ltd. during April 2025 was priced between ₹110–132 per kg, generally lower than CPVC resin prices.
- On being asked about the supplier of PRECOMP, he stated that only M/s. Sagar Polytechnik Ltd. is selling PRECOMP in Rajkot. And they purchased the goods i.e. Precomp HTP from M/s Sagar Polytechnik Limited and the same goods without any manufacturing process they sold to M/s Fexon Industries, Akola, M/s Dipson Polymer, Rauki, M/s. Prashant Engineering, Rauki, M/s Idol Polytek, Kuvadva and M/s. Kelvin Pipe, Bhunava.
- Further on being shown invoice no. GT/734 dated 23.06.2025, No. GT/709 dated 18.06.2025, No. GT/1178 dated 10.08.2025, No. GT/1222 dated 19.08.2025, GT/992 dated 20.07.2025, GT/643 dated 10.06.2025, GT/688 dated 16.06.2025 issued to M/s Prashant Polymers, M/s Idol Polytech pvt. Ltd., M/s Kelvin Plastic Pvt. ltd., M/s Vigor Plast India limited, M/s Fexon Industries, M/s Prashant Engineering, M/s Dipson Polymers pvt. ltd. by your firm M/s Mayur Dyes & Chemicals Corporation. In all these invoices, the goods named 'CPVC Precomp. HTP 100/110' are mentioned and asked that these are the same goods that you purchased from M/s Sagar Polytechnic Ltd. and sold to your buyer without undergoing any manufacturing process, he stated that the goods named CPVC Precomp, HTP 100/110, are those goods which were purchased from M/s Sagar

Polytechnik Ltd.. Rajkot and they were purchased as Precomp. HTP 100/110 from M/s Sagar Polytechnik Ltd., and the same goods were sold to the aforementioned buyers under the name 'CPVC Precomp. HTP 100/110 without undergoing any manufacturing process. Further, he stated that these goods were sold as CPVC compound.

**4.11 Statement of Shri Girish Jaiswal, Branch Manager of M/s Rishabh Triexim LLP, Ahmedabad was recorded under Section 108 of the Customs Act, 1962, on 11.09.2025 (RUD No. -19 ) wherein he inter-alia stated that:**

- Shri Girish Jaiswal stated that M/s Rishabh Triexim LLP is a partnership firm having Shri Swaroop Bagrecha and Ms. Upasana Bagrecha as partners. He further stated that he is working in the firm as Branch Manager and is responsible for logistics, stock management, and clearance of imported goods. He informed that the firm is engaged in the import of PVC resins, CPVC resins, PET chips, and HDPE/LDPE granules. With regard to his knowledge of PVC and CPVC resins, he stated that PVC pipes are generally used for drainage purposes, whereas CPVC pipes are used for drinking water and hot water applications.
- He further stated that the firm purchases CPVC resins, CPVC PRECOMP HTP 120, and PRECOMP HTP 110 from M/s Sagar Polytechnik Ltd. and that he has submitted the relevant sale invoices issued by M/s Sagar Polytechnik Ltd. for the financial years 2022–23, 2023–24, 2024–25, and 2025–26. He clarified that CPVC PRECOMP HTP 120 and PRECOMP HTP 110 are similar in nature, and at the time of purchase, M/s Sagar Polytechnik Ltd. informed them that both products are CPVC compounds used in the manufacturing of CPVC pipes. He also stated that M/s Rishabh Triexim LLP functions purely as a trading firm, and therefore the goods purchased are sold in the same condition without any processing or manufacturing. These goods are sold to clients or traders as CPVC compounds, primarily for use in the manufacturing of CPVC pipes and fittings.
- With respect to the difference between CPVC resins, CPVC PRECOMP HTP 120, and PRECOMP HTP 110, he stated that all the goods are received in resin or powder form, and he does not possess technical knowledge regarding their specific differences. However, as per information received from buyers, these materials are used in the manufacturing of CPVC pipes. He further agreed that CPVC resins, CPVC PRECOMP, and PRECOMP HTP 110 are of the same kind of goods, as they all fall under the category of CPVC compounds and share similar physical and chemical properties suitable for thermoplastic processing, ultimately being used in the manufacture of CPVC pipes and fittings.
- He also stated that buyers specifically raise requirements for CPVC compound, and accordingly the firm supplies goods purchased from M/s Sagar Polytechnik Ltd. The products, namely PRECOMP HTP 110 and CPVC PRECOMP HTP 120, are supplied in the same form and condition as received from the supplier, without any processing or manufacturing, and are sold as CPVC compounds to meet the requirements of the buyers. He reiterated that the role of the firm is limited to procuring goods from suppliers and supplying them to traders or manufacturers, who are engaged in the manufacture of CPVC pipes and fittings.

**4.12 Statement of Shri Aman Gokhru, Sales Head of M/s Surbhi Impex, Bhilwara was recorded under Section 108 of the Customs Act, 1962, on 11.09.2025 (RUD No. -20 ) wherein he inter-alia stated that:**

- He stated that M/s Surbhi Impex was constituted in the year 2022 in the name of his wife Smt. Kalpna Jain, who is the proprietor of the firm. He further stated that he himself looks after the day-to-day purchase and sale operations, and all the

business dealings of the firm are handled by him. He clarified that no other firm is registered in his name or in the name of his wife, and neither he nor his family members are associated with any other import firm or company. He also stated that M/s Surbhi Impex has never been involved in the import of goods. Regarding his knowledge of PVC and CPVC, he stated that PVC pipes are generally used for cold water applications, whereas CPVC pipes are used for hot water applications.

- The deponent further stated that the firm maintains business dealings with M/s Sagar Polytechnik Ltd., from whom they purchase various materials, and he usually contacts Shri Ravi while placing purchase orders. He informed that the firm purchases CPVC resins, CPVC PRECOMP HTP 120, and PRECOMP HTP 110 from M/s Sagar Polytechnik Ltd. When shown Invoice No. 1L-24-251198 dated 15.07.2024 along with the analysis report for Batch No. 20240606D1, he acknowledged having seen the document and confirmed that the analysis report mentioned chlorine content of 65.8%, and the product description was “CPVC PRECOMP HTP 120.” Based on the analysis report, he stated that the material appears to be a CPVC compound. He further stated that the material was purchased as CPVC compound from M/s Sagar Polytechnik Ltd. and subsequently sold to clients or traders under the same description.
- Similarly, when shown Invoice No. 1L-24-251568 dated 27.03.2025 along with the analysis report for Batch No. 20250109D1, he confirmed that the chlorine content mentioned in the report was 62.5% and the product description was “PRECOMP HTP 110.” He stated that the goods were purchased from M/s Sagar Polytechnik Ltd. as PRECOMP HTP 110, and based on the analysis report, the material appears to be CPVC compound. He further stated that the goods were sold to clients or traders under the same description without any alteration.
- Further he clarified that the products described as CPVC Resin Pipe, CPVC PRECOMP HTP 120, and PRECOMP HTP 110 are similar in nature. At the time of purchase, M/s Sagar Polytechnik Ltd. informed them that these products are CPVC compounds which can be used in the manufacturing of CPVC pipes. He further stated that M/s Surbhi Impex functions only as a trading firm, and therefore the goods are sold in the same condition as purchased without any processing or manufacturing. These goods are sold to clients or traders as CPVC compounds, and are primarily used by buyers who are traders or manufacturers engaged in the production of CPVC pipes and fittings.
- With regard to the technical difference between CPVC resins, CPVC PRECOMP HTP 120, and PRECOMP HTP 110, he stated that all the materials are received in resin or powder form, and he does not possess detailed technical knowledge about the differences between them. However, as per information received from buyers, these materials are used in the manufacturing of CPVC pipes. He further agreed that CPVC resins, CPVC PRECOMP, and PRECOMP HTP 110 are of the same kind of goods, as they all fall under the category of CPVC compounds, share similar physical and chemical properties suitable for thermoplastic processing, and are ultimately used in the manufacture of CPVC pipes and fittings.
- He also stated that buyers specifically place requirements for CPVC compound, and accordingly the firm supplies goods purchased from M/s Sagar Polytechnik Ltd. The products, namely PRECOMP HTP 110 and CPVC PRECOMP HTP 120, are supplied in the same form and condition as received from the supplier, without any processing or manufacturing, and are sold as CPVC compounds to meet the buyers’ requirements. He reiterated that the role of the firm is limited to procurement and trading of goods, and the buyers are primarily traders or manufacturers engaged in the production of CPVC pipes and fittings.

## 5. INVESTIGATION CONDUCTED:

The intelligence gathered indicated that M/s Sagar Polytechnik Limited was engaged in the import of CPVC resins under various Advance Authorisations. Laboratory testing of the live export consignments of M/s Sagar Polytechnik Limited revealed that the goods exported were, in fact, PVC pipes and not CPVC-containing products as declared. The exporter, in Shipping Bills No. 4394754 dated 12.08.2025, No. 4391611 dated 12.08.2025, and No. 4485119 dated 16.08.2025, declared that the exports were being effected towards fulfilment of the export obligation under Advance Authorisation No. 2411004323 dated 26.02.2025. The investigation therefore proceeded to determine:

- (a) whether CPVC resins imported duty-free under the Advance Authorisation Scheme had been diverted without fulfilment of the corresponding export obligation;
- (b) the quantum of excess duty-free CPVC resin that could not be accounted for against legitimate export consumption; and
- (c) the extent of domestic clearances of such diverted material

### 5.1 Advance licenses of M/s Sagar Polytechnik Ltd (during FY 24-25 to August 2025 )

During the period, there were total of 9 active licenses ( **RUD-21** ) against which duty free CPVC resin was imported at various point of time .

The items to be exported under the above licenses are of two types separately as follows:

1. CPVC pipe or CPVC Fittings ( ITC HS CODE: 39172390 or 3917400)
2. Flexible pipes and hose for suction and delivery ( NA ) (Containing 86% CPVC)

The above products do not follow SION norms and rather is manufactured as per adhoc norms approved by Norms Committee under DGFT. Subsequently, licenses are issued on repeat norms basis for these two types of licenses. As per the input – output ratio under adhoc norms of both types of licenses, it reveals that 89% and 86 % of CPVC raw materials are being used in manufacture of a unit product of (a) cpvc pipes and fittings and (b) flexible hose and pipes respectively during export respectively. There is no waste norm in the license.

On analysis of the data of import and export obligations fulfilled , it reveals that the unit is not following pre-import condition. In few licenses, they are fulfilling the export obligations first using the current stock (either domestically sourced CPVC raw materials or imported through other licenses) and later replenishing the raw materials through duty free imports against such E.O ( Export Obligation) fulfilled. For example: for license no. 2411003619 issued on dated 12-06-2024, they started exporting goods against the license on September,2024 but the import against the license was effected later in month on February, 2025.

Before proceeding further, it is pertinent to discuss the existing policy of Pre-import conditions in Advance Authorization.

The “pre-import condition” under the Advance Authorization Scheme has been a significant issue for exporters, particularly for imports made between October 13, 2017, and January 9, 2019. This condition required that goods be imported first and then used for manufacturing export goods, which created operational challenges for exporters. The condition was introduced to regulate exemptions from Integrated Goods and Services Tax (IGST) and GST Compensation Cess under the scheme.

- **Customs Notification No. 18/2015-Customs (April 1, 2015):**

This notification exempted goods imported under Advance Authorization from various duties, including Basic Customs Duty (BCD), Additional Customs Duty, Anti-Dumping Duty, and others.

- **Customs Notification No. 79/2017-Customs (October 13, 2017):**

This notification amended Notification No. 18/2015-Customs to include exemptions for IGST and GST Compensation Cess, subject to the fulfillment of the pre-import condition.

- **Notification No. 53/2015-20** dated 10<sup>th</sup> January, 2019 of DGFT has effectively done away with the “Pre-import” condition
- **Para 4.13 of FTP 2023: Pre-import condition in certain cases**
  1. DGFT may, by Notification, impose pre-import condition for inputs under this Chapter.
  2. Import items subject to pre-import condition are listed in Appendix 4-J or will be as indicated in Standard Input Output Norms (SION).
- **Handbook of Procedures (HBP) 2023:**

Paragraph 4.27(d): States that duty-free authorizations for inputs subject to pre-import conditions cannot be issued.

Appendix 4J: Lists specific inputs subject to pre-import conditions and their export obligation periods.

Since the input in the instant case i.e. CPVC resin is not a part of Appendix 4J, it means that “pre-import condition” is not applicable in the instant case, and hence M/s Sagar Polytechnik Ltd can freely export first against the using its existing stock and later replenish the raw material through duty free import to the extent of Export obligation fulfilled.

Thus , the Advance License may be construed as a **Quantity-Based scheme**.

- **The Concept:** The government allows you to use your existing duty-paid stock (lying in your factory) to manufacture and export goods immediately.
- **The Benefit:** Once the export is done, you use the license to import the same quantity of raw materials duty-free to replenish the stock you used.
- **Fungibility:** There is no need to prove that the exact kg of raw material imported on Day 1 was used in the product exported on Day 10. As long as the input-output quantity matches the SION (Standard Input Output Norms)/ adhoc norms , you are compliant.

## **5.2 CPVC Precomp- HTP 120 (CTH – 3904.9090) and Precomp – HTP 110( 3904.2100):**

- During the search dated 15.08.2025, a large number of invoices along with e-way bills were resumed vide Panchnama dated 15.08.2025 having the product descriptions as above. The description given were vague but CTH indicates that CPVC PRECOMP is other products of CPVC and Precomp- HTP 110 is non – plasticised product of Poly-vinyl chloride.
- On being asked about the difference between various CPVC PRECOMP grades such as CPVC PRECOMP-HTP 120, CPVC PRECOMP HT, CPVC PRECOMP HTF 110, etc., Shri Denish Kansagara in his statement dated 06.10.2025 stated that CPVC resins are blended with various additives and plasticizers to create different grades of CPVC pre-compounds; that different grades such as HTP 120, HTP 110, HTF 110, etc. are formulated to meet specific processing or performance requirements but the core process remains similar; that a similar compounding process is also followed for PVC resins to produce different grades of PVC compounds for manufacturing pipes and fittings.

- Further on being asked about basic knowledge of PVC and CPVC resins, Shri Denish Kansagara stated that CPVC resins are used in hot water applications and PVC resins are used in cold water applications; that CPVC PRECOMP is made from CPVC resins and PRECOMP is made from PVC resins.

**5.2.1** Whereas, it appears that the products under description CPVC –PRECOMP is undoubtedly CPVC product as per CTH and as the description also contains the word “CPVC”. The same is submitted by Shri Denish Kansagara. With regards to Precomp-HTP, some of the invoices were accompanied with certificate of analysis issued by QC Department of the Sagar Polytechnik Limited. Certificate of analysis is also found in the CPVC- Precomp Invoices. As per his statement dated 10.09.2025 Shri Mohit Zankat, Quality Control Incharge of M/s Sagar Polytechnik Limited, Rajkot stated COA documents appear genuine as they bear the stamp of the firm and the signature of a quality control person, and therefore the chlorine percentage mentioned in the reports appears to be correct. While going through the chemical content in the certificate of analysis, it is found that the chlorine content is invariably found to be more than 62% and goes as high as 68%. This finding is contrary to the statement given by Shri Denish Vijaybhai Kansagara that Precomp- HTP 110 is made from PVC by adding plasticizers and additives. Since the chlorine content of PVC resins itself is only 56.7% . It was also found that they have issued certificate of analysis of few invoices only and not all. Therefore , as also discussed in para 3.4(d) above, it can only be deduced that the products cleared under Precomp- HTP having attached certificate of analysis were indeed made from CPVC instead of PVC as claimed by Shri Denish. Statements of 3 buyers- M/s Mayur Dyes and Chemical Corporation M/s Rishabh Triexim LLP and M/s Surbhi Impex , also confirmed the same that the above Pre-comp invoices were indeed made of CPVC and they are further sold as CPVC compounds. This mis-declaration was being deliberately to divert the CPVC resins to evade duty.

### **5.3 Stock Reconciliation of CPVC Resins lying in premise of M/s Sagar Polytechnik Limited as on 01-04-2024**

**5.3.1** Shri Denish Kansagara, Director of the unit has in his statement dated 04.09.2025 , 06.10.2025 has stated that a stock reconciliation would be submitted, but no such reconciliation has been submitted so far. Submissions dated 16.12.2025 ( **RUD-22** ) and 27.09.2025 ( **RUD-23** ) are incomplete and inconsistent. The data was not backed adequate export , import and DTA sales data. Therefore, for the purpose of the present investigation, the stock of CPVC resins of M/s Sagar Polytechnik Limited has been reconciled for the period commencing from 01.04.2024 up to 15.08.2025 (*till the date of search*). The reconciliation is based upon the stock statements furnished by the Importer, the Bills of Entry filed for import of CPVC resins under Advance Authorisation, the Shipping Bills filed for export of finished products, data of domestic purchase of CPVC resins and the physical stock found during the searches.

**5.3.2** With the above facts , let us analyse the position of licenses as on 01-04-2024. Shipping bill wise export of products and Bill of entry wise import of resins are summarized as follows

**Table : 5**

<b>License No.</b>	<b>Date of issuance</b>	<b>Export Quantity before 01.04.2024</b>	<b>Resins consumed already for Exports( before 01.04.2024) *</b>	<b>Total Import Quantity till 01.04.2024 ( in Kgs)</b>
2411002459	15.06.2023	242879.173	216162.462	239135.000
2411002871	18.10.2023	400343.854	344295.715	200000.000
2411002880	20.10.2023	0.000	0.000	214500.000
2411003169	11.01.2024	0.000	0.000	140000.000

2411003343	08.03.2024	74662.882	64210.079	0.000
		<b>717885.909</b>	<b>624668.256</b>	<b>793635.000</b>

\* **Consumption of Raw material for Exports** is being calculated as 89% for CPVC pipe or CPVC Fittings ( ITC HS CODE: 39172390 or 3917400) and 86% Flexible pipes and Hose for suction and delivery ( NA ) (Containing 86% CPVC) as per adhoc norms.

As on 01.04.2024, as per above table, there were 5 active licenses 2411002459 , 2411002871, 2411002880, 2411003169 and 2411003343 for which export obligation of 717.885 MT ( **624.668 MT of resins utilized** ) has been fulfilled against the import of 793.635 MT of CPVC resins . So, the difference i.e ( 793.635 MT-624.668 MT)= 168.967 MT of duty free CPVC resins has still to be exported for meeting Export Obligations

### 5.3.3 Opening balance of stock of CPVC products lying in premise of M/s Sagar Polytechnik Limited as on 01-04-2024 (as per Stock statement – RUD-24 )

**Table : 6**

Sl no	Entry as per stock statement(finished products)	Opening Quantity (in kgs)	Calculation for cpvc resins used in manufacturing these products= 89% of weight of products*
1	CPVC fitting-I	11,276	10035.6
2	CPVC pipe and fitting-export	3,185	2834.6
3	cpvc pipes-I	21,666	19282.74
4	CPVC Precomp- HT	37,352	33243.2
	TOTAL=	73,479	65.396

\* There is no Standard Input output norm for item no 1 and 3 since are they are not meant for export. Considering similar goods for export under advance license for cpvc pipe and fittings, where they have adhoc norms in which 89% CPVC resin usage norm is fixed, the same is being applied here.

### 5.3.4 Opening balance of CPVC resins lying in premise of M/s Sagar Polytechnik Limited as on 01-04-2024: as per stock statement ( RUD-24)

**Table:-7**

Entry as per stock statement( raw material)	Opening Quantity(in kgs)
CPVC resin-I	6,21,738

### 5.3.5 Total stock of CPVC Resin ( in raw material form as well as finished product)

= 621.738 ( in form of resins table-7) +65.396 MT (in form of finished products : Table: 6)

= 687.134 MT

Therefore, out of the opening stock of resins 687.134 MT , 168.967 MT of CPVC resins may be considered imported ( as per para 5.3.2). The remaining 518.167 MT of CPVC resin may be considered domestic one.

So, 687.134S MT ( Opening stock of CPVC resin)= 518.167 MT ( domestic) + 168.967 MT ( imported)

### 5.3.6 Subsequent import : -Period : 01/04/2024 till 15/08/2025

**Table: - 8**

F. Y.	Total import(in MT)
2024-25	1456
2525-26(as on 15.08.2025)	280
<b>Total</b>	<b>1,736</b>

### 5.3.7 Status of active licenses as on day of search 16.08.2025

**Table: 9**

License No.	Date	Exported Quantity of products ( in Kgs)	Consumption of Raw material for Exports( in Kgs) *	Import Quantity( in Kgs)	Remaining Export quantity of resins( in Kgs)	Export Obligation
2411004323	26-02-2025	143830.087	123693.875 #	300000.000	117302.091 @	Pending
2411004321	26.02.2025	143895.016	128066.564	200000.000	71933.436	Pending
2411004563	20.05.2025	0.000	0.000	120000.000	120000.000	Pending
Total		287725	251760.439	620000.000	309235.638	

\* **Consumption of Raw material for Exports** is being calculated as 89% for CPVC pipe or CPVC Fittings ( ITC HS CODE: 39172390 or 3917400) and 86% Flexible pipes and hose for suction and delivery ( NA ) (Containing 86% CPVC) as per adhoc norms.

#The figure is exclusive of the quantity of CPVC resins meant to be used in 3 shipping bills in Table 1. Since the goods were not later found to be made of PVC as confirmed by test reports from CIPET.

@ The Export Obligation has been reduced to the extent of 3 Shipping Bills filed by the exporter.

As on 16.08.2025 , they had remaining export obligations of three licenses 2411004563 , 2411004321 and 2411004323 totalling a quantity 309235.638 Kgs i.e. 309.235 MT . But they have imported 620 MT of CPVC resins.So, as on 16.06.2025, they should have a legitimate stock of (620 MT -309.235) MT= 310.765 MT of imported goods.

**5.3.8 Stocks of CPVC resins found during search:** As per stock-taking done during searches at M/s Sagar Polytechnik Limited ( vide Panchanama dated 15.08.2025- and M/s Albatross Polymers Private Limited (vide Panchnama dated 16.08.2025- excess stock of imported CPVC resins were found

**Table 10**

As On	Commodity	Location	Physically stock available as per panchnama
15.08.2025	CPVC Resins	Plot No. G-407, Lodhika GIDC, Kalavad Road, Metoda, Rajkot	564.975MT
		Plot No. 2819 To 2826, Lodhika, GIDC, Metoda	16.925 MT
16.08.2025	CPVC	M/s Albatross Polymers Pvt. Ltd., Shreeji Engineering, GIDC Khirasara, Khirasara Ranmalji, Rajkot, Gujarat-360021	301.125 MT
		Total CPVC stock	<b>883.025 MT</b>

As statement dated 06.10.2025 of Shri Denish Vijaybhai Kansagara, Director, M/s Albatross Polymers Pvt. Ltd., Shreeji Engineering GIDC, Khirasara, Ranmavi, Rajkot, Gujarat, he stated that the 301 MT of CPVC resins of Chinese origin found at the premises of M/s Albatross Polymers Pvt. Ltd. during search proceedings vide Panchnama dated 16.08.2025 did not belong to M/s Albatross but to its sister concern M/s Sagar Polytechnik Ltd., and that the said material was shifted and stored at the premises of M/s Albatross purely for logistical reasons owing to temporary storage space constraints at M/s Sagar Polytechnik Ltd., on account of which it was not reflected in the stock register of M/s Albatross Polymers Pvt. Ltd.; he further stated that although he did not recall the exact dates, the goods were shifted in parts to the premises of M/s Albatross starting around May 2025, and that the material originated from M/s Shandong Gaoxin Chemical Co. Ltd., pertaining to imports made by M/s Sagar Polytechnik Ltd. during the current year.

Also, in addition to the resins in raw form, there are other CPVC products, which are also there in the premise as on 15.08.2025 as shown in following table:

**Table 11- (as per RUD-25)**

Sl no	Entry as per stock statement( products finished)	Closing Quantity(in kgs)	Calculation for cpvc resins contained in these products= 89% of weight of products*
1	CPVC fitting-I	22364	19903.96
2	CPVC pipe and fitting- export	649	577.61
3	cpvc pipes-I	10477	9324.53
	Total		29.806

\* There is no Standard Input output norm for item no 1 and 3 since are they are not meant for export. Considering similar goods for export under advance license for cpvc pipe and fittings, where they have adhoc norms in which 89% CPVC resin usage norm is fixed, the same is being applied here

An excess quantity of CPVC resins to the tune of ( 883.025+29.806-310.765) MT =**602.831 MT** were found lying in the premises of M/s Sagar Polytechnik Limited and M/s Albatross Polymers Private Limited.

**5.3.9 Domestic procurement of CPVC resins :- Period : 01/04/2024 till 15/08/2025 ( as per local Purchase register submitted by the noticee RUD-26)**

A total of 841 MT of CPVC resins were procured domestically during this period.

Therefore, as discussed in para 5.3.5 , during the period 01.04.2024- 15.08.2026, the cumulative quantity of domestic cpvc resins is (518.167 MT + 841)= **1359.167 MT**

**5.3.10 Export :- Period : 01/04/2024 till 15/08/2025**

**Table 12:**

License No.	Date of issuance	Export Quantity of CPVC Pipes & Fittings/Flexible Hoses and Pipes	Presumptive Consumption of Raw material for Exports	Import Quantity of CPVC Resin
2411003619	12-06-2024	582752.511	501167.160	500000.000
2411004323	26-02-2025	143830.087	123693.875	300000.000
2411004321	26.02.2025	143895.016	128066.564	200000.000
2411004563	20.05.2025	0.000	0.000	120000.000
2411002459	15.06.2023	26937.370	23974.261	0.000
2411002871	18-10-2023	0.000	0.000	144295.715
2411002880	20.10.2023	241819.527	215219.379	0.000
2411003169	11.01.2024	252215.925	224472.173	84000.000
2411003343	08-03-2024	425897.988	366272.268	430000.000
		<b>1817348.425</b>	<b>1582865.681</b>	<b>1778295.715</b>

As per EO obligations fulfilled during this period, a total of 1582.865 MT resins in form of pipes, fittings and flexible hose pipes were exported against these licenses.

**5.3.11 Domestic clearance of resins in form of products ( Period : (01/04/2024 till 15/08/2025)**

**1. CPVC precomp: As per Stock Statements ( RUD- 24 & 25)**

**Table 13**

Year	Quantity ( in MT)	Quantity( in MT) of CPVC resins( 89% as per Adhoc norms)
2024-25	1407.25	1252.45
2025-26 (upto 15.08.2025)	0	0
	1407.25	1252.45

As discussed in para supra , these are products made from CPVC resins and is further used to make pipes and fittings. As stated by Shri Denish in his statement ,these are compounds of CPVC. In his submission dated 16.12.2025 in reply to Point no 5, it

was stated that there is no fixed input –output ratio applied to the compounding process. These compounds are further used for making pipes and fittings , as per manufacturing process. There were no stock of CPVC precomp as on 15.08.2025 , and no such goods were available for testing to check the composition. However, there were certificate of analysis attached to in some of CPVC- precomp invoices, which shows high chlorine content upto 68 %. They are being used for manufacture of export pipes and fittings also, but for domestic market. In the absence of data for the proportion of cpvc resin in the CPVC- precomp, data from identical goods are being used. The pipe and fittings cleared through export are also manufactured from CPVC compounds through process of extrusion as stated by Shri Denis Kansagara. Since such pipes and fittings have adhoc norms and as per license the input output ratio is 89% i.e 89% of cpvc compound which later is extruded to form pipes is made of CPVC resin. We will consider 89 % of weight of CPVC Precomp to be consisting of CPVC resins.

## 2. CPVC fitting-I –

As per stock statements( **RUD-24 & 25**)

**Table 14:**

Year	Quantity(in Kgs)	Quantity( in Kgs) of CPVC resins( 89% as per Adhoc norms)
2024-25	56388	
2025-26 (upto 15.08.2025)	1278	
	57,666	51322.74

## 3. Cpvc pipes-

As per stock statement( **RUD-24 & 25**)

**Table 15:**

Year	Quantity(in Kgs)	Quantity( in Kgs) of CPVC resins( 89% as per Adhoc norms)
2024-25	26,657	
2025-26 (upto 15.08.2025)	7,256	
	33,913	30,182.57

Total resins used in cpvc pipes – 124.568 MT

## 4. Precomp- HTP ( as per RUD-27)

As per invoices of Precomp- HTP for which there is certificate of analysis attached -resumed during the search –

**Table 16:**

Year	Quantity	Quantity of CPVC resins( 89% as per Adhoc norms)
2024-25	886.5	788.985
2025-26 (upto 15.08.2025)	100	89

	986 MT	877.54
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**5.3.12 CPVC resins cleared domestically vis-à-vis procured domestically: ( Period : 01/04/2024 till 15/08/2025) ( as per stock register ( as per RUD-24,25,26 & 27)**

**Table-17**

Products	Quantity of resins cleared domestically( in MT) - Q1	Quantity of Domestically procured resins as per Para 5.3.9 (Q2)	Excess quantity of CPVC resins cleared domestically ( in MT) Q1-Q2
CPVC precomp	1252.45	1359.167 MT	852.323 MT
CPVC fitting-I	51.32		
Cpvc pipes	30.182		
Precomp- HTP	877.54		
Total	2211.49		

The above excess quantity to the tune of 852.323 MT cleared domestically means they have cleared much more CPVC resins in forms of various products as compared to the total quantity of domestic purchase of resins.

## **6. Findings of Investigation**

### **6.1 Excess quantity of resins cleared domestically ( 852.323 MT)**

As discussed in para supra , the notice has cleared CPVC resins into the domestic market during the period from 01.04.2024 till 15.08.2025 much more than what they have procured from domestic suppliers. This is possible only when they used imported CPVC resins for which they have imported duty free under the advance licenses. They have shown exports of CPVC products to the tune of 1817.34 MT utilizing 1582.87 MT of CPVC resins. This is counter-intuitive since they have shown through shipping bills that they have exported cpvc resins in product form as per Advance licenses. Since CPVC resins can not be produced out of thin air, it only implies that they have not used CPVC in the export consignments under AA to the tune of 852.323 MT and later diverted into domestic market. They have used generic and inconspicuous description such as “ Precomp- HTP” under wrong CTH, which otherwise is a CPVC product so as to evade scrutiny of the authorities. As per statements given by various buyers as discussed in para 5.2, these products were nothing but made of CPVC resins .

**6.2 Excess stock found in the premises:** As discussed above, excess stock to the tune of **602.831 MT** were found lying in the premises of M/s Sagar Polytechnik Limited and M/s Albatross Polymers Private Limited. This is in excess to the quantity of CPVC resins that should legitimately be available as per remaining export obligations of live licenses. As discussed already in foregoing paras that they have already cleared more quantity of CPVC resins than what they have procured domestically. So, this excess stock lying in the premises can not be attributed to the duty paid stock of domestic resins. By similar reasoning, it can only be concluded that this excess stock are indeed duty free imported resins which were not used in the export consignments under AA and thus are considered as diverted goods.

**6.3** Whereas, M/s Sagar Polytechnik Ltd. has been systematically diverting duty free CPVC resins into domestic market and use PVC resins in making export against Advance Authorization. As discussed in para 2.1, the declared export goods under three shipping bills 4394754 dated 12.08.2025, 4391611 dated 12.08.2025 and 4485119 dated 16.08.2025 i.e Flexible Pipes & Hoses For Suction\* Delivery (**Containing 86% CPVC**) were all found to be made of **PVC instead of CPVC**. It is not a case of inadvertence or error that goods exported in four separate containers, covered by three shipping bills filed on different dates, destined for three different countries (Senegal, Guyana and Oman) were found to be entirely misdeclared. The misdeclaration appears to be systematic and deliberate, with the clear intent to evade the anti-dumping duty leviable on imports of CPVC resins under Notification No. 15/2024-Customs (ADD) dated 23.08.2024 and violating the conditions of the Advance Authorisation.

**6.4** Unaccounted stock of CPVC resins at M/s Albatross Polymers Private Limited to the tune of **301.125 MT** is not accounted in book of accounts of either company as on 16.08.2025. In his statement dated 06.10.2025 Shri Denish Vijaybhai Kansagara, Director, M/s Albatross Polymers Pvt. Ltd stated that the goods belongs to the sister concern unit i.e M/s Sagar Polytechnik Ltd. and was shifted there due to storage constraints but could not provide any document such as e-way bills, or any intimation to the department. As per Notification No. 21/2023-Cus, said materials (duty free imported materials) shall not be sold or transferred. Similarly, Handbook of Procedures, 2023: Para 4.10: (i) Transfer of any duty free material imported or procured against Advance Authorisation from one unit of a company to another unit for manufacturing purpose shall be done with prior intimation to jurisdictional Customs Authority.

**6.5** Laboratory testing by CIPET: IPT, Ahmedabad (Test Reports Nos. 3014 to 3035, RUD-08) has conclusively established that the goods exported under this category are PVC pipes and not Flexible Pipes & Hoses containing 86% CPVC as declared. Accordingly:

(i) The entire 18,02,503 Kgs (1,802.503 MT) of 'Flexible Hose' exports declared in the stock register do not contain 86% CPVC. The CPVC resins corresponding to the claimed consumption of 15,50,152.58 Kgs were never actually incorporated into these export goods.

(ii) The Importer was thus fulfilling its export obligations under the Advance Authorisation Licences by exporting ordinary PVC pipes while falsely declaring them as CPVC-containing Flexible Hose Pipes. This misdeclaration enabled it to claim duty-free import of CPVC resins against export obligations it never genuinely discharged.

(iii) The quantity of CPVC resins imported against Advance Authorisation Licences linked to Flexible Hose Pipe export obligations to the tune of quantity used in the above consignments is therefore liable to be treated as having been imported in violation of the conditions of Notification No. 21/2023-Cus dated 01.04.2023, since the export obligation was never genuinely fulfilled.

It clearly shows that the excess stock found in the premises of M/s Sagar Polytechnik Limited and M/s Albatross Polymers Private Limited were diverted from the similar license of flexible hoses.

## 7. LEGAL PROVISIONS

Relevant provisions of law relating to import of goods in general, the policy and rules relating to the import under the provisions of the Customs Act, 1962 and other laws for the time being in force are summarized as under:

## 7.1 Foreign Trade (Development and Regulation) Act, 1992:

*Section 11 (1) of the Foreign Trade (Development and Regulation) Act, 1992 states no export or import shall be made by any person except in accordance with the provisions of this Act, the rules and orders made thereunder and the foreign trade policy for the time being in force.*

## 7.2 Foreign Trade (Regulation) Rules, 1993:

- a) *Rule 11 of the Foreign Trade (Regulation) Rules, 1993 stipulates inter-alia that on the importation into any custom port of any goods, whether liable to duty or not, the owner of such goods shall in the bill of entry or any other documents prescribed under the Customs Act, 1962 state the value, quality and description of such goods to the best of his knowledge and belief and shall subscribe a declaration of the truth of such statement at the foot of such bill of entry or any other document.*
- b) *Rule 14 of the Foreign Trade (Regulation) Rules 1993, provides inter-alia, that*
  - (i) *no person shall make sign or use or cause to be made, signed or used any declaration, statement or document for the purpose of obtaining any license or importing or exporting any goods knowing or having reasons to believe that such declaration statement or document is false in any material particular*
  - (ii) *no person shall employ any corrupt or fraudulent practice for the purposes of obtaining any license or importing or exporting any goods.*

## 7.3 Foreign Trade Policy, 2023:

### (i) Para 4.02: Applicability of Policy & Procedures

*Authorisation under this Chapter shall be issued in accordance with the Policy and Procedures in force on the date of issue of the Authorisation*

### (ii) Para 4.03: Advance Authorisation

*(a) Advance Authorisation is issued to allow duty free import of input, which is physically incorporated in export product (making normal allowance for wastage). In addition, fuel, oil, catalyst which is consumed / utilized in the process of production of export product, may also be allowed.*

*(b) Advance Authorisation is issued for inputs in relation to resultant product, on the following basis:*

*(i) As per Standard Input Output Norms (SION) notified (available in Hand Book of Procedures);*

*OR*

*(ii) On the basis of self declaration as per paragraph 4.07 of Handbook of Procedures.*

*OR*

*(iii) Applicant-specific prior fixation of norm by the Norms Committee as per para*

4.06 of Handbook of Procedures.

OR

(iv) *On the basis of Self Ratification Scheme in terms of Para 4.06 of Foreign Trade Policy.*

**(iii) Para 4.05: Eligible Applicant / Export /Supply**

(a) *Advance Authorisation can be issued either to a manufacturer exporter or merchant exporter tied to supporting manufacturer.*

(c) *Advance Authorisation shall be issued for:*

(i) *Physical export (including export to SEZ)*

(ii) *Intermediate supply; and/or*

(iii) *Supply of goods to the categories mentioned in paragraph 7.02 (b), (c), (d), (e), (f) and (g) of this FTP.*

(iv) *Supply of 'stores' on board of foreign going vessel / aircraft, subject to condition that there is specific Standard Input Output Norms in respect of item supplied.*

**(iv) Para 4.08: Value Addition: -**

*Value Addition for the purpose of this Chapter (except for Gems and Jewellery sector for which value addition is prescribed in paragraph 4.37 of FTP) shall be:-*

*A - B*

*VA = ----- x 100, where*

*B*

*A = FOB value of export realized / FOR value of supply received.*

*B = CIF value of inputs covered by Authorisation, plus value of any other input used on which benefit of DBK is claimed or intended to be claimed.*

**(v) Para 4.09: Minimum Value Addition: -**

(i) *Minimum value addition required to be achieved under Advance Authorisation is 15%*

**(vi) Para 4.13: Pre-import condition in certain cases: -**

(i) *DGFT may, by Notification, impose pre-import condition for inputs under this Chapter.*

(ii) *Import items subject to pre-import condition are listed in Appendix 4-J or will be as indicated in Standard Input Output Norms (SION).*

**(vii) Para 4.16: Actual User Condition for Advance Authorisation: -**

*Advance Authorisation and / or material imported under Advance Authorisation shall be subject to 'Actual User' condition. The same shall not be transferable even after completion of export obligation. However, Authorisation holder will have option to dispose of product manufactured out of duty-free input once export obligation is completed.*

**(viii) Para 4.17: Validity Period for Import and its Extension**

*Validity period for import under Advance Authorisation shall be as prescribed in Handbook of Procedures*

**(ix) Para 4.21: Currency for Realisation of Export Proceeds.**

*i. Export proceeds shall be realized in freely convertible currency or in Indian Rupees as per para 2.53 of FTP, except otherwise specified. Provisions regarding realisation and non-realisation of export proceeds are given in paragraph 2.52, 2.53 and 2.54 of FTP.*

**(x) Para 4.22: Export Obligation Period and its Extension**

*Period for fulfillment of export obligation and its extension under Advance Authorisation shall be as prescribed in Handbook of Procedures*

**7.4 Handbook of Procedures, 2023:****(i) Para 4.10: Advance Authorisation for applicants with multiple units**

*(i) Transfer of any duty free material imported or procured against Advance Authorisation from one unit of a company to another unit for manufacturing purpose shall be done with prior intimation to jurisdictional Customs Authority. Benefit of Input Tax Credit shall not be claimed on such transferred input.*

*(ii) Imported duty free inputs can be taken from the port / domestic supplier's premises to the factory or the premises of the authorisation / co-authorisation holder or the factory of the supporting manufacturer (whose name is endorsed in the authorisation or allowed by the Jurisdictional Customs authority). However, such duty free material imported or procured against Advance Authorisation can also be taken from the port directly to the project site of the project authority, subject to furnishing a bond to the customs authority at the port of import complying with the other provisions as per Department of Revenue guidelines, if any*

**(ii) Para 4.24: Amendment of Export item and inputs**

*(i) An application for amendment of an export item or input or quantity of input under SION or under ad-hoc Norms shall be filed online in ANF 4B.*

*(ii) Applicant would give justification for seeking amendment and Regional Authority would consider it with specific approval of Head of Office. In case of any major change in input or request for more wastage to that allowed under SION or ad-hoc norm, same should be referred to Norms Committee for ratification*

**(iii) Para 4.33: Facility of Supporting Manufacturer/Jobber/co-licensee**

*(a) Imported material may be used in any unit of holder of Advance Authorisation subject to condition of paragraph 4.10 of this Handbook or jobber / supporting manufacturer, provided same is endorsed on authorisation by Regional Authority. If applicant desires to have name of any manufacturer or jobber added to*

*authorisation, he may apply. Such endorsement shall be mandatory where prior import before export is a condition for availing Advance Authorisation scheme and authorisation holder desires to have material processed through any other manufacturer or jobber.*

*(b) Upon such endorsement made by Regional Authority, authorisation holder and co-authorisation holder shall jointly and severally be liable for completion of EO. Any one of co-authorisation holders may import goods in his name or in joint names. BG/LUT shall also be furnished in their joint names.*

*(c) If authorisation holder is registered under GST Act, he has an option of getting names of jobber endorsed by jurisdictional Customs authority as per CGST/SGST/UT GST Rules in lieu of Regional Authority's endorsement. In case manufacturer exporter holding authorisation is not registered / not required to be registered under GST Act, job work may be allowed after endorsement of supporting manufacturer's name in the authorisation from Regional Authority concerned. However, authorisation holder shall be solely responsible for imported items and fulfilment of Export Obligation.*

**(iv) Para 4.37: Enhancement/Reduction in the value of Advance Authorisation**

*(a) In respect of an Advance Authorisation, Regional Authority concerned (as per their financial powers) may consider a request:*

*(i) for enhancement / reduction in CIF value of Advance Authorisation;*

*(ii) Enhancement/ reduction in CIF value, quantity of inputs, FOB value and quantity of exports of an Advance Authorisation. However, Value Addition after such enhancement does not fall below minimum Value Addition stipulated (for the export product) in FTP and Handbook of Procedures laid there under and there is no change in input-output norms and FTP under which Advance Authorisation was issued.*

*(c) Application for the enhancement in CIF or FOB value of Authorisation*

*/reduction in the value of Authorisation / EOP Extension / Revalidation of Authorisation shall be filed online in ANF 4D to concerned Regional Authority.*

**(v) Para 4.39: Validity period for import and Revalidation of Authorisation**

*(a) Validity period for import of Advance Authorisation shall be 12 months from the date of issue of Authorisation.*

*(b) Validity of Advance Authorisation for supplies under Chapter-7 of FTP shall be co-terminus with contracted duration of project execution or 12months from the date of issue of Authorisation, whichever is later.*

*(c) For Advance Authorisations not covered under Para 4.39(b) above, only one revalidation for twelve months from expiry date shall be allowed. No further revalidation would be allowed for such authorisations. Applications for any such revalidation may be submitted online to the concerned Regional Authority.*

**Para 4.40: Export Obligation (EO) Period and its Extension**

(a) *Period for fulfilment of export obligation under Advance Authorisation shall be 18 months from the date of issue of Authorisation. Period of EO fulfilment under an Advance Authorisation shall commence from date of issue of Authorisation, unless otherwise specified.*

(b) *In cases of supplies to projects in India under Chapter-7 of FTP or projects abroad, the Export Obligation period shall be co-terminus with contracted duration of the project execution or 18 months whichever is more.*

(e) *Regional Authority may consider a request of Advance Authorisation holder for one extension of EO period upto six months from the date of expiry of EO period subject to the payment of composition fee as prescribed hereunder:*

*Authorisation holder will have to submit a self - declaration to RA stating that unutilised imported/domestically procured inputs are available with the applicant.*

(vi) **Para 4.41: Provisional clearance of export consignment**

*Customs may allow provisional clearance of export consignment as and when Authorisation holder produces documentary evidence of having applied for Export Obligation extension to concerned Regional Authority.*

(vii) **Para 4.43: Monitoring of Export Obligation**

(a) *Regional Authority, with whom undertaking is executed by Advance pg. 92 Authorisation holder, shall maintain a proper record in a master register indicating starting and closing dates of obligation period and other particulars to monitor EO. In addition, this information may be generated from Computer System and maintained in a book form.*

(b) *Within six months from the date of expiry of Export Obligation period, Authorisation holder shall file application online by linking details of shipping bills against the authorisation, failing which Regional Authority may initiate action as per FT (DR) Act by way of issuing Show-Cause Notice.*

(c) *In case of online filing of EODC application, Exporters shall link all exports online on DGFT system by linking file number / authorisation number with the relevant shipping bill numbers / bill of exports / invoices in case of deemed exports/Tax invoices for supplies prescribed under CGST/SGST/UT GST rules.*

(e) *e-BRC/ export realisations from RBI's EDPMS wherever available in DGFT IT system shall be linked with these shipping bills within six months from the date of expiry of export obligation/realisation or as per the time period prescribed for realization of foreign exchange by RBI. Regional Authority shall not take action for non linking/ submission of e-BRC/ export realisations from RBI's EDPMS wherever available in DGFT IT system before expiry of said period, provided other documents substantiating fulfilment of Export Obligation have been furnished by the exporter.*

*(f) In case Authorisation holder fails to complete Export Obligation or fails to submit relevant information / documents, Regional Authority shall enforce condition of Authorisation and Undertaking and also initiate penal action as per law including refusal of further authorisation to the defaulting exporter.*

**(viii) Para 4.46: Fulfilment of Export Obligation**

*Authorisation holder shall file online application in ANF 4F to Regional Authority concerned and upload prescribed documents in support of fulfilment of Export Obligation.*

**(ix) Para 4.47: Redemption/No Bond Certificate.**

*(b) Export Obligation Discharge Certificate (EODC):*

*(i) On completion of exports and imports, the Authorisation holder shall submit online application in ANF-4F as in (a) (i) above. In such cases, if Export Obligation has been fulfilled, the Regional Authority may issue EODC / Redemption Certificate to Authorisation holder and forward a copy to the Customs authority at the port of registration of Authorisation indicating the same details of proof of fulfilment of Export Obligation as stated in paragraph(a) above evidencing fulfilment of Export Obligation.*

*(ii) Copy of EODC will also be endorsed by Regional Authority to Customs at the Port of Registration eventually through EDI mode thereby obviating the need for further calling of documents and its examination by concerned Customs Authority.*

*(c) Ordinarily, redemption of BG / LUT shall not preclude customs authority from conducting random checks and from taking action against Authorisation holder for any misrepresentation, misdeclaration and default detected subsequently as per the Customs Act.*

**(x) Para 4.50: Payment of Customs Duty and Interest in case of Bonafide default in Export Obligation**

*(g) Payment of duty, interest and any dues for regularisation shall, however, be without prejudice to any other action that may be taken by Customs Authorities at any stage under Customs Act, 1962.*

**7.5 Notification No. 21/2023-Cus dated 01.04.2023**

- (iii) that the materials imported correspond to the description and other specifications where applicable mentioned in the authorisation and are in terms of para 4.12 of the Foreign Trade Policy and the value and quantity thereof are within the limits specified in the said authorisation;*
- (iv) that in respect of imports made before the discharge of export obligation in full, the importer at the time of clearance of the imported materials executes a bond with such surety or security and in such form and for such sum as may be specified by the Deputy Commissioner of Customs or Assistant Commissioner of Customs, as the case may be, binding himself to pay on demand an amount equal to the duty leviable, but for the exemption contained herein, on the imported materials in respect of which the*

conditions specified in this notification are not complied with, together with interest at the rate of fifteen percent per annum from the date of clearance of the said materials;

- (x) that the export obligation as specified in the said authorisation (both in value and quantity terms) is discharged within the period specified in the said authorisation or within such extended period as may be granted by the Regional Authority by exporting resultant products, manufactured in India which are specified in the said authorisation :Provided that an Advance Intermediate authorisation holder shall discharge export obligation by supplying the resultant products to exporter in terms of paragraph 4.05(c)(ii) of the Foreign Trade Policy; Provided further that notwithstanding anything contained hereinabove for the said authorisations where the exemption from integrated tax and the goods and service tax compensation cess leviable thereon under sub-section(7) and sub-section (9) of section 3 of the said Customs Tariff Act, has been availed, the export obligation shall be fulfilled by physical exports or by making domestic supplies mentioned at serial numbers 1,2 and 3 of the Table contained in notification No. 48/2017-Central Tax, dated the 18thOctober, 2017 published, vide number G.S.R 1305(E), dated the 18thOctober, 2017;
- (xi) that the said authorisation shall not be transferred and the said materials shall not be transferred or sold: Provided that the said materials may be transferred to a job worker for processing subject to complying with the conditions specified in the relevant goods and services tax provisions permitting transfer of materials for job work;

## **7.6 The Customs Act, 1962 read with Bill of Entry (Electronic Integrated Declaration and Paperless Processing) Regulations, 2018, (as amended):**

i) **Section 2. Definitions:** In this Act, unless the context otherwise requires-

(2) "assessment" means determination of the dutiability of any goods and the amount of duty, tax, cess or any other sum so payable, if any, under this Act or under the Customs Tariff Act, 1975 (51 of 1975) (hereinafter referred to as the Customs Tariff Act) or under any other law for the time being in force, with reference to-

(a) the tariff classification of such goods as determined in accordance with the provisions of the Customs Tariff Act;

(b) the value of such goods as determined in accordance with the provisions of this Act and the Customs Tariff Act;

(c) exemption or concession of duty, tax, cess or any other sum, consequent upon any notification issued therefor under this Act or under the Customs Tariff Act or under any other law for the time being in force;

(d) the quantity, weight, volume, measurement or other specifics where such duty, tax, cess or any other sum is leviable on the basis of the quantity, weight, volume, measurement or other specifics of such goods;

(e) the origin of such goods determined in accordance with the provisions of the Customs Tariff Act or the rules made thereunder, if the amount of duty, tax, cess or any other sum is affected by the origin of such goods;

(f) any other specific factor which affects the duty, tax, cess or any other sum payable on such goods, and includes provisional assessment, self-assessment, re-assessment and any assessment in which the duty assessed is nil;

**(41) "value",** in relation to any goods, means the value thereof determined in accordance with the provisions of sub-section (1) or sub-section (2) of section 14;

**(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 out to be the importer.

**(39) "smuggling",** in relation to any goods, means any act or omission which will render such goods liable to confiscation under section 111 or section 113;

**ii) Section 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.

(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.

**iii) Section 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 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 that the Principal Commissioner of Customs or Commissioner of Customs may, in cases where it is not feasible to make*

*entry by presenting electronically on the customs automated system, allow an entry to be presented in any other manner:*

*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 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.*

*The same has been mentioned in Bill of Entry (Electronic Integrated Declaration and Paperless Processing) Regulations, 2018.*

**iv) Section 111. Confiscation of improperly imported goods, etc.**

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

*(d) any goods which are imported or attempted to be imported or are brought within the Indian customs waters for the purpose of being imported, contrary to any prohibition imposed by or under this Act or any other law for the time being in force;*

*(o) Any goods exempted subject to any condition, from duty or any prohibition in respect of the import thereof under this Act or any other law for the time being in force, in respect of which the condition is not observed unless the non-observance of the condition was sanctioned by the proper officer.*

**v) Section 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 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 percent 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 percent 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.*

**vi) Section 114. Penalty for attempt to export goods improperly, etc. -**

*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 113, or abets the doing or omission of such an act, 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 1[2[not exceeding three times the value of the goods as declared by the exporter or the value as determined under this Act]], 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 any other goods, to a penalty not exceeding the value of the goods, as declared by the exporter or the value as determined under this Act, whichever is the greater.]*

**vii) Section 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 particular, 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.*

**viii) Section 121. Confiscation of sale-proceeds of smuggled goods**

*Where any smuggled goods are sold by a person having knowledge or reason to believe that the goods are smuggled goods, the sale proceeds thereof shall be liable to confiscation.*

**ix) Section 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 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.*

**x) Section 143. Power to allow Import or Export on execution of bonds in certain cases.**

*a. Where this Act or any other law requires anything to be done before a person can import or export any goods or clear any goods from the control of officers of customs and the 3 [Assistant Commissioner of Customs or Deputy Commissioner of Customs] is satisfied that having regard to the circumstances of the case, such thing cannot be done before such import, export or clearance without detriment to that person, the 3 [Assistant Commissioner of Customs or Deputy Commissioner of Customs] may, notwithstanding anything contained in this Act or such other law, grant leave for such import, export or clearance on the person executing a bond in such amount, with such surety or security and subject to such conditions as the 3 [Assistant Commissioner of Customs or Deputy Commissioner of Customs] approves, for the doing of that thing within such time after the import, export or clearance as may be specified in the bond.*

*(3) If the thing is not done within the time specified in the bond, the 3 [Assistant Commissioner of Customs or Deputy Commissioner of Customs] shall, without prejudice to any other action that may be taken under this Act or any other law for the time being in force, be entitled to proceed upon the bond in accordance with law.*

## **8. SEIZURE**

### **8.1 Seizure Memorandum dated 03.10.2025 — Export Consignments**

Acting on intelligence that M/s Sagar Polytechnik Limited was misusing the Advance Authorisation Scheme by exporting PVC pipes in place of the declared CPVC export product, DRI Gandhidham intercepted the three export consignments filed vide Shipping Bills No. 4394754 and 4391611 dated 12.08.2025 and No. 4485119 dated 16.08.2025 at Mundra Port. On examination under Panchnama dated 21.08.2025, the goods were found to bear product labels explicitly identifying them as PVC, including 'Phantom Flat Hose PVC Lay Flat Discharge Hose,' 'PVC Suction Hose,' and 'Flowon PVC Construction Water Hose Pipe' ,all directly contradicting the declared composition of '86% CPVC' under the Advance Authorisation. The goods had been declared as 'Flexible Pipes & Hoses for Suction & Delivery (Containing 86% CPVC)' under ITC HS Code 39173100. The consignments, lying in the custody of M/s Landmark CFS Pvt. Ltd. and M/s Ameya Logistics Pvt. Ltd. at Mundra Port, were accordingly seized under Section

113 of the Customs Act, 1962 vide Seizure Memorandum dated 03.10.2025 & Corrigendum dated 20.03.2026.

M/s Sagar Polytechnik Limited thereafter applied for provisional release of the seized goods. The competent authority allowed provisional release, and the goods were released by the firm on execution of a bond and furnishing of security.

## 8.2 Seizure Memorandum dated 17.12.2025 — Excess Unaccounted CPVC Resin

During searches conducted on 15.08.2025 and 16.08.2025 at the premises of M/s Sagar Polytechnik Limited and M/s Albatross Polymers Pvt. Ltd. respectively, physical verification of CPVC resin stock was carried out. The combined position of excess unaccounted CPVC resin found is as follows:

**Table-18**

<b>Premises</b>	<b>Excess CPVC Resin Found (MT)</b>
M/s Sagar Polytechnik Limited (own premises)	244.834
M/s Albatross Polymers Pvt. Ltd. (GIDC Khirasara)	301.125
Total	545.959

Both stocks, imported duty-free under various Advance Authorisations, were found to be held in contravention of the conditions of those Authorisations and of Notification No. 21/2023-Cus dated 01.04.2023, and were accordingly seized under Section 110 of the Customs Act, 1962 vide Seizure Memorandum dated 17.12.2025.

### (a) 244.834 MT at M/s Sagar Polytechnik Limited's own premises:

As discussed in para supra, against a legitimate balance of 310.765 MT referable to the remaining export obligations under the three live licenses, the total CPVC resin equivalent available with M/s Sagar Polytechnik Limited (raw resin + finished goods) was 912.831 MT leaving an excess of 602.066 MT. Of this, 244.834 MT was physically found in raw resin form at the noticee's own premises. This excess cannot be attributed to domestically procured resin: as discussed in para supra, M/s Sagar Polytechnik Limited had already cleared 852.773 MT more CPVC resin into the domestic market than it ever procured from domestic sources during the relevant period, meaning the entire domestic CPVC resin stock was exhausted and over-drawn, and there was no domestic stock left to account for any part of the excess found. The 244.834 MT at the noticee's own premises is therefore imported duty-free CPVC resin held in violation of the conditions of the Advance Authorisations specifically, the obligation to utilise duty-free material only in the manufacture and export of the declared product. It is liable for confiscation under Section 111(o) of the Customs Act, 1962.

### (b) 301.125 MT at M/s Albatross Polymers Pvt. Ltd.'s premises:

The 301.125 MT of CPVC resin found at M/s Albatross Polymers Pvt. Ltd.'s premises stands on independent grounds of liability. This stock was:

- wholly unrecorded in M/s Albatross Polymers Pvt. Ltd.'s books of account, the firm's own stock statement showed NIL CPVC resin as on 31.03.2025 and as on 15.08.2025;

- transferred to a premises not endorsed in any Advance Authorisation and not authorised to store or utilise duty-free material under any applicable provision;
- moved without any contemporaneous documentary evidence no invoice, no e-way bill, no delivery challan, no gate pass was produced at the time of search; and
- admitted by Shri Denish Kansagara, Director of both M/s Sagar Polytechnik Limited and M/s Albatross Polymers Pvt. Ltd., to belong to M/s Sagar Polytechnik Limited, transferred on account of storage constraints.

Whereas, the entire quantity of 545.959 MT of excess unaccounted CPVC resin i.e 244.834 MT at M/s Sagar Polytechnik Limited's premises and 301.125 MT at M/s Albatross Polymers Pvt. Ltd.'s premises was accordingly seized under Section 110 of the Customs Act, 1962 vide Seizure Memorandum dated 17.12.2025.

**8.3** The competent authority granted extension of two months under Section 110(2) of the Customs Act, 1962 for issuance of Show Cause Notice and the same was also conveyed to the importer vide DRI letter dated 28.01.2026.

## **9. Liability of goods for confiscation and Demand of Duty**

Whereas, the present demand of duty is limited to the seized goods i.e (i) goods covered under three shipping bills and (ii) excess stocks of resins (**602.831 MT**) found lying in the premises of M/s Sagar Polytechnik Limited and M/s Albatross Polymers Pvt. Ltd. Out of above, 602.831 MT, **545.959 MT** was seized vide Seizure Memorandum dated 17.12.2025. During course of this investigation, an additional **56.872 MT** of CPVC resins which were not seized, is also found to be in excess and the same is liable for confiscation under section 111(o) of the Customs Act, 1962. The liabilities pertaining to the broader diversion of duty-free CPVC resins already cleared into the domestic market including the period as discussed in para 5.3.12 will be taken up separately. Since the unit has multiple imports and exports from multiple Advance licenses, and there is no pre-import condition, it seems practically impossible to link the excess quantity of resins with specific Bills of Entry. In some cases, for a single consignment under a single Bill of entry, there are multiple quantities of licenses being debited. It is not feasible also due to fact that the imported resins are being stored together in same premises and are not segregated bill of entry-wise/ license-wise. Besides, in the stock statements, they have not maintained a separate entry for imported resin and domestic resin.

**9.1** While the quantity exported under Advance Authorisation No. 2411004323 dated 26.02.2025, amounting to 182.698 MT, was found to have been wrongly used to fulfil the export obligation thereunder, inasmuch as the goods exported were PVC pipes and hoses and not CPVC-based Flexible Pipes & Hoses as mandated under the said Authorisation. Accordingly, the customs duty exempted on the import of 182.698 MT of CPVC Resin under Advance Authorisation No. 2411004323 is liable to be recovered. Further, out of the total excess stock of 602.831 MT found in the premises of M/s Sagar Polytechnik Limited and M/s Albatross Polymers Pvt. Ltd., the quantity attributable to Advance Authorisation No. 2411004323 (182.698 MT) having been accounted for above, the remaining quantity of  $602.831 - 182.698 = 420.133$  MT of excess CPVC resin stock belongs to Advance Authorisation No. 2411003619 dated 12.06.2024. Under the said Authorisation, a total quantity of 500 MT of CPVC Resin was imported duty-free. During the course of investigation, 420.133 MT of this imported resin was found lying in the premises as excess stock and Seizure memo dated 17.12.2026 is already containing this 420.133 MT part. The remaining quantity i.e.  $500 - 420.133 = 79.867$  MT of CPVC Resin imported under Advance Authorisation No. 2411003619 was not found in the premises and is diverted and cleared into the domestic market without fulfilment of the corresponding export obligation, in violation of the conditions of the said Authorisation and Notification No. 21/2023-Cus dated 01.04.2023 is also liable for confiscation.

**9.2** Whereas, as established in para 9.1 above, the total quantity of CPVC Resins imported duty-free under Advance Authorisation Nos. 2411004323 dated 26.02.2025

and 2411003619 dated 12.06.2024, in respect of which customs duty exemption is liable to be recovered, is 682.698 MT, comprising: (i) 182.698 MT imported under Advance Authorisation No. 2411004323, in respect of which the export obligation was wrongly discharged by exporting PVC goods misdeclared as CPVC; and (ii) 500 MT imported under Advance Authorisation No. 2411003619, of which 420.133 MT was found lying as excess unaccounted stock in the premises and 79.867 MT was diverted to the domestic market without fulfilment of the corresponding export obligation. The aforesaid quantities were held and/or diverted in contravention of the terms and conditions of the said Advance Authorisations and Notification No. 21/2023-Cus dated 01.04.2023, which require that duty-free imported material be utilised only for the manufacture and export of the declared product and shall not be transferred or sold.

Accordingly, 682.698 MT of CPVC resin (with a combined assessable value of ₹7,35,08,455/-) is liable for confiscation under Section 111(o) of the Customs Act, 1962, being goods exempted subject to conditions from duty or prohibition in respect of the import thereof, in respect of which the conditions have not been observed.

### **Differential Duty:**

The duty foregone on the importation of 682.698 MT of CPVC Resin (182.698 MT under AA No. 2411004323 and 500 MT under AA No. 2411003619) has been computed on the basis of the assessable values and applicable duty rates as per the respective Bills of Entry, including: Anti-Dumping Duty (ADD) leviable under Notification No. 15/2024-Customs (ADD) dated 23.08.2024 at the rate of USD 790 per MT for CPVC Resin originating from China PR; Basic Customs Duty (BCD) at the rate of 7.5%; Social Welfare Surcharge (SWS) at 10% of BCD; and Integrated Goods and Services Tax (IGST) at 18% on the aggregate of assessable value, ADD, BCD, and SWS.

The Bill of Entry-wise details of the duty demand are as follows:

**Table-19**

Advance Authorisation No.	BE No. & Date	Qty	Assessable Value (INR)	BCD (INR) @ 7.5%	SWS (INR) @ 10% of BCD	ADD (INR) @ USD 790/MT	IGST (INR) @ 18%	Total Duty liable to be recovered
		(MT)						(INR)
2411004323 dated 26.02.2025	BE No. 9016312 dated 21.03.2025	182.698	20734396.02	1555079.7	155507.97	12600132.97	6308120.999	20618841.64
2411003619 dated 12.06.2024	BE No. 8656107 dated 02.03.2025	220	23069475	1730210.63	173021.06	15250950	7240258.204	24394439.89
	BE No. 8154258 dated 03.02.2025	280	29704584	2227843.8	222784.38	19266520	9255911.7924	30973059.9724
		682.698	73508455.02	5513134.125	551313.4125	47117602.97	22804290.995	75986341.50

Note: Under AA No. 2411003619 dated 12.06.2024, a total of 500 MT of CPVC Resin was imported duty-free (BE No. 8656107 dated 02.03.2025 for 220 MT and BE No. 8154258 dated 03.02.2025 for 280 MT). Of this, 420.133 MT was found as excess unaccounted stock in the premises and the remaining 79.867 MT was diverted to the domestic market. The entire 500 MT is accordingly subject to duty recovery.

Whereas, on account of violation of the conditions of Advance Authorisation No. 2411004323 dated 26.02.2025; 2411003619 dated 12.06.2024 and Notification No. 21/2023-Cus dated 01.04.2023, M/s Sagar Polytechnk Limited is liable to pay a total duty of Rs 7,59,86,341/- (Rupees Seven Crore Fifty Nine Lakhs Eighty Six Thousand Three Hundred and Forty One) [comprising ADD of ₹4,71,17,602/-, BCD of ₹55,13,134/-, SWS of ₹5,51,313/- and IGST of ₹2,28,04,291/-], along with interest thereon under Section 28AA of the Customs Act, 1962.

### 9.3 Voluntary Payment by M/s Sagar Polytechnik Limited:

A cumulative sum of Rs 1.65 crores vide challans 1867605914 dated 07.01.2026 and 2003405044 dated 15.12.2025 was deposited by the Unit voluntarily in partial acceptance of the duty evaded. The same may be considered/appropriated for payment towards the duty liability as quantified above.

## 10. CONFISCATION OF MISDECLARED EXPORT CONSIGNMENTS — SECTION 113(h) and 113(i)

Whereas, as detailed in Para 1 and Para 2 above, M/s Sagar Polytechnik Limited had filed three Shipping Bills bearing No. 4394754 dated 12.08.2025, No. 4391611 dated 12.08.2025 and No. 4485119 dated 16.08.2025, all at Mundra Port, declaring the export goods as “Flexible Pipes & Hoses for Suction & Delivery (Containing 86% CPVC)” (ITC HS Code: 39173100) with a combined FOB value of Rs 1,41,76,948.56/-, purportedly towards fulfilment of the export obligation under Advance Authorisation No. 2411004323 dated 26.02.2025. The said consignments, loaded in container Nos. FCIU9299504, MSKU3050588, TCKU7481450 and MRSU7563471, were intercepted and placed on hold. Physical examination of the said consignments was carried out under Panchnama dated 21.08.2025 at M/s PSA Ameya Logistics CFS and M/s Landmark CFS, Mundra. The details of the three export consignments are as under:

**Table No. 20 – Details of Export Consignments Misdeclared under Advance Authorisation No. 2411004323**

	Shipping Bill & date	Goods description	Containers	Assessable value	Examination under Panchnama dated
1	4394754 dated 12.08.2025	FLEXIBLE PIPES & HOSES FOR SUCTION* DELIVERY  (CONTAINING 86% CPVC)	FCIU9299504	95,63,683.91/-	Panchnama dated 21.08.2025 drawn at M/s PSA Ameya CFS, Mundra
2	4391611 dated 12.08.2025	FLEXIBLE PIPES & HOSES FOR SUCTION* DELIVERY  (CONTAINING 86% CPVC)	MSKU3050588	7,50,060.84/-	Panchnama dated 21.08.2025 drawn at M/s Landmark CFS, Mundra

3	4485119 dated 16.08.2025	FLEXIBLE PIPES & HOSES  FOR SUCTION* DELIVERY  (CONTAINING 86% CPVC)	TCKU7481450 MRSU7563471	38,63,203.81/-	
			Total	1,41,76,948.56	

On physical examination under Panchnama dated 21.08.2025 at M/s PSA Ameya Logistics CFS and M/s Landmark CFS, Mundra, the goods in all four containers were found to bear unambiguous PVC product markings , 'PVC Suction Hose,' 'PVC Construction Water Hose,' 'PVC Lay Flat Hose,' and 'Flex-O-Flex Heavy Duty Suction Hose' ,none of which qualify as 'Flexible Pipes & Hoses containing 86% CPVC' as declared in the Shipping Bills.

CIPET: IPT Ahmedabad, vide Test Reports Nos. 3014 to 3035 (RUD-08) dated 17.10.2025, conclusively confirmed that all 22 samples drawn from the four containers are composed of PVC and do not contain CPVC. PVC (Polyvinyl Chloride) is an entirely distinct material from CPVC (Chlorinated Polyvinyl Chloride) — the resin that was imported duty-free under Advance Authorisation No. 2411004323. The substitution of PVC for CPVC in the export product is not a matter of labelling or nomenclature; it is a fundamental material substitution that defeats the entire premise of the Advance Authorisation.

The misdeclaration was deliberate and calculated. The goods were stuffed at the factory under the self-sealing procedure and declared to Customs as CPVC-containing products. The combined FOB value of the three consignments was ₹1,41,76,948.56/-. The intent was to fraudulently create a record of compliance with the export obligation under Advance Authorisation No. 2411004323, while in reality no CPVC product was manufactured or exported thereunder. By falsely declaring PVC goods as CPVC goods in the Shipping Bills, M/s Sagar Polytechnik Limited made a false and incorrect statement in the transaction of business under the Customs Act, with the intent to avail an undue duty exemption benefit.

The said export consignments, with a combined FOB value of ₹1,41,76,948.56/-, are accordingly liable for confiscation under Section 113(h) and 113 (i) of the Customs Act, 1962, being goods attempted to be exported under a claim or entitlement to drawback or exemption or concession from duty by misdeclaration as to their description, nature, and composition. The goods have since been provisionally released by the firm on execution of a bond and furnishing of security in terms of the order of the competent authority

## 11. Role and Culpability

### 11.1 Role and Culpability of M/s Sagar Polytechnik Limited:

From the facts established in the foregoing paragraphs and the evidence gathered during investigation, it is evident that M/s Sagar Polytechnik Limited, Plot No. 2819-2826, Lodhika G.I.D.C., Kalavad Road, Village-Metoda, Rajkot, Gujarat-360021, was engaged in a deliberate and systematic misuse of the Advance Authorisation Scheme under the Foreign Trade Policy 2023.

M/s Sagar Polytechnik Limited was granted Advance Authorisation No. 2411004323 dated 26.02.2025 for duty-free import of CPVC Resin as input for the manufacture and export of 'Flexible Pipes & Hoses for Suction & Delivery (Containing 86% CPVC).' Under the said Authorisation and in terms of Notification No. 21/2023-Cus dated 01.04.2023, the company imported 3,00,000 Kgs (300 MT) of CPVC Resin J-700 of Chinese origin from M/s Shandong Gaoxin Chemical Co. Ltd., China, vide Bills of Entry No. 8656107

dated 02.03.2025 (60 MT) and No. 9016312 dated 21.03.2025 (240 MT), both filed at Mundra Customs, availing duty exemption under the Scheme.

Instead of utilising this duty-free CPVC Resin for the manufacture and export of CPVC-based products as mandated under the Advance Authorisation, the company deliberately violated the conditions of the Scheme. Specifically:

**(i) Export Misdeclaration:**

M/s Sagar Polytechnik Limited filed three Shipping Bills Nos. 4394754 and 4391611 dated 12.08.2025 and No. 4485119 dated 16.08.2025 at Mundra Port, declaring the export goods as 'Flexible Pipes & Hoses for Suction & Delivery (Containing 86% CPVC)' with a combined FOB value of ₹1,41,76,948.56/-, purportedly towards fulfilment of the export obligation under Advance Authorisation No. 2411004323. On examination under Panchnama dated 21.08.2025, the goods were found to bear unambiguous 'PVC' product markings.

CIPET Lab Test Reports Nos. 3014 to 3035 dated 17.10.2025 conclusively confirmed that all exported goods are PVC pipes and hoses and do not contain CPVC. The deliberate export of PVC goods misdeclared as CPVC in the Shipping Bills with the intent to fraudulently discharge the export obligation under the Advance Authorisation renders the said export consignments liable for confiscation under Section 113(h) and 113 (i) of the Customs Act, 1962. By these acts of commission and omission, M/s Sagar Polytechnik Limited has rendered itself liable for penal action under Sections 114, 114A and 114AA of the Customs Act, 1962.

**(ii) Unauthorised Transfer to Albatross Premises:**

The company diverted 301.125 MT of duty-free CPVC Resin imported under Advance Authorisation No. 2411004323 to the premises of M/s Albatross Polymers Pvt. Ltd. at GIDC Khirasara, Rajkot, a premises neither endorsed in the Advance Authorisation nor authorised to store duty-free material without any documentation and without prior intimation to the jurisdictional Customs authority, in violation of Para 4.16 and Para 4.10 of the Handbook of Procedures 2023. The gate passes produced months after the search are inconsistent with Albatross's own nil-stock records and appear to be post-hoc fabrications.

By the foregoing acts of commission and omission, M/s Sagar Polytechnik Limited has:

- Violated the conditions of Advance Authorisation Nos. 2411004323 and 2411003619 and Notification No. 21/2023-Cus dated 01.04.2023, by failing to utilise duty-free imported CPVC Resin for the manufacture and export of the declared product and by transferring and selling the said material in contravention of the Actual User condition under Para 4.16 of FTP 2023;
- Misdeclared the nature, description, and composition of the export goods in the Shipping Bills, in violation of Section 46(4) and 46(4A) of the Customs Act, 1962 read with Rule 11 and Rule 14 of the Foreign Trade (Regulation) Rules, 1993 and Section 11(1) of the FT(DR) Act, 1992;
- Diverted duty-free imported CPVC Resin to a third-party premises not endorsed in the Advance Authorisation, in violation of Para 4.16 and Para 4.10 of the Handbook of Procedures 2023, rendering the quantity of CPVC Resin imported under the said Advance Authorisations liable for recovery of all exempted duties;
- Rendered the misdeclared export consignments (FOB value ₹1,41,76,948.56/-) liable for confiscation under Section 113(h) and 113(i), and the CPVC Resin to the extent of 682.698 MT (assessable value ₹7,35,08,455/-) liable for confiscation under Section 111(o) of the Customs Act, 1962.

M/s Sagar Polytechnik Limited has thereby rendered itself liable for penal action under Sections 114, 114A and 114AA of the Customs Act, 1962.

**11.2 Role and Culpability of Shri Denish Vijaybhai Kansagara, Director, M/s Sagar Polytechnik Limited:**

Shri Denish Vijaybhai Kansagara is the key managerial Director of M/s Sagar Polytechnik Limited and the sole common Director of both M/s Sagar Polytechnik Limited and M/s Albatross Polymers Pvt. Ltd. In his statement recorded under Section 108 on 04.09.2025, he confirmed that as Director he is responsible for overseeing all operations of the company, including import and export. He is the central decision-maker and operational head exercising complete control over business activities, import operations under the Advance Authorisation Scheme, manufacture and export of goods, and transactions with M/s Albatross Polymers Pvt. Ltd.

Shri Denish Kansagara was fully aware of the Advance Authorisation conditions, including the obligation to use duty-free imported CPVC Resin exclusively for the manufacture and export of CPVC products. Notwithstanding this awareness, he orchestrated and permitted the deliberate export of PVC pipes and hoses under CPVC declarations. In his second statement dated 06.10.2025, he acknowledged that the CIPET test results show the exported goods to be PVC and admitted that 'this amounts to non-compliance with the conditions of Advance Authorisation License No. 2411004323 dated 26.02.2025'.

Being the sole common responsible/active Director of both entities, Shri Denish Kansagara personally arranged the transfer and concealment of duty-free CPVC Resin imported under Advance Authorisation Nos. 2411004323 and 2411003619 at the premises of M/s Albatross Polymers Pvt. Ltd., a premises neither authorised nor endorsed under either Advance Authorisation. The 301.125 MT found at Albatross bore no entry in Albatross's stock register. Shri Denish Kansagara, present at the time of search, admitted the stock belonged to M/s Sagar Polytechnik Limited but failed to produce any contemporaneous document ;no invoice, e-way bill, delivery challan, or gate pass to establish legitimate movement. Further, the investigation has established that under AA No. 2411003619, out of 500 MT imported duty-free, 420.133 MT was found as excess unaccounted stock and the remaining 79.867 MT was diverted into the domestic market , a diversion that was knowingly facilitated and concealed by him through the use of vague product descriptions and suppression of records.

By his deliberate and conscious involvement as the Director in overall charge of import, export, and business operations in the misuse of the Advance Authorisation Scheme, misdeclaration of export goods, and clandestine diversion of duty-free imported material, Shri Denish Vijaybhai Kansagara has rendered himself liable for penal action under Sections 112(a), 112(b), and 114AA of the Customs Act, 1962

### **11.3 Role and Culpability of M/s Albatross Polymers Private Limited**

M/s Albatross Polymers Private Limited, Shreeji Engineering, GIDC Khirasara, Khirasara Ranmalji, Rajkot, Gujarat-360021, is a closely related sister concern of M/s Sagar Polytechnik Limited, with Shri Denish Kansagara and Shri Vijaybhai Kansagara as common directors. M/s Albatross Polymers Pvt. Ltd. sells 100% of its purchased goods exclusively to M/s Sagar Polytechnik Limited and is entirely controlled by the same family.

During the search on 16.08.2025, 301.125 MT of Chinese-origin CPVC Resin was found at Albatross's premises with no corresponding entry in its stock register , the firm's own records showed NIL CPVC stock as on 31.03.2025 and as on 15.08.2025. This stock, forming part of the 682.698 MT of CPVC Resin imported duty-free under Advance Authorisation Nos. 2411004323 dated 26.02.2025 and 2411003619 dated 12.06.2024, had been clandestinely transferred to Albatross's premises without any documentation and without prior intimation to the jurisdictional Customs authority. By permitting its premises to be used for storage of diverted duty-free goods without authorisation under the relevant Advance Authorisations, without endorsement by the jurisdictional Customs authority, and without maintaining any record of the said goods in its books of account M/s Albatross Polymers Pvt. Ltd. knowingly facilitated the concealment and diversion of duty-free imported CPVC Resin, in violation of the

conditions of Advance Authorisation Nos. 2411004323 and 2411003619 and Notification No. 21/2023-Cus dated 01.04.2023.

M/s Albatross Polymers Pvt. Ltd. has thereby rendered itself liable for penal action under Sections 112(b) and 117 of the Customs Act, 1962.

**12.** Now, therefore, M/s Sagar Polytechnik Limited, Plot No. 2819 to 2826, Lodhika G.I.D.C., Kalavad Road, Village-Metoda, Rajkot, Gujarat-360021, is hereby called upon to Show Cause in writing to the Commissioner of Customs, Customs House, Mundra, having office situated at Office of the Principal Commissioner/Commissioner of Customs, 5B, Port User Building, Adani Ports & SEZ, Mundra, Kutch, Gujarat – 370421, within 30 (thirty) days from the date of receipt of this Notice, as to why:

- (i)** The export consignments declared as 'Flexible Pipes & Hoses for Suction & Delivery (Containing 86% CPVC) filed vide Shipping Bill Nos. 4394754 dated 12.08.2025, 4391611 dated 12.08.2025 and 4485119 dated 16.08.2025, valued at Rs. 1,41,76,948.56/- (Rupees One Crore Forty-One Lakh Seventy-Six Thousand Nine Hundred Forty-Eight and Fifty-Six paise only), should not be held liable for confiscation under Section 113(h) and 113 (i) of the Customs Act, 1962;
- (ii)** Total Customs duty of Rs. 7,59,86,341/- (Rupees Seven Crore Fifty Nine Lakhs Eighty Six Thousand Three Hundred and Forty One) [comprising ADD of ₹4,71,17,602/-, BCD of ₹55,13,134/-, SWS of ₹5,51,313/- and IGST of ₹2,28,04,291/-], should not be demanded and recovered from M/s Sagar Polytechnik Limited under Section 28(4) of the Customs Act, 1962, on account of violation of the conditions of Advance Authorisation Nos. 2411004323 dated 26.02.2025 and 2411003619 dated 12.06.2024 and Notification No. 21/2023-Customs dated 01.04.2023, along with applicable interest thereon under Section 28AA of the Customs Act, 1962. The amount of Rs 1,65,00,000 /- (One Crore and Sixty Five lakhs) voluntarily paid by the noticee during the course of investigation should not be appropriated against the duty liability that may be determined and confirmed.
- (iii)** The duty-free import of 682.698 MT of CPVC Resin which are found in contravention of the terms and conditions of the license under Advance Authorisation No. 2411004323 and 2411003619 dated 12.06.2024 vide Bills of Entries as per table 19 ), having combined value of Rs 7,35,08,455/- should not be held liable for confiscation under Section 111(o) of the Customs Act 1962;
- (v)** Penalty should not be imposed upon M/s Sagar Polytechnik Limited under Sections 114, 114A and 114AA of the Customs Act, 1962, for its deliberate misuse of the Advance Authorisation Scheme, misdeclaration of export goods, and diversion of duty-free imported CPVC Resin in fraud of the revenue, as detailed in foregoing paras.

**12.1** Now therefore, Shri Denish Vijaybhai Kansagara, Director, M/s Sagar Polytechnik Limited, is hereby called upon to Show Cause in writing to the Commissioner of Customs, Customs House, Mundra, having office situated at Office of the Principal Commissioner of Customs, 5B, Port User Building, Adani Ports & SEZ, Mundra, Kutch, Gujarat – 370421, within 30 (thirty) days from the date of receipt of this Notice, as to why penalty should not be imposed upon him under Sections 112(a), 112(b) and 114AA of the Customs Act, 1962, for his deliberate role as the key managerial Director of M/s Sagar Polytechnik Limited in orchestrating the misuse of Advance Authorisation Nos. 2411004323 dated 26.02.2025 and 2411003619 dated 12.06.2024, resulting in misdeclaration of export goods, wrongful discharge of export obligations, domestic diversion of duty-free imported CPVC Resin, and unauthorised transfer of goods to M/s Albatross Polymers Pvt. Ltd., as detailed in forgoing paras.

**12.2** Now therefore, M/s Albatross Polymers Private Limited, is hereby called upon to Show Cause in writing to the Commissioner of Customs, Customs House, Mundra,

having office situated at Office of the Principal Commissioner of Customs, 5B, Port User Building, Adani Ports & SEZ, Mundra, Kutch, Gujarat – 370421, within 30 (thirty) days from the date of receipt of this Notice, as to why penalty should not be imposed upon them under Sections 112(b) and 117 of the Customs Act, 1962 .

**13.** All the Noticees are further required to produce at the time of showing cause all evidences upon which they intend to rely in support of their defence. They are further advised to indicate in their written submissions as to whether they desire to be heard in person before the case is adjudicated. If no mention is made about this in their written submissions, it would be presumed that they do not desire to be heard in person. If no cause is shown by them against the action proposed to be taken within 30 days from the date of receipt of this Notice, or if they do not appear before the adjudicating authority when the case is posted for hearing, the case is liable to be decided ex-parte on the basis of material evidence available on record.

**14.** The documents/articles as listed at Annexure-R are relied upon and are enclosed with this Show Cause Notice, and where not enclosed with this Notice will be made available for inspection on demand made in writing.

**15.** This Show Cause Notice is issued without prejudice to any other action that may be taken under the Customs Act, 1962 or any other law for the time being in force. The Department reserves its right to issue an addendum/corrigendum to this Show Cause Notice, or to make any additions, deletions, amendments or supplements thereto at a later stage. The Department also reserves its right to issue separate Notice(s) for other noticees, offences or matters related to the above case, if warranted.

**16.** Documents relied upon are attached to this Show Cause Notice. A link to download all the Relied Upon documents shall be shared through email id: [adj-mundra@gov.in](mailto:adj-mundra@gov.in) to the email IDs of the Noticees available in records , and where not enclosed with this Notice will be made available for inspection on demand made in writing.

**17.** The department also reserves its right to amend, modify or supplement this notice at any time prior to the adjudication of the case.

**Enclosure-**

- 1. Annexure – R (List of Relied Upon Documents)**
- 2. All the Relied Upon documents.**

(Nitin Saini)  
Commissioner of Customs  
Customs House, Mundra

**F.No. GEN/ADJ/COMM/214/2026-Adjn**  
**SCN No. 06/2025-26/COMM/N.S./Adjn/MCH**

**Noticees:**

- 1. M/s. Sagar Polytechnik Limited, (IEC-2401003894), Plot No.2819 To 2826, Lodhika, G.I.D.C. Village-Metoda, Rajkot, Gujarat-360021 (E-mail-[sagarpolytechnikltd2@gmail.com](mailto:sagarpolytechnikltd2@gmail.com), [info@sagarpolymers.com](mailto:info@sagarpolymers.com), )**
- 2. Shri Denish Kansagara, Director of M/s Sagar Polytechnik Limited (E-mail-[denish@sagarpolymers.com](mailto:denish@sagarpolymers.com))**

3. M/s Albatross Polymers Private Limited, Shreeji Engineering,GIDC Khirasara, Khirsara Ranmalji, Rajkot, Gujarat-360021 (E-mail-  
albatrosspolymers@gmail.com)

**Copy to:**

1. The Additional Director General, DRI, Gandhidham Regional Unit, Gandhidham
2. Deputy Commissioner/Assistant Commissioner (EDI), Customs House, Mundra with request to upload the Notice in Official Website.
3. Guard File
4. Notice Board