

		<p>कार्यालयशुल्क सीमा आयुक्त प्रधान :, मुन्द्रा सीमा शुल्क भवन, मुन्द्रा बंदरगाह, कच्छ, गुजरात-370421 OFFICE OF THE PRINCIPAL COMMISSIONER OF CUSTOMS, CUSTOMS HOUSE, MUNDRA PORT, KUTCH, GUJARAT-370421 Email ID: group3-mundra@gov.in</p>	
A.	File NO.	: CUS/APR/1788/2026-Gr 3-O/o Pr Commr –Cus-Mundra Mundra	
B.	Order-in-Original No.	: MCH/ADC/ZDC/44/2026-27	
C.	Passed by	: Dipak Zala, Additional Commissioner of Customs, Customs House, AP & SEZ, Mundra	
D.	Date of order and Date of issue	: 23.04.2026 23.04.2026	
E.	Bill of Entry No.	: SEZ (Z-Type) Bill of Entry No. 7787411 dated 27.02.2026	
F.	SCN F. No. & Date	: SCN Waived on the request of the importer	
G.	Noticee(s)/Party/Importer	: M/s SH Impex (IEC – CDZPB9366C), 228, First Floor, Sharda Niketan, Saraswati Vihar, Delhi – 110034	
H.	DIN	: 20260471MO000000C50B	

1. यह अपील आदेश संबन्धित को निशुल्कप्रदान: किया जाता है।

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

2. यदि कोई व्यक्ति इस अपील आदेश से असंतुष्ट है तो वह सीमाशुल्क अपील नियमावलीके 1982 नियम 3 के साथ पठित सीमाशुल्क अधिनियमकी 1962 धारा128 A के अंतर्गत प्रपत्रसीए- 1-में चार प्रतियों में नीचे बताए गए पते पर अपील कर सकता है-

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

सीमाशुल्क आयुक्त(अपील) ,
चौथी मंजिल, हुडको बिल्डिंग, ईश्वर भुवन रोड,
नवरंगपुरा, अहमदाबाद009 380-
THE COMMISSIONER OF CUSTOMS (APPEALS), Ahmedabad
4th Floor, HUDCO Building, Ishwar Bhuvan Road,
Navrangpura, Ahmedabad-380 009

3. उक्त अपील यह आदेश भेजने की दिनांक से 3 माह के भीतर दाखिल की जानी चाहिए।
Appeal shall be filed within three months from the date of communication of this order.
4. उक्त अपील के उपर न्यायालय शुल्क अधिनियम के तहत 5रुपए -/ का टिकट लगा होना चाहिए और इसके साथ निम्नलिखित अवश्य संलग्न किया जाए-
Appeal should be accompanied by a fee of Rs. 5/- under Court Fee Act it must accompanied by –
- i. उक्त अपील की एक प्रति और
A copy of the appeal, and
- ii. इस आदेश की यह प्रति अथवा कोई अन्य प्रति जिस पर अनुसूची 1-के अनुसार न्यायालय शुल्क अधिनियम 1870-केमदसं. 6-में निर्धारित 5रुपये -/ का न्यायालय शुल्क टिकट अवश्य लगा होना चाहिए।
This copy of the order or any other copy of this order, which must bear a Court Fee Stamp of Rs. 5/- (Rupees Five only) as prescribed under Schedule – I, Item 6 of the Court Fees Act, 1870.
5. अपीलजापनकेसाथड्यूटिब्याज/ दण्ड/ जुर्मानाआदिकेभुगतानकाप्रमाणसंलग्नकियाजानाचाहिये। /
Proof of payment of duty / interest / fine / penalty etc. should be attached with the appeal memo.
6. अपील प्रस्तुत करते समय, सीमाशुल्क (अपील) नियम,और 1982 सीमाशुल्क अधिनियम,के 1962 अन्य सभी प्रावधानों के तहत सभी मामलों का पालन किया जाना चाहिए।
While submitting the appeal, the Customs (Appeals) Rules, 1982 and other provisions of the Customs Act, 1962 should be adhered to in all respects.
7. इस आदेश के विरुद्ध अपील हेतु जहां शुल्क या शुल्क और जुर्माना विवाद में हो,अथवा दण्ड में,जहां केवल जुर्माना विवाद में हो, Commissioner (A) के समक्ष मांग शुल्क का 7.5भुगतान % करना होगा।
An appeal against this order shall lie before the Commissioner (A) on payment of 7.5% of the duty demanded where duty or duty and penalty are in dispute, or penalty, where penalty alone is in dispute.

BRIEF FACTS OF THE CASE

1. On the basis of information received from the Directorate of Revenue Intelligence (DRI), Ahmedabad Zonal Unit, regarding possible mis-declaration in import consignments of laminated fabrics, the consignment loaded in Container No. TRHU8393520, imported vide Z-Bill of Entry No. 7787411 dated 27.02.2026 filed by M/s SH Impex (IEC – CDZPB9366C), 228, First Floor, Sharda Niketan, Saraswati Vihar, Delhi – 110034 (hereinafter referred to as “the importer” for the sake of brevity) was put on hold by the SIIB, Customs House, Mundra for the detailed examination. The details of the goods declared in the aforesaid Bill of Entry are as under:

Table-I

Sr. No	CTH	Description	Quantity	No of Rolls	Declared Assessable value(Rs.)
1	(CTH-59039090)	Polyester Dyed Laminated Fabric	85547 SQM	1440	9,43,412/-

Examination of the Goods:

2. The examination of consignment under the Bill of Entry No. Z-7787411 dated 27.02.2026 was conducted on 17.03.2026 under examination report dated 17.03.2026 at M/s OWS Warehouse Services LLP (SEZ Unit), Mundra, in the presence of Shri Anil Kumar, Operational Manager, M/s OWS Warehouse Services LLP, (SEZ Unit), APSEZ, Mundra and Shri Haresh Tiwari, authorized representative of the importer.

During the examination, container number and seal were verified with the Bill of Lading and found intact. The seal was opened in the presence of the importer's representative and SEZ official. the goods were found fabric rolls, each individually wrapped in transparent polythene packing. Each rolls have label as name of Bahubali, MTR 100, Colour name etc. Further, packages were cut and open, fabrics appears the same type with variations only in colour. Random packages were opened for examination and the fabrics appeared to be of similar type with variation only in colour. A physical count of the rolls was carried out and random weighment of the rolls was also conducted. The details of the examination conducted are as under:

Containers No	No of fabric rolls found during the examination	Average Net weight per roll	Total Net Weight (Approx.)
TRHU8393520	1440	19.1 Kgs	27,504 Kgs

However, to ascertain exact nature and composition of the fabric, samples were drawn and sent to the lab CRCL, Kandla vide Test Memo No. 594/2025-26 dated 18.03.2026. for testing.

3. Classification of the Goods:

The CRCL, Kandla Lab vide their Lab report no. Lab No. 10797-SIIB dated 19.03.2026 in r/o TM no. 594/2025-26 dated 18.03.2026 has submitted the following observations.

As per the test report, details are as under

The sample as received is in the form of a cut piece of dyed (Black coloured) woven fabric having polymeric lamination (translucent

film) on one side.

The base fabric is composed of polyester filament yarn (textured) and the laminated is composed of polymeric material based on polyurethane (PU).

GSM (as such): 130.7

Width (selvedge to selvedge): 150 cm

% Composition

Polyester= 93.27 % by Wt.

Laminating material= Balance

Note- The sample is laminated, hence azo dye could not be ascertained.

In view of the above test reports, it appears that Sample does not merit the declared classification under (CTH 59039090). However, the sample appears as more appropriately covered under Chapter-5903 under the description of laminated fabric i.e. **Textile fabrics impregnated, laminated, covered or laminated with plastics, other than those of heading 5902**. The relevant extract of CTH is as below:

5903 Textile Fabric impregnated, coated, covered or laminated with plastics, other than those of heading 59.02

590310 - With Polyvinyl chloride:
59031010 --- Imitation leather fabrics of Cotton
59031090 --- Other

590320 - With Polyurethane:
59032010 --- Imitation leather fabrics, of cotton
59032090 --- Other

590390 - Other:
59039010 --- Of Cotton
59039020 --- Polyethylene laminated jute fabrics
59039090 --- Other.

From the above Since Polyurethane is a type of plastics. Hence, it, prima facie, appears to be classifiable under 59032090 as there is 2nd single dash (-) level entry for fabric covered with polyurethane instead of declared CTH 59039090, **wherein the applicable duty structure is 20% BCD + 10% SWS+5% IGST.**

4. Re-determination of Quantity of the Goods:

The importer declared 1440 rolls of Polyester Dyed Laminated Fabric having total quantity of 85,547 SQM in the said Bill of Entry.

Further, the Representative samples of the goods forwarded to CRCL Kandla vide TM no. 594/2025-26 dated 18.03.2026. As per CRCL, Kandla Lab vide their Lab report no. 10797-SIIB the GSM of the goods found as 130.7 gm/m². The gross weight of the cargo is 28210 kgs as per weighment slip. Further the Net weight of the cargo comes to 27,504 as per examination report. As per the Net weight of the cargo i.e. 27,504 kgs and GSM i.e. 130.7 gm/m² the total quantity of the goods comes to 210436 SQM. The calculation of quantity is as below:

Total Quantity (SQM)= Net Weight in grams/ GSM

GSM= 130.7, Net weight of the Cargo in gms=27,504 *1000

Total quantity= 27504000/130.7

Total Quantity= 210436 SQM

Thus, the actual quantity of the goods imported was found to be 210436 SQM, as against the declared quantity of 85,547 SQM, resulting in a substantial mis-declaration of quantity.

5. Rejection and Determination of Valuation:

As the goods imported vide Z-Bill of Entry No. 7787411 dated 27.02.2026, were found to be mis-declared in terms of Quantity, thus value, hence they were liable to be re-assessed under section 17(4) of the Customs Act, 1962. Further, the value declared by the importer in the corresponding Bills of Entry and invoices did not appear to be the true transaction value under the provisions of Section 14 of the Customs Act, 1962 read with the provisions of the Customs Valuation (determination of Value of Imported Goods) Rules, 2007 and thus the same appear liable to be rejected in terms of Rule 12 of CVR, 2007. The value is required to be re-determined by sequentially proceeding in terms of Rules 4 to 9 of CVR, 2007.

Determination of valuation:

- a. Efforts were made to find out the correct assessable value of the imported goods found undeclared. It was observed that the imported goods were found in different variety, description, specification and quality, so, it was not possible to find and compare the same with other goods having identical/similar description, brand, make, model, quantity and Country of Origin. As the import data extracted with respect to contemporaneous imports was general in nature and contemporaneous data for imports of identical/similar goods was not available/found, therefore, the value could not be determined under Rules 4 and 5 of CVR, 2007.
- b. As per Rule 6 *ibid*, if the value cannot be determined under Rules 3, 4 and 5 same shall be determined under the provisions of Rule 7 or when same cannot be determined under that rule then under Rule 8.
- c. As the imported goods were found to be non-standard, the sale price of identical or similar goods was not available in the domestic market as the goods are

miscellaneous in nature and found in different variety, description, specification, model, brand, make, sizes and quality, therefore, determination of transaction value under Rule 7 of CVR, 2007 was not possible.

- d. As substantial data related to the cost or value of materials and fabrication or other processing employed in producing the imported goods required to compute the value under Rule 8 is also not available. Therefore, valuation of the impugned goods could not be ascertained under Rule 8 of CVR, 2007.
- e. Hence, valuation of the goods is to be determined under residual method of valuation provided under Rule 9 of the CV Rules *ibid*.

Accordingly, the Chartered Engineer was appointed for valuation of the goods. The Chartered Engineer vide his CE Report No. ABJ:INSP:CE:SIIB:SH:25-26:03 dated 11/04/2026 has suggested the valuation of the imported goods as under:

Table-II

(1 USD=91.90)

Sr. No.	Description of Goods - As found after examination - As per test report.	No. of Fabric rolls	Total Quantity of goods in KGS.- As found after examination - As per Weighment Slip	Total Quantity of goods in SQM - As found after Examination.	Per Unit Declared C.I.F. Bill Of Entry Value of the Goods in USD	Total Declared C.I.F. Bill Of Entry Value of the Goods in USD	Per Unit Average Suggestive C.I.F. Value of the Goods in bulk quantity in USD (Approx.)	Total Average Suggestive C.I.F. Value of the Goods in bulk quantity in USD (Approx.)
<u>1</u>	The base fabric is composed of polyester filament yarn(textured) and lamination is composed of polymeric material based on polyurethane (PU) (GSM130.7) Polyester: 93.27% by Wt.	1440 Rolls	27,504	2,10,436.113	0.12 USD	10265.64 USD	0.14 USD	29,461.056 USD (IN INR-27,07,471)

The chartered engineer, empanelled by the government, determined the fair value of the goods to be **Rs. 27,07,471/-** (Rs. Twenty-Seven Lakh Seven Thousand Four Hundred Seventy-One only) in contrast to the declared assessable value as Rs. 9,43,412/-.

5.3. With the introduction of self-assessment under Section 17(1) of the Customs Act, 1962, the responsibility lies squarely on the importer to accurately self-assess the Bill of Entry and declare the correct amount of leviable duty. By failing to declare dutiable goods correctly in the Bill of Entry, the importer's actions indicate an intent to evade payment of the correct

duties on the imported goods. This deliberate omission raises reasonable grounds to believe that the importer wilfully and intentionally concealed dutiable goods, thereby causing a loss to government revenue.

6. **Re-determination of Duty:**

6.1. Based on the foregoing paragraphs, it is evident that the importer has undervalued/mis-classified/mis-declared the imported goods to evade payment of duties and taxes. The duty liability for the imported goods as per re-determined value is ascertained as under:

Table-III

Sr. No.	Description	Total Quantity (SQM)	Total Suggestive Average C.I.F. Value by C.E. (in USD)	Total Suggestive Average C.I.F. Value by C.E. (in INR) \$=91.9	BCD @ 20% (In Rs.)	SWS @ 10% of BCD (in Rs.)	IGST @ 5% (In Rs.)	Total Duty (In Rs.)
1	Polyester Dyed Fabric Laminated with PU	2,10,436	29,461.056	27,07,471	5,41,494	54,149	1,65,156	7,60,799

From the Table III above, it appears that the total duty liability of the importer is Rs. 7,60,799/- (Rupees Seven Lakh Sixty Thousand Seven Hundred Ninety-Nine only).

6.2. The importer in the BE no. Z-7787411 dated 27.02.2026, has declared the value of the goods as Rs. 9,43,412/- and calculated the applicable duties and taxes on the good declared, based on the declared value and classification in the Bill of Entry as Rs. 2,65,099/-.

6.3. Based on the calculations from Table-III above, the importer is required to pay/levy a differential liability of Rs. 4,95,700/- (Total Duty Rs. 7,60,799/- minus declared duty Rs. 2,65,099/-) on the mis-declared/undervalued goods after adjustment. The said differential duty has arisen due to mis-declaration of quantity, mis-classification and undervaluation of the goods.

7. **LEGAL PROVISIONAS:**

7.1. **Section 2 (14)** of the Customs Act, 1962, "**dutiable goods**" means any goods which are chargeable to duty and on which duty has not been paid;

7.2. **SECTION 46(4)** of the Customs Act, 1962, prescribes that 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.

7.3. **Section 111** of the of the Customs Act, 1962- **Confiscation of**

improperly imported goods, etc. as under

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

...--

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

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

...

7.4. Section 112 of the Customs Act, 1962, penal provisions for improper importation of goods, etc. which read as under:

Any person, -

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

(b) who acquires possession of or is in any way concerned in carrying, removing, depositing, harbouring, keeping, concealing, selling or purchasing, or in any other manner dealing with any goods which he knows or has reason to believe are liable to confiscation under section 111,

shall be liable, -

(ii) in the case of dutiable goods, other than prohibited goods, subject to the provisions of section 114A, to a penalty not exceeding ten per cent. of the duty sought to be evaded or five thousand rupees, whichever is higher:

Provided *that where such duty as determined under sub-section (8) of section 28 and the interest payable thereon under section 28AA is paid within thirty days from the date of communication of the order of the proper officer determining such duty, the amount of penalty liable to be paid by such person under this section shall be twenty-five per cent. of the penalty so determined;]*

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

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

(v) in the case of goods falling both under clauses (ii) and (iii), to a penalty not exceeding the duty sought to be evaded on such goods or the

difference between the declared value and the value thereof or five thousand rupees, whichever is the highest.

7.5. 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.

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

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

- a. *is given a notice in writing with the prior approval of the officer of Customs not below the rank of an Assistant Commissioner of Customs, informing him of the grounds on which it is proposed to confiscate the goods or to impose a penalty;*
- b. *is given an opportunity of making a representation in writing within such reasonable time as may be specified in the notice against the grounds of confiscation or imposition of penalty mentioned therein; and*

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

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

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

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

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

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

Provided *further that, without prejudice to the provisions of the proviso to sub-section (2) of section 115, such fine shall not exceed the market price of*

the goods confiscated, less in the case of imported goods the duty chargeable thereon.

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

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

7.8. Relevant Provisions of Customs Valuation (Determination of Value of Imported Goods) Rules, 2007:

“Rule 4. Transaction value of identical goods. - (1) (a) *Subject to the provisions of rule 3, the value of imported goods shall be the transaction value of identical goods sold for export to India and imported at or about the same time as the goods being valued;*

.....

(3) In applying this rule, if more than one transaction value of identical goods is found, the lowest such value shall be used to determine the value of imported goods.

“Rule 5. Transaction value of similar goods. - (1) *Subject to the provisions of rule 3, the value of imported goods shall be the transaction value of similar goods sold for export to India and imported at or about the same time as the goods being valued:*

Provided that

(2) The provisions of clauses (b) and (c) of sub-rule (1), sub-rule (2) and sub-rule (3), of rule 4 shall, mutatis mutandis, also apply in respect of similar goods.

Rule 7. Deductive value.-

(1) Subject to the provisions of rule 3, if the goods being valued or identical or similar imported goods are sold in India, in the condition as imported at or about the time at which the declaration for determination of value is presented, the value of imported goods shall be based on the unit price at which the imported goods or identical or similar imported goods are sold in the greatest aggregate quantity to persons who are not related to the sellers in India, subject to the following deductions : -

(i) either the commission usually paid or agreed to be paid or the additions usually made for profits and general expenses in connection with sales in India of imported goods of the same class or kind;

(ii) the usual costs of transport and insurance and associated costs incurred within India;

(iii) the customs duties and other taxes payable in India by reason of importation or sale of the goods.

(2) If neither the imported goods nor identical nor similar imported goods are sold at or about the same time of importation of the goods being valued, the value of imported goods shall, subject otherwise to the provisions of sub-rule (1), be based on the unit price at which the imported goods or identical or similar imported goods are sold in India, at the earliest date after importation but before the expiry of ninety days after such importation.

(3) (a) If neither the imported goods nor identical nor similar imported goods are sold in India in the condition as imported, then, the value shall be based on the unit price at which the imported goods, after further processing, are sold in the greatest aggregate quantity to persons who are not related to the seller in India.

(b) In such determination, due allowance shall be made for the value added by processing and the deductions provided for in items (i) to (iii) of sub-rule (1).

Rule 8. Computed value.-

Subject to the provisions of rule 3, the value of imported goods shall be based on a computed value, which shall consist of the sum of:-

(a) the cost or value of materials and fabrication or other processing employed in producing the imported goods;

(b) an amount for profit and general expenses equal to that usually reflected in sales of goods of the same class or kind as the goods being valued which are made by producers in the country of exportation for export to India;

(c) the cost or value of all other expenses under sub-rule (2) of rule 10.

Rule 9. Residual method:-

(1) Subject to the provisions of rule 3, where the value of imported goods cannot be determined under the provisions of any of the preceding rules, the value shall be determined using reasonable means consistent with the principles and general provisions of these rules and on the basis of data available in India;

Provided that the value so determined shall not exceed the price at which such or like goods are ordinarily sold or offered for sale for delivery at the time and place of importation in the course of international trade, when the seller or buyer has no interest in the business of other and price is the sole consideration for the sale or offer for sale.

(2) No value shall be determined under the provisions of" this rule on the basis of –

(i) the selling price in India of the goods produced in India;

(ii) a system which provides for the acceptance for customs purposes of the highest of the two alternative values;

(iii) the price of the goods on the domestic market of the country of exportation; (iv) the cost of production other than computed values which have been determined for identical or similar goods in accordance with the provisions of rule 8;

(v) the price of the goods for the export to a country other than India;

(vi) minimum customs values; or

(vii) arbitrary or fictitious values.

Rule 12. Rejection of declared value. - (1) When the proper officer has reason to doubt the truth or accuracy of the value declared in relation to any imported goods, he may ask the importer of such goods to furnish further information including documents or other evidence and if, after receiving such further information, or in the absence of a response of such importer, the proper officer still has reasonable doubt about the truth or accuracy of the value so declared, it shall be deemed that the transaction value of such imported goods cannot be determined under the provisions of sub-rule (1) of rule 3.

8. Outcome of Investigation:

On the basis of specific intelligence received from the Directorate of Revenue Intelligence (DRI), Ahmedabad Zonal Unit regarding possible mis-declaration in the import of laminated fabrics, an investigation was initiated by the Special Intelligence and Investigation Branch (SIIB), Customs House, Mundra in respect of the import consignment of M/s SH Impex (IEC – CDZPB9366C) covered under SEZ Z-Type Bill of Entry No. 7787411 dated 27.02.2026, filed at APSEZ, Mundra (INAJM6).

The investigation revealed mis-declaration in terms of quantity, classification and valuation, indicating intent to evade Customs duties. The outcomes of the investigation are as follows:

8.1. Examination and Findings:

The consignment contained 1440 rolls of polyester dyed laminated fabric, which physically tallied with the declared number of rolls. However, based on the weighment conducted during examination, CRCL test results and GSM analysis, the actual quantity of the goods was calculated to be 2,10,436 SQM, as against the declared quantity of 85,547 SQM, thereby establishing substantial mis-declaration of quantity.

The CRCL, Kandla Laboratory vide Lab Report No. 10797-SIIB dated 19.03.2026 confirmed that the goods are dyed woven polyester filament fabric laminated with polyurethane (PU).

Accordingly, the declared classification under CTH 59039090 was found to be

incorrect. The goods are more appropriately classifiable under CTH 59032090, i.e., Textile fabrics impregnated, coated, covered or laminated with plastics – with polyurethane.

8.2. Valuation of the Goods:

Declared Value: The importer declared the assessable value of the goods as ₹9,43,412/-

- Re-determined Value:

The Chartered Engineer's valuation report No. ABJ:INSP:CE:SIIB:SH:25-26:03 dated 11.04.2026 determined the fair CIF value of the goods at USD 29,461.056, equivalent to ₹27,07,471/- (at exchange rate ₹91.90/USD).

- Valuation Method:

The declared value was rejected under Rule 12 of the Customs Valuation (Determination of Value of Imported Goods) Rules, 2007 due to mis-declaration and undervaluation.

Since valuation under Rules 4 to 8 could not be determined due to absence of identical or similar contemporaneous import data and non-standard nature of goods, the value was determined under Rule 9 (Residual Method) of the CVR, 2007 based on the Chartered Engineer's valuation.

8.3. Classification:

Based on the CRCL test report vide Lab report no. 10797-SIIB, the imported goods were found to be polyester dyed woven fabric laminated with polyurethane (PU). Accordingly, the goods merit classification under CTH 59032090 under the heading: "Textile fabrics impregnated, coated, covered or laminated with plastics, other than those of heading 5902 – With polyurethane." Thus, the classification declared by the importer under CTH 59039090 is liable to be rejected

8.4. Duty Evasion:

Due to the mis-declaration in quantity, classification and valuation, the importer has attempted to evade payment of Customs duties. The duty calculation revealed that:

- Total Duty payable (Re-determined): ₹7,60,799/-
- Duty declared and paid by importer: ₹2,65,099/-

Thus, the differential duty liability amounts to ₹4,95,700/-, which has arisen due to mis-declaration and undervaluation of the imported goods.

8.5. Conclusion:

From the foregoing investigation, it appears that the importer M/s SH Impex (IEC – CDZPB9366C) has, by acts of omission and commission, mis-declared the quantity, classification and value of the imported goods covered under Bill of Entry No. Z-7787411 dated 27.02.2026, thereby rendering the goods liable for confiscation. The goods having a re-determined assessable value of ₹27,07,471/- appear liable for confiscation under Section 111(l) and 111(m) of the Customs Act, 1962. Further, the importer is also liable for penalty under Section 112(a)(ii) of the Customs Act, 1962 for improper importation of goods. Additionally, since incorrect declaration and documents were used in the import transaction, the importer is also liable for penalty under Section 114AA of the Customs Act, 1962.

Waiver of Notice and Personal Hearing:

9. The importer, M/s SH Impex, 228, First Floor, Sharda Niketan, Saraswati Vihar, Delhi – 110034, was informed of the CRCL test report and the Chartered Engineer's valuation report, which were shared with the importer through email. The importer has accepted the CRCL test report as well as the valuation suggested in the Chartered Engineer's report on mail dated 13.04.2026. Further, vide email 13.04.2026, the importer has requested waiver of issuance of Show Cause Notice and personal hearing in the matter and has requested that necessary adjudication proceedings/action may be initiated in respect of the said Bill of Entry as per the provisions of the Customs Act, 1962.

10. In view of the above, an **Investigation Report No. 14/2026-27** dated 17.04.2026 bearing F. No. Cus/SIIB/HOC/31/2026-SIIB- O/o Pr Commr-Cus-Mundra has been issued by the Deputy Commissioner (SIIB), Customs House, Mundra proposing adjudication of the following matter:

- a. The declared classification of the goods as Polyester Dyed Laminated Fabric under CTH 59039090 in Bill of Entry No. Z-7787411 dated 27.02.2026 is liable to be rejected and the goods are correctly classifiable under CTH 59032090
- b. The declared quantity of 85,547 SQM is liable to be rejected and the actual quantity of the goods is correctly determined as 2,10,436 SQM, establishing mis-declaration of quantity.
- c. The declared assessable value of ₹9,43,412/- is liable to be rejected and the assessable value is correctly re-determined as ₹27,07,471/- under Rule 9 of the Customs Valuation Rules, 2007.

- d. The self-assessment done by the importer is liable to be rejected and the Bill of Entry requires re-assessment under Section 17(4) of the Customs Act, 1962, involving differential duty of ₹4,95,700/.
- e. The goods imported vide Bill of Entry No. Z-7787411 dated 27.02.2026, having re-determined assessable value of ₹27,07,471/-, are liable for confiscation under Section 111(l) and 111(m) of the Customs Act, 1962 for mis-declaration of quantity, classification and value.
- f. The importer is liable for penalty under Section 112(a)(ii) and 114AA of the Customs Act, 1962.

DISCUSSION AND FINDINGS

11.1. I have carefully gone through the facts of the case, impugned investigation report and submissions of the importer. I note that the consignment in question was examined by the SIIB, Customs House, Mundra. I note that during the examination, SIIB drew representative samples from the cargo and forwarded to CRCL Kandla for testing. I note that, as per investigation, the goods do not merit declared classification. I note that, on the basis of test results of the CRCL Lab, the quantity of the goods was re-calculated. I observe that the value of the goods was subsequently re-determined by the SIIB based on the opinion of an empanelled chartered engineer. I note that the importer vide their email/letter dated 13.04.2026 have waived their right to a show cause notice and personal hearings. Thus, I find that the principles of natural justice have been fully complied with in the instant matter. With this understanding, I find that following matters are to be decided at the stage of adjudication:

- (i) Whether the declared classification and quantity under impugned Z-Bill of Entry are correct or whether the same are liable to be rejected and required to be re-determined in terms of outcomes of the investigation?
- (ii) Whether the assessable value of the goods declared by the importer under impugned bill of entry is liable to be rejected and replaced with the value re-determined during the investigation?
- (iii) Whether the impugned bill of entry requires re-assessment under Section 17(4) of the Customs Act, 1962?
- (iv) Whether the impugned goods are liable to confiscation under Sections 111(l) and 111(m) of the Customs Act, 1962 and the importer is liable to penalties under Sections 112(a)(ii), and 114AA of the Act, *ibid*.

11.2. I have carefully examined the relevant legal provisions, facts and circumstances of the case. I now proceed to adjudicate above framed issues.

Discussion and Findings regarding Description, Classification and Quantity of the Goods:

12.1. I find that the importer M/s. SH Impex have imported the goods under Container No. TRHU8393520 vide SEZ (Z-Type) Bill of Entry No. 7787411 dated 27.02.2026 with the following details:

Sr. No	CTH	Description	Quantity	No of Rolls	Declared Assessable value(Rs.)
1	(CTH-59039090)	Polyester Dyed Laminated Fabric	85547 SQM	1440	9,43,412/-

12.2. I find that, on the basis of information shared by the DRI, Ahmedabad Zonal Unit, regarding possible mis-declaration in import consignments of laminated fabrics, the impugned goods were examined by the SIIB, Customs House, Mundra on 17.03.2026 under examination report dated 17.03.2026 at M/s OWS Warehouse Services LLP (SEZ Unit), Mundra, in the presence of authorized representative of the importer. I note that during the examination, the container number and seal were verified with the Bill of Lading and found to be intact. I note after the inspection of the container, the seal was cut in the presence of authorized representative of the importer and the goods were found as fabric rolls, wrapped in transparent polythene packing, labeled with details such as 'Bahubali', MTR 100, colour name etc. I note that the packages were cut and opened for examination. The examination revealed that the fabrics were of the same type, differing only in colour. I note that the rolls were physically counted and randomly weighed. The details of the examination conducted are as under:

Containers No	No of fabric rolls found during the examination	Average Net weight per roll	Total Net Weight (Approx.)
TRHU8393520	1440	19.1 Kgs	27,504 Kgs

12.3. I note that to ascertain nature and composition of the fabrics, samples were drawn and sent to the lab CRCL, Kandla vide Test Memo No. 594/2025-26 dated 18.03.2026 for testing. I find that the CRCL, Kandla, vide their Lab Report No. 10797-SIIB dated 19.03.2026, submitted the following

observations:

The sample as received is in the form of a cut piece of dyed (Black coloured) woven fabric having polymeric lamination (translucent film) on one side.

The base fabric is composed of polyester filament yarn (textured) and the laminated is composed of polymeric material based on polyurethane (PU).

GSM (as such): 130.7

Width (selvedge to selvedge): 150 cm

% Composition

Polyester= 93.27 % by Wt.

Laminating material= Balance

Note- The sample is laminated, hence azo dye could not be ascertained.

12.4. I note that the above-mentioned test report, was also communicated to the importer, who, vide their e-mail dated 13.04.2026, accepted the findings of the CRCL Lab without any objection. I find that the CRCL test results indicate that the goods are “*PU Laminated Polyester Woven Fabric*”. Further, for the purpose of appropriate classification of the impugned goods, I refer to the Customs Tariff and find that, the imported goods being laminated woven fabric fall under customs tariff heading 5903. The relevant extract of the said heading is as below:

5903 Textile Fabric impregnated, coated, covered or laminated with plastics, other than those of heading 59.02

590310 - With Polyvinyl chloride:

59031010 --- Imitation leather fabrics of Cotton

59031090 --- Other

590320 - With Polyurethane:

59032010 --- Imitation leather fabrics, of cotton

59032090 --- Other

590390 - Other:

59039010 --- Of Cotton

59039020 --- Polyethylene laminated jute fabrics

59039090 --- Other.

12.5. From the above, I find that the goods being polyester woven fabric laminated with PU plastic material are appropriately classifiable under the CTH 59032090. However, I note that the importer has classified the goods under CTH 59039090. Hence, I find that the importer has misclassified the goods.

12.6. Moreover, I note that the importer had declared total 1440 rolls, which were physically tallied upon examination. Further, I find that the importer has declared total quantity of the goods as 85547 SQM. However, I observe that, the SIIB, on the basis of net weight of cargo, and, GSM of the samples reported by the CRCL Lab, has found total quantity of the goods as 210436 SQM (approx.) as under:

Total Quantity (SQM) = Net Weight in grams / GSM

GSM= 130.7, Net weight of the Cargo in grams = 27,504000

Total quantity = 27504000 g/130.7 g/SQM

Total Quantity = 210436 SQM (approx.)

12.7. Thus, I find that, during the investigation, the actual quantity of the impugned goods was found to be 210436 SQM, as against the declared quantity of 85,547 SQM, resulting in a substantial mis-declaration of quantity.

12.8. In light of the above, I conclude that the importer has mis-declared the classification and quantity of the goods imported vide impugned Z-Bill of Entry. Hence, I agree with the findings of the investigation and accept the re-determined classification and quantity of the impugned goods.

Discussion and Finding Regarding Valuation of the Goods:

13.1. I find that the importer has declared the value of the impugned goods at Rs.9,43,412/-. However, I observe that the investigation has recommended rejection of the declared value and has proposed acceptance of a re-determined assessable value. Hence, I consider it appropriate to address the issue of valuation of the goods.

13.2. I find that the valuation of goods imported into an SEZ is determined in accordance with Section 14 of the Customs Act, 1962, read with the provisions of the Customs Valuation (Determination of Value of Imported Goods) Rules, 2007 (hereinafter referred to as "the CVR, 2007"). To proceed further, it is pertinent to refer to the aforesaid provisions governing the valuation of the

imported goods.

13.3. Firstly, I refer to the **Section 14** of the Act, which provides that, for the purposes of the Customs Tariff Act or any other law, the value of imported goods shall be the **transaction value**, i.e., the price actually paid or payable for the goods when sold for export to India for delivery at the time and place of importation, where the buyer and seller are unrelated and the price is the sole consideration, subject to conditions specified in the rules.

13.4. I further refer to the Customs Valuation (Determination of Value of Imported Goods) Rules, 2007. I note that Rule 3(1) of the CVR, 2007 provides that subject to Rule 12, the value of imported goods shall be the transaction value, adjusted in accordance with the provisions of Rule 10. I note that Rule 12 of the CVR, 2007 stipulates that where the proper officer has reason to doubt the declared value, such value shall be determined in accordance with Rules 4 to 9.

13.5. I observe that under Rule 4 of the CVR, 2007, the value is to be determined on the basis of the transaction value of identical goods and, in the absence of identical goods, under Rule 5 on the basis of similar goods. Rule 6 provides that where the value cannot be determined under Rules 4 or 5, valuation is to be carried out under the deductive value method prescribed under Rule 7 or the computed value method under Rule 8. Finally, Rule 9 provides for a residual method, whereby the value is to be determined using reasonable means consistent with the principles and general provisions of the CVR, 2007 and Section 14 of the Customs Act, 1962, when none of the preceding methods are applicable.

13.6. Since, in the present case, the goods have been found mis-declared in terms classification and quantity; I find that the declared value is doubtful and cannot be accepted as transaction value in terms of Section 14 of the Customs Act, 1962, read with Rule 3 of the CVR, 2007. Accordingly, I find that the valuation is to be determined under the subsequent provisions of the CVR, 2007.

13.7. I find that, as per investigation, the impugned goods were found of different specifications, colours and quality. I further find that the import data in respect of contemporaneous imports of identical and similar goods of comparable quality and composition was not available. Therefore, the value could not be determined under Rules 4 and 5 of the CVR, 2007. Proceeding sequentially, I find that as per Rule 6 *ibid*, where the value cannot be determined under Rule 3, 4 and 5, it shall be determined under Rule 7 on the basis of the deductive value method, and if not determinable thereunder, then under Rule 8. However, for the reasons detailed above, the values also could

not be determined under Rule 7 *ibid.* Further, I find that for the application of Rule 8, the cost of production or processing involved in the imported goods was not available. Thus, I find that in the absence of requisite data, the value could not be determined under the provisions of 4 to Rule 8 *ibid.* Therefore, I find that the value of the impugned goods is required to be re-determined under Rule 9 which provides for a residual method, whereby the value is to be determined using reasonable means consistent with the principles and general provisions of the CVR, 2007 and Section 14 of the Customs Act, 1962.

13.8. I find that a Chartered Engineer was appointed to determine the value of the impugned goods under Rule 9 *ibid.* I find that the Chartered Engineer vide his CE Report No. ABJ:INSP:CE:MUN:SIIB:SH:JBM:25-26:03 dated 11.04.2026 suggested the valuation of the impugned goods as under:

(1 USD=91.90)

Sr. No.	Description of the goods	No. of Fabric rolls	Total Quantity of goods found during examination (in Kg)	Total Quantity of goods in SQM determined after Examination.	Per Unit Average Suggestive C.I.F. Value of the Goods in bulk quantity in USD (Approx.)	Total Average Suggestive C.I.F. Value of the Goods in bulk quantity in USD (Approx.)
1	PU laminated Polyester Woven Fabric	1440 Rolls	27,504 KGS	2,10,436.113 SQM	0.14 USD	29,461.056 USD (IN INR-27,07,471)

13.9. I find that the importer has declared the total assessable value of the consignment as Rs.9,43,412/- in the impugned Bill of Entry. However, as per the CE Report the suggestive value of the consignment is Rs.27,07,471/-. I further find that during the investigation the above-mentioned valuation report of the Charter Engineer was also communicated to the importer, who has accepted the same vide their email/letter dated 13.04.2026. Thus, I find that the subject consignment has been undervalued by the importer.

13.10. In view of the above, I hold that the assessable value of the imported goods declared in the impugned bill of entry is liable to be rejected. Further, I agree with the valuation report of the empaneled chartered engineer, and, accordingly, accept the re-determined assessable value of **Rs.27,07,471/-**.

Re-assessment of the Bill of Entry:

14.1. I observe that the impugned goods are subject to an effective BCD @ 20 %, SWS @ 10% of BCD, and IGST @ 5%. I further observe that Section 17(1) of the Customs Act, 1962, mandates self-assessment and places a statutory obligation on the importer to correctly declare description, classification, quantity, value etc. of the imported goods to ensure correct levy and discharge the duty. However, in the present case, I find that the declared classification and quantity of the goods do not correspond with classification and quantity determined during the course of investigation. Further, the importer has declared the total assessable value of the consignment as Rs.9,43,412/-. However, as per the report submitted by the Chartered Engineer the value of the consignment is Rs.27,07,471/-. Thus, I find that the consignment has been substantially undervalued, which **has resulted in a short levy of duty amounting to Rs.4,95,700/-**, as computed in the table below:

Sr No.	Re-determined assessable value	Duty leviable on re-determined assessable value				Total duty declared in the BE	Difference in duty
		BCD @20% (In Rs.)	SWS @ 10% of BCD (in Rs.)	IGST @5% (In Rs.)	Total Duty (In Rs.)		
1	27,07,471	5,41,494	54,149	1,65,156	7,60,799	2,65,099	4,95,700

14.2. In the light of above, I find that the importer have incorrectly self-assessed the bill of entry and have failed to fulfil the obligation under Section 17(1) of the Customs Act, 1962. Accordingly, I hold that the bill of entry is required to be re-assessed under Section 17(4) of the Act.

Confiscation of the Goods and Penal Actions:

15.1. I find that the investigation report has recommended the confiscation of the goods under Sections 111(l) and 111(m) of the Customs Act, 1962. In addition, the investigation has recommended the imposition of penalties under Sections 112(a)(ii) and 114AA of the Customs Act, 1962.

15.2. In this regard, I refer to the relevant clause of Section 111, Section 112 along with Section 114AA of the Act *ibid*, which are reproduced below:

Section 111. Confiscation of improperly imported goods, etc. – *The following goods brought from a place outside India shall be liable to*

confiscation:-

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

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

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 per cent. of the duty sought to be evaded or five thousand rupees, whichever is higher:

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.

15.3. I find that in the present case, the importer has wilfully misrepresented classification, quantity, and value of the imported goods. Therefore, the importer has contravened the provisions of Section 46 of the Customs Act, 1962, in as much as, they failed to make correct and true declaration to the Customs in the form of Bill of Entry. This deliberate misrepresentation of goods reflects a conscious attempt to defraud the revenue. Accordingly, the imported goods are liable for confiscation under Section 111(l) and 111(m) of the Customs Act, 1962. Moreover, the importer's act of attempting to import dutiable goods by way of misrepresentation renders them liable to penal action under Section 112(a)(ii) of the Customs Act, 1962.

15.4. As regards the penalty on the Importer under Section 114AA of the Customs Act, 1962, I find that the Importer has dealt with incorrect documents while filing bill of entry for the said consignment. The Importer had knowingly

and intentionally made/signed/used and/or caused to be made/signed/used the import documents and other related documents which were false or incorrect in material particular such as description, quantity, value etc., with mala-fide intention, and therefore, the importer is liable to penalize under Section 114AA of the Customs Act, 1962.

Option to Pay Redemption Fine in lieu of Confiscation:

16.1. As the impugned goods are found to be liable for confiscation under Section 111(l) and 111(m) of the Customs Act, 1962, I find it necessary to consider as to whether redemption fine under Section 125 of Customs Act, 1962, is liable to be imposed in lieu of confiscation in respect of the impugned goods. The Section 125 ibid reads as under:-

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

16.2. A plain reading of the above provision shows that imposition of redemption fine is an option in lieu of confiscation. It provides for an opportunity to owner of the goods for release of the confiscated goods by paying redemption fine where there is no restriction or policy provision for domestic clearance. I find that the impugned goods are freely importable. Therefore, I am inclined to give an option to the importer to redeem the goods on payment of redemption fine.

17. In view of foregoing discussion and findings, I pass the following order:

ORDER

- i. I reject the declared Classification and Quantity of the goods imported under SEZ (Z-Type) Bill of Entry No. 7787411 dated 27.02.2026, filed by the Importer M/s. SH Impex, due to their mis-declaration, and I order to consider the same as per discussions and findings from Para 12.1 to 12.8 above.
- ii. I reject the total declared assessable value of Rs.9,43,412/- for the goods imported under SEZ (Z-Type) Bill of Entry No. 7787411 dated 27.02.2026, and order to consider the assessable value as **Rs.27,07,471/- (Rupees Twenty Seven Lakh Seven Thousand Four Hundred and Seventy One Only)**, under Rule 9 of the Customs Valuation (Determination of Value of

Imported Goods) Rules, 2007, read with Section 14 of the Customs Act, 1962, as per discussions and findings from Para 13.1 to 13.10 above.

- iii. I order to re-assess the SEZ (Z-Type) Bill of Entry No. 7787411 dated 27.02.2026 under Section 17(4) of the Customs Act, 1962 as per discussions and findings from Para 14.1 to 14.2 above.
- iv. I order for confiscation of the goods imported under SEZ (Z-Type) Bill of Entry No. 7787411 dated 27.02.2026 having re-determined value of Rs.27,07,471/- under Sections 111(l) & 111(m) of the Customs Act, 1962. However, I give an option to the importer to redeem the same on payment of **redemption fine of Rs.2,70,000/- (Rupees Two Lakh Seventy Thousand Only)** under Section 125(1) of the Customs Act, 1962. However, if the importer fails to pay the imposed fine within a period of 120 days from the date of communication of this order, this option shall become void as per Section 125(3) of the Customs Act, 1962, unless an appeal against this order pending.
- v. I impose a penalty of **Rs.49,500/- (Rupees Forty Nine Thousand Five Hundred Only)** upon the importer under Section 112(a)(ii) of the Customs Act, 1962 for attempting to import dutiable goods by way of mis-declaration in description, quantity, no. of items and packages.
- vi. I impose a penalty of **Rs.25,000/- (Rupees Twenty Five Thousand Only)** upon the importer under Section 114AA of the Customs Act, 1962 for use of false and incorrect material in relation to the import of the goods.

18. This Order is issued without prejudice to any other action that may be taken against the importer under the provisions of the Customs Act, 1962 or rules made thereunder or under any other law for the time being in force.

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

To,
M/s SH Impex,
228, First Floor, Sharda Niketan,
Saraswati Vihar, Delhi – 110034

Copy to:

- i. The Deputy Commissioner (SIIB), Customs, CH, Mundra.
- ii. The Dy./Asstt. Commissioner (EDI), CH, Mundra.
- iii. The Dy./Asstt. Commissioner (RRA/TRC), CH, Mundra.

