कार्यालय: प्रधान आयुक्त सीमाशुल्क, मुन्द्रा,
सीमाशुल्क भवन, मुन्द्रा बंदरगाह, कच्छ, गुजरात- 370421
OFFICE OF THE PRINCIPAL COMMISSIONER OF CUSTOMS:
CUSTOM HOUSE, MUNDRA PORT, KUTCH, GUJARAT-370421.
PHONE : 02838-271426/271163 FAX :02838-271425
E-mail id- adj-mundra@gov.in

F.No. GEN/ADJ/ADC/962/2025-Adjn Date: 12-06-2026

Corrigendum to Order-in-Original No. MCH/ADC/ZDC/58/2026-27

dated 28-04-2026

In the Order-in-Original No. MCH/ADC/ZDC/58/2026-27 dated 28-04-2026 issued to M/s Iskon Sales Corporation and Shri Prashant Gautam, Proprietor of M/s Iskon Sales Corporation, the following corrections are made to rectify the clerical error: -

In the above referred Order-in-Original, wherever the SCN number ***"01/2025-26/ADC/AKM/ADJ/MCH"*** is mentioned, the same may be read as ***"23/2025-26/ADC/AKM/ADJ/MCH"***.

Rest of the contents of the aforesaid Order-in-Original remain unchanged. This corrigendum is being issued under Section 154 of the Customs Act, 1962.

Digitally signed by Dipakbhai Zala
Date: 12-06-2026 13:29:38

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

To,

1. M/s Iskon Sales Corporation,
   4995/5, Sant Nagar, Karol Bagh,
   Delhi-110005

2. Shri Prashant Gautam, Proprietor of M/s Iskon Sales Corporation,
   4995/5, Sant Nagar, Karol Bagh,
   Delhi-110005

Copy to:

1. The Additional Director General, DRI, Ahmedabad Zonal Unit,
   15 Magnet Corporate Park, Off S.G. Highway,
   Near Sola Flyover, Thaltej, Ahmedabad – 380054.
2. The Deputy Commissioner, Review, Customs House, Mundra.
3. The Deputy Commissioner, TRC, Customs House, Mundra.
4. The Assistant Commissioner, EDI, Customs House, Mundra.
5. Guard File.

	प्रधान आयुक्त का कार्यालय, सीमा शुल्क सदन, मुन्द्रा **OFFICE OF THE PRINCIPAL COMMISSIONER OF CUSTOMS,** **CUSTOM HOUSE: MUNDRA, KUTCH** **MUNDRA PORT & SPL ECONOMIC ZONE, MUNDRA-370421** ई-मेल/ E-Mail: adj-mundra@gov.in	
A	फा /.सं .FILE NO.	GEN/ADJ/ADC/962/2025-Adjn-O/o Pr Commr-Cus-Mundra
B	मूल आदेश सं. ORDER-IN- ORIGINAL NO.	MCH/ADC/ZDC/58/2026-27
C	द्वारा पारित किया गया PASSED BY	**Dipak Zala,** Additional Commissioner of Customs, Custom House, Mundra
D	आदेश की तिथि DATE OF ORDER	28-04-2026
E	जारी करने की तिथि DATE OF ISSUE	28-04-2026
F	कारण बताओ नोटिस संएवं तिथि . SCN NO. & DATE	01/2025-26/ADC/AKM/ADJ/MCH dated 06.05.2025
G	नोटिसीपार्टी / आयातक/ NOTICEE/PARTY/ IMPORTER	1. M/s Iskon Sales Corporation, 2. Shri Prashant Gautam, Proprietor of M/s Iskon Sales Corporation
H	डिन DIN	20260471MO0000015190

1. यह अपील आदेश संबन्धित को नि:शुल्क प्रदान किया जाता है।
   This Order - in - Original is granted to the concerned free of charge.

2. यदि कोई व्यक्ति इस अपील आदेश से असंतुष्ट है तो वह सीमा शुल्क अपील नियमावली 1982 के नियम 6(1) के साथ पठित सीमा शुल्क अधिनियम 1962 की धारा 129A(1) के अंतर्गत प्रपत्र सीए3-में चार प्रतियों में नीचे बताए गए पते पर अपील कर सकता है-

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

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

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

3. उक्त अपील यह आदेश भेजने की दिनांक से तीन 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 पर न्यायालय शुल्क अधिनियम के तहत 5 -/रुपए का टिकट लगा होना चाहिए और इसके साथ निम्नलिखित अवश्य संलग्न किया जाए -

   Appeal should be accompanied by a fee of Rs. 5/- under Court Fee Act it must accompanied by –

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

6. अपील ज्ञापन के साथ ड्यूटि/ दण्ड/ जुर्माना आदि के भुगतान का प्रमाण संलग्न किया जाना चाहिये। Proof of payment of duty/fine/penalty etc. should be attached with the appeal memo.
7. अपील प्रस्तुत करते समय, सीमाशुल्क (अपील) नियम, 1982 और सीमा शुल्क अधिनियम, 1962 के सभी मामलों में पालन किया जाना चाहिए।
While submitting the appeal, the Customs (Appeals) Rules, 1982 and the Customs Act, 1962 should be adhered to in all respects.

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

BRIEF FACTS OF THE CASE

M/s. Iskon Sales Corporation (IEC No.0516929313), having registered address at Basement of 4995/5, Sant Nagar, Karol Bagh, Delhi-110005, (hereinafter referred to as "M/s. ISC"), is engaged in import of PU-coated Fabrics and other fabrics from China for home consumption. These imported goods are further sold by them to domestic buyers in local market.

2. Intelligence gathered by the Directorate of Revenue Intelligence (DRI) indicated that multiple importers including M/s. ISC is importing PU Fabrics by indulging in mis-declaration of description and mis-classification of the good during import and thereby is evading payment of applicable Anti-dumping duty and Customs duties. The intelligence further indicated that one consignment of PU Coated fabrics imported by M/s. ISC from China vide Bill of Entry No.1015704 dt. 02.11.2022 was lying at Mundra SEZ Warehouse Unit M/s. OWS Warehouse Services LLP.

3. Acting upon the above intelligence, the above import consignments of M/s. ISC was examined by the officers of DRI at Mundra SEZ Warehouse Unit M/s. OWS Warehouse Services LLP, under Panchnama dated 12.11.2022. The imported goods were covered under below mentioned details during examination -

Table-1

Bill of Entry No. & Date	1015704 dt.02.11.2022
Declared Goods Description	Textile Coated Fabric
Bill of Lading No. & Date	GOSUNGB9964687
Container No.	ZCSU7647771

3.1 During the examination of the goods under Panchnama dt. 12.11.2022, the

goods in respect of B/E No. 1015704 dt. 02.11.2022 were found at Mundra SEZ Warehouse Unit M/s. OWS Warehouse Services LLP as mentioned below;

Table-2

SEZ BE No. and Date	**Container No.**	**Total no. of Rolls declared in BE**	**Type of Rolls**	**Type wise number of Rolls**	**Each Roll Length (In Meter)**	**Each Roll Width (In Meter)**	**Total length (in Meter)**
1015704 dt. 02.11.2022	ZCSU7647771	1749	Type-1	1692	50	1.5	84600
			Type-2	57	50	1.5	2850
		Total 1749	**1749**				**87450**

3.2 Since these goods were differently identifiable, samples of both Types of Goods in respect of B/E No. 1015704 dt. 02.11.2022 were drawn to find out the actual nature, description and classification of the goods and these goods were detained pending Test reports from CRCL Vadodara.

3.3 The above drawn samples were sent to the CRCL, Vadodara for conducting test to ascertain the identity of the goods. The details divulged in Test Reports provided by CRCL provided in respect of the samples are as under

Table-3

Sr. No.	**Test Memo No. and Date**	**Test Report No. and Date**	**SEZ Bill of Entry No. & Date**	**Container No.**	**Declared Description and classification in BE**	**Appropriate description of goods as per Test Reports**
01	1/ISKON/1015704 dt.18.11.2022	RCL/AH/DRI/3011/01.12.2022 Dated 23.12.2022	1015704 dt. 02.11.2022	ZCSU7647771	Textile Coated Fabric	Dyed knitted fabric (having raised fibres on one surface) coated with compounded Polyurethane on one side.
02	2/ISKON/1015704 dt.18.11.2022	RCL/AH/DRI/3012/01.12.2022 Dated 23.12.2022				Dyed woven fabric coated with compounded polyurethane (PU)

3.4 The above Test Reports revealed that the goods imported by M/s. ISC vide Bill of Entry No. 1015704 Dated 02.11.2022 which were declared as Textile Coated Fabric and classified under CTI 59119090, were PU-coated fabrics which merit classification under CTI 59032090. The test report received from CRCL, Vadodara,

revealed that the goods covered under the above Bill of Entry by M/s. ISC were mis-declared and mis-classified, hence these imported goods were placed under seizure vide Seizure memo issued on 11.01.2023 from file no. DRI/AZU/CI/ENQ-04(INT-21)/2023.

3.5 In terms of Notification No. 14/2022-Customs (ADD) dated 20.05.2022, PU-coated fabric falling under CTI 59032090, when imported from any Country including China and produced by entities other than by M/s. Anhui Anli Material Technology Limited, attracts Anti-dumping duty @USD 0.46 per Meters. Therefore, the Textile Coated Fabric totaling to 87,450 meters imported by M/s. ISC vide Bill of Entry No. 1015704 Dated 02.11.2022 (Table-2 above) and found to be PU Coated Fabric in terms of CRCL, Vadodara Test Report as mentioned under Table-3, were leviable to Anti-dumping duty as per Notification No. 14/2022-Customs (ADD) dated 20.05.2022.

3.6 The above notification further clarified that 'for the purposes of this notification, rate of exchange applicable for calculation of such anti-dumping duty, shall be the rate which is specified in the notification of the Government of India, Ministry of Finance (Department of Revenue), issued from time to time, in exercise of the powers conferred by section 14 of the Customs Act, 1962 (52 of 1962), and the relevant date for the determination of the rate of exchange shall be the date of presentation of the bill of entry under section 46 of the said Act.' Accordingly, in the present case, the rate of exchange is to be taken as per Notification No. 90/2022-Customs (N.T.) dated 20.10.2022 which was prevalent during the relevant period of import.

3.7 After completion of the investigation in respect of the above seized goods imported vide Bill of Entry No.1015704 dt. 02.11.2022, an Investigation Report inter-alia proposing confiscation of the seized goods and proposing penalty u/s. 112(a) & (b), 114AA and 117 of the Customs Act, 1962 was forwarded to Additional Commissioner of Customs, CH Mundra which culminated into issuing of Show Cause Notice. Thus, the above Import made by M/s. ISC vide Bill of Entry No. 1015704 dt. 02.11.2022 is excluded from the purview of the instant Investigation Report.

4. During the course of investigation, search at the registered premises of M/s. Pooja Trading Company at 5321, Hardhiyan Singh Marg, Block 19C, Dev Nagar, Karol Bagh New Delhi & premises of M/s. ISC at Basement of 4995/5, Sant Nagar, Karol Bagh, Delhi-110005 was carried out under Panchnama dated 25.11.2022. During the search at M/s. Pooja Trading Co., one person namely Shri Suresh Kumar, Owner of M/s. Pooja Trading Co. was found present there. During the search no incriminating documents were found at the premises. Shri Suresh Kumar, on being asked by the officers of DRI, stated that all the documents related to his firm are maintained by his CA Shri Rahul Girdhar. Meanwhile one person entered the premises and introduced himself as Shri Prashant Gautam, Proprietor of M/s. ISC as well as Son of Shri Suresh Kumar, Owner of M/s. Pooja Trading Co. The proceedings under search at the premises of M/s. Pooja Trading Co. came to end and the search was further continued to be carried on to the premises of M/s. Iskon Sales Corporation situated at Basement of 4995/5, Sant Nagar, Karol Bagh,

Delhi-110005 wherein the officers found two files in respect of transaction of imported goods which were resumed for further scrutiny. When Shri Prashant Gautam, Proprietor of M/s. ISC was asked about other documents, it was informed by him that they are in the possession of his CA Shri Rahul Girdhar and he called this CA and subsequently the details of Stock Register, Sale & Purchase details of both M/s. ISC and M/s. Pooja Trading co. were provided to the officers in a Pen Drive.

4.1 M/s. Iskon Sales Corporation & M/s. Pooja Trading submitted the various documents vide emails dated 13.02.2023, 15.03.2023, 13.08.2024, 27.11.2024 & 12.01.2025.

5. Statements recorded & Investigation made in the case

5.1 Statement of Shri Prashant Gautam, S/o Shri Suresh Kumar, Proprietor of M/s ISC Enterprises was recorded u/s. 108 of the Customs Act, 1962 on 13.02.2023 wherein he inter alia stated that M/s. Iskon Sales Corporation was established in the year 2015 and the firm is a trading firm of various types of fabrics viz. Flock Fabric, Non-Woven Fabric, Artificial Leather etc.; that his father Shri Suresh Kumar is the Proprietor of M/s. Pooja Trading Co. and his brother Shri Manish Gautam is the Proprietor of M/s. Shiva Sales and both these firms are involved in trading of various types of fabrics; that Artificial Leather are basically synthetic leather made up by coating of PVC and PU and is used in manufacturing of Shoes, Purse, Hand Bags; that he imports as well as procures these fabrics from local market for further trading; that he has imported PU Coated Fabric, PVC Coated Fabric, Bonded Fabric, Non-Woven Fabric & Flock Fabric from Republic of China; that he purchases these fabrics domestically from M/s. D C Enterprises, M/s. Chandraprabh Overseas, M/s. Tomar Enterprises and M/s. SSF Polymers; that these Fabrics when imported are bought from M/s. Wenzhou Asia Stat International, China & M/s. Wenzhou Longwan International, China; that they have stopped importing PU Coated fabric after implementation of levy of Anti-dumping duty on it; that he doesn't know the difference between imported Textile Coated Fabric and PU Coated Fabric; that Textile Coated Fabric is also an Artificial leather fabric is used in the same application viz. manufacture of Shoes, Purse and Handbag, as the PU Coated Fabric is being used; that he has started importing Textile Coating Fabric after May 2022; that he had never purchased textile coated fabric from domestic market.

5.2 Summons CBIC-DIN-202302DDZ1000000A666 dt. 13.02.2023 and CBIC-DIN-202302DDZ10000666B31 dt. 23.02.2023 were issued to Shri Suresh Kumar, Proprietor of M/s. Pooja Trading Co. (Buyer of the goods imported by M/s. ISC) for appearing before the office to record statement and submit copy of Purchase/Sales/Stock Register for F.Y. 2022-23, Sales/Purchase Invoices for F.Y. 2022-23, Ledger account of the goods. However, neither he appeared on the relevant date nor any documents sought were submitted by him. Therefore, another Summons CBIC-DIN-202303DDZ100005555FA dt. 06.03.2023 was issued requiring the presence of Shri Suresh Kumar and submission of the documents. In response, Shri Prashant Gautam, Proprietor of M/s.ISC and son of Shri Suresh

Kumar, Proprietor of M/s. Pooja Trading Co., forwarded the required documents of his father's firm through the registered email id of M/s. Pooja Trading Co. i.e. poojatradingco10@gmail.com on 15.03.2023.

5.2.1 Statement of Shri Suresh Kumar, S/o Late Ambe Lal, Proprietor of M/s Pooja Trading Co. was recorded u/s. 108 of the Customs Act, 1962 on 16.03.2023 wherein he inter alia stated that he is the Proprietor of M/s. Pooja Trading Co. which was established in the year 2013; that M/s. Pooja Trading Co. is trading in the fabric which is used in manufacture of Footwear and Bags; that they purchase and sell Flock Fabric, Rexin and Artificial Leather; that he had imported Fabric in the year 2016-17; that they purchase Fabric from M/s. Iskon Sales Corporation, M/s. Shiva Sales, M/S. Super Enterprises, M/s. R. K. Trading, M/s. D. C. Enterprise etc.; that on being asked about the sales billing procedure, he stated that the persons of his C.A. office prepare the Invoices for sale of goods to the firms/persons whose details is provided by him; that he is regularly filing all the GST returns based on the true facts of his business; that on being asked to elaborate the characteristics of the Textile Coated Fabric, Flock Fabric and PU Coated Fabric, he informed about his unawareness about it.

5.3 Statement of Shri Deepak Shivhare, S/o Late Mahesh Chandra Shivhare, Proprietor of M/s Vishal Sales Corporation was recorded u/s. 108 of the Customs Act, 1962 on 09.09.2024 wherein he inter alia stated that M/s. Vishal Sales Corporation is a trader of raw material, mainly Rexin used in manufacturing of Shoes; that the term Rexin includes both PVC Coated & PU Coated Fabrics; that he has imported PU Coated Fabric from China during the period 2009 to 2023 and now is purchasing the same from the domestic market; that he had ordered PU coated Fabric/lining from M/s. ISC and the same was supplied to him by M/s. ISC under their Invoice No.867 dt. 23.11.2022, however the description of the goods was mis-declared by M/s. ISC in their Invoice as "Textile Coated Fabrics".

5.4 Statement of Shri Vikas Shivhare, S/o Late Mahesh Chandra Shivhare, Proprietor of M/s Vishal Enterprises was recorded u/s. 108 of the Customs Act, 1962 on 06.09.2024 wherein he inter alia stated that M/s. Vishal Enterprises is a trader of raw material used in manufacturing of Shoes viz. Drill Cloth, Latex, Rexin, Nails, Adhesives; that the term Rexin includes Furr Lining, PVC Coated Lining, PU Coated Lining, PVC Coated Fabric and PU Coated Fabric; that Lining material is the inner layer of Shoes and Fabric is used as the outer layer of the Shoes; that he had not imported any PU Coated Fabric from China but they are procuring it from the domestic market; that they have ordered PU Coated Fabric from M/s. ISC and the same was received from M/s. ISC under their Invoice No.868 dt. 24.11.2022, however the description of the goods was mis-declared by M/s. ISC in their Invoice as "Textile Coated Fabrics".

5.5 Panchnama dated 03.10.2024 was drawn at the office premises of DRI, Ahmedabad Zonal Unit in the presence of Shri Suresh Kumar, Proprietor of M/s. Pooja Trading Co., for extraction of the data stored in the Pen Drive which was retrieved in a sealed yellow color envelope from the registered premises of M/s. Pooja Trading Company at 5321, Hardhiyan Singh Marg, Block 19C, Dev Nagar, Karol Bagh New Delhi & premises of M/s. ISC at Basement of 4995/5, Sant Nagar,

Karol Bagh, Delhi-110005 under Panchnama dated 25.11.2022. During proceedings, Print-out of documents related Stock, Sales, Trading & Purchase made by M/s. Pooja Trading Co. were taken out and stored in a made-up file.

5.5.1 Statement of Shri Suresh Kumar, S/o Late Ambe Lal, Proprietor of M/s Pooja Trading Co. was recorded u/s. 108 of the Customs Act, 1962 on 03.10.2024 wherein he inter alia stated that his son Shri Prashant Gautam is the Proprietor of M/s. Iskon Sales Corporation and his second son Shri Manish Gautam is the Proprietor of M/s. Shiva Sales; that in his own firm M/s. Pooja Trading Co., there are four employees, one of which is Shri Hosala Prasad who is working since last 05 years; on being asked about the details of the remaining employees, he refused to share any details thereof; on being asked about the mode of disbursement of monthly payment of these employees, he stated that the payments are made in cash; that all the accounting and stock details are maintained by Shri Haroon, Assistant of his firms C.A. Shri Rahul Girdhar; that the billing work is done by Shri Haroon on his directions.

5.5.2 On being shown a copy of their firm's email dt. 15.03.2023 vide which details of Sales Invoices, Current Stock Register, Purchase Register, Sales Register were forwarded to DRI Ahmedabad, he agreed that the said documents were sent by his Son Shri Prashant Gautam from the firms email id.

5.5.3 When further shown the details contained at Page No.51 to 62 of the Sales Register which was sent by vide above email and asked to explain as to why the last Invoice Number of the Sales Register as per the details given and retrieved in Pen Drive under Panchnama dated 25.11.2022 is 2760 whereas the last Invoice Number of the Sales Register as sent on 25.11.2022 through the email dt. 15.03.2023 by him is 2777, indicating an addition of 17 Invoices issued on 25.11.2022 after the search proceedings under Panchnama dated 25.11.2022 at the registered premises of M/s. Pooja Trading Co., he replied that he cannot divulge on this issue as the same are done by his C.A. Shri Rahul Girdhar and his Assistant Shri Haroon and only they can explain the same.

5.6 Statement of Shri Rahul Girdhar, S/o Shri Ramesh Girdhar, Chartered Accountant, was recorded u/s. 108 of the Customs Act, 1962 on 22.10.2024 wherein he inter alia stated that he is handling work related to GST Compliances, I.T. Returns, TDS Filing and Audit of Both M/s. ISC and M/s. Pooja Trading Co.; that Shri Haroon was working as his employee for the last 4 years but had left job in the month of June 2024; that on being perused with Panchnama dated 25.11.2022 drawn at the registered premises of M/s. Pooja Trading Company at 5321, Hardhiyan Singh Marg, Block 19C, Dev Nagar, Karol Bagh New Delhi & premises of M/s. ISC at Basement of 4995/5, Sant Nagar, Karol Bagh, Delhi-110005, he stated that he does not agree with the facts mentioned by Shri Suresh Kumar that the documents related to M/s. Pooja Trading Co. are available with his C.A. Shri Rahul Girdhar; that he further clarified that such documents were never in his possession even on 25.11.2022 or at any other date; that these documents were in fact available in the Laptop of Shri Prashant Gautam, Proprietor of M/s. ISC and his employee Shri Haroon had just retrieved it from the Accounting Software installed in the Laptop of Shri Prashant Gautam in a Pen Drive under the

Panchnama dated 25.11.2022 under his instructions; that he or his staff visits the office of M/s.ISC or M/s. Pooja Trading Co. to discuss GST returns only; that the accounting work of M/s. ISC and M/s. Pooja Trading Co. are done by independent accountants; that the data for the purpose of filing GST return of M/s. Pooja Trading Co. and M/s. ISC is taken by them from the common Laptop of Shri Prashant Gautam by accessing BUSY/TALLY accounting software; that he was not assigned the work of preparation of Ledger or Invoices of M/s. Pooja Trading Co.

5.7 The investigation in the instant case was initiated on 12.11.2022 and therefore the mandated time limit for service of Show Cause Notice in the case u/s. 28BB of the Customs Act, 1962 was 11.11.2024. However, since the investigation could not be completed within that time, a letter addressed to the Pr. Commissioner of Customs, Mundra Port (being the Adjudicating Authority) was forwarded seeking extension of one year for issuance of SCN in terms of Provisio to Section 28BB (1) of the Customs Act, 1962 and the Extension of One year by the Adjudicating Authority was conveyed to this office vide Letter DIN-20241171MO0000166236 dated 01.11.2024.

5.8 Further Statement of Shri Prashant Gautam, S/o Shri Suresh Kumar, Proprietor of M/s ISC Enterprises was recorded u/s. 108 of the Customs Act, 1962 on 13.01.2025 wherein he inter alia perused the copy of email dated 13.08.2024 along with attachments related to E-way Bill, Textile Coated Fabric Ledger for F.Y. 2022-23, Cash Sales and Invoice copies forwarded by him to DRI, Ahmedabad. On being asked he stated that the normal transportation period of the imported goods from Mundra Port to his godown at New Delhi is 03 days; that his attention was specifically drawn to E-Way Bill No. 611463370061 dt. 14.09.2022 generated for movement of goods imported & cleared by them under SEZ to DTA Bill of Entry No. 2013670 dt. 09.09.2022, which apparently means that the goods would be deemed to have been received by them at New Delhi on or after 18.09.2022 whereas as per the stock register for F.Y. 2022-23, these goods are shown to have been received on 09.09.2022; that after perusing these facts, he stated that the above entry of receipt of goods on 09.09.2022 made in his firm's Stock Ledger is incorrect. He also confirmed that the Textile Coated Fabric imported by him were in rolls of different lengths and were not anywhere used or concerned with Card Clothing, Bolting Cloth, Oil Presses or used for other technical purposes; that the Textile Coated Fabric imported by him was further sold to domestic market on First in – First Out basis (FIFO); that he does not have knowledge about the nature of the coating material which were coated on the Textile Coated Fabric imported by him.

5.9 Statement of Shri Suresh Kumar, S/o Late Ambe Lal, Proprietor of M/s Pooja Trading Co. was recorded u/s. 108 of the Customs Act, 1962 on 11.02.2025 wherein he inter alia stated that in his previous statement dated 03.10.2024, he had wrongly stated that Shri Haroon, Assistant of his firm's C.A. is preparing Sales Invoices and maintaining Stock Register of his firm; that he stated that in truth, an amateur Accountant used to prepare Sales Invoice and maintain Stock Register of his firm; that he does not remember his name and details and the accountant was paid remuneration in cash; that the accountant used to work as per his directions; that his firm used to trade mainly in PU coated Fabric, Flock Fabric, Textile Coated Fabric and PVC Coated Fabric; that he had purchased Textile Coated Fabric in the

month of October 2022 and that too only from M/s. Iskon Sales Corporation and apart from M/s. ISC, he had not purchased Textile Coated Fabric from any other firm; that his customers had provided him a sample of the fabric they needed and he purchased the same type of fabric from M/s. ISC through local agents and sold it to them; that he does not remember the name & details of the local agent through whom he had purchased Textile Coated Fabric from M/s. ISC.

5.10 Further Statement of Shri Prashant Gautam, S/o Shri Suresh Kumar, Proprietor of M/s ISC Enterprises was recorded u/s. 108 of the Customs Act, 1962 on 12.02.2025 wherein he inter alia stated that the receipt of goods in the Stock Register of his firm M/s. ISC would be chronologically in order of the receipt of imported goods; that the Textile coated fabric were purchased through import from China during the period from September 2022 to November 2022; that he had never conducted any testing on the fabric coating to ascertain the type of fabric; that the Textile coated Fabric is mainly used in manufacturing process of Shoes, Purses and Handbag; that the Sales Entry recorded as "Cash" in Sales Register refers to sale of goods to non-registered persons under GST and the payment against these sales were received in Cash.

6. INVESTIGATION OF THE CASE

The investigation conducted in the case revealed that M/s. ISC, Holding IEC No.0516929313, had imported goods with the description "TEXTILE COATED FABRIC" as mentioned under –

Table-4

Sr. No.	SEZ Bill of Entry	SEZ to DTA BE	CTH Declared	Item Description Declared	Declared Qty	Remark
1	1012160 dt. 07.09.2022	2013670 dt. 09.09.2022	59119090	TEXTILE COATED FABRIC	23,585.25 Kg	Under Investigation
2	1012534 dt. 15.09.2022	2014055 dt. 19.09.2022	59119090 60063200	TEXTILE COATED FABRIC POLYESTER BONDED FABRIC	20,244 Kg 4976 Kg	Under Investigation
3	1013952 dt. 06.10.2022	2015507 dt. 10.10.2022	59119090	TEXTILE COATED FABRIC	25,125 Kg	Provisionally Assessed by Customs, Mundra
4	1014299 dt. 11.10.2022	2016012 dt. 17.10.2022	59119090	TEXTILE COATED FABRIC	25,172.50 SQM	Provisionally Assessed by Customs, Mundra
5	1014297 dt. 11.10.2022	2016201 dt. 19.10.2022	59119090 60063200	TEXTILE COATED FABRIC POLYESTER BONDED FABRIC	21,620 Kg 3,240 Kg	Provisionally Assessed by Customs, Mundra
						Goods Seized

6	1015704 dt. 02.11.2022	2017241 dt. 05.11.2022	59119090	TEXTILE COATED FABRIC	21,172 Kg	by DRI, IR for Seized goods issued.

During investigation, live consignment in respect of Bill of Entry No. 1015704 dt. 02.11.2022 were examined at Mundra SEZ Warehouse Unit M/s. OWS Warehouse Services LLP and samples in respect of the imported goods declared as "TEXTILE COATED FABRIC" were drawn under Panchnama dt. 12.11.2022. These Samples were sent to CRCL, Vadodara for ascertaining the genuineness of the declaration made in respect of the goods by the Importer. The Test Report issued by CRCL, Vadodara in this regard, is as under –

Table-5

Sr. No.	**Test Memo No. and Date**	**Test Report No. and Date**	**SEZ Bill of Entry No. & Date**	**Container No.**	**Declared Description and classification in BE**	**Appropriate description of goods as per Test Reports**
01	1/ISKON/1015704 dt.18.11.2022	RCL/AH/DRI/3011/01.12.2022 Dated 23.12.2022	1015704 dt. 02.11.2022	ZCSU7647771	Textile Coated Fabric	Dyed knitted fabric (having raised fibres on one surface) coated with compounded Polyurethane on one side.
02	2/ISKON/1015704 dt.18.11.2022	RCL/AH/DRI/3012/01.12.2022 Dated 23.12.2022				Dyed woven fabric coated with compounded polyurethane (PU)

The Test Report of CRCL Vadodara has revealed that the goods declared by the importer as "TEXTILE COATED FABRIC" and classified under CTH 59119090 were actually "PU COATED FABRIC" which merits to be rightly classified under CTH 59032090, therefore they were placed under Seizure vide Seizure Memo dated 11.01.2023 issued from file no. DRI/AZU/CI/ENQ-04(INT-21)/2023. After completion of the investigation in the import of goods made vide Bill of Entry No.1015704 dt. 02.11.2022, an Investigation Report was forwarded to Additional Commissioner of Customs, CH Mundra which culminated into issuing of Show Cause Notice inter-alia rejection of declared classification of the goods under CTH 59039090 and proposing its correct classification under CTH 59032090, proposing confiscation of the seized goods and proposing penalty u/s. 112(a) & (b), 114AA and 117 of the Customs Act, 1962.

6.1 During the course of inquiry in the goods Imported by M/s. ISC vide past 02 consignments from MPSEZ, Mundra i.e. SEZ Bills of Entry No.1012160 dt. 07.09.2022 & 1012534 dt. 15.09.2022, details of Stock & Sales Register of M/s. ISC in respect of TEXTILE COATED FABRICS for the period from 01.04.2022 to

31.03.2023 was received from them through email dated 15.03.2023. A concise reproduction of the details of receipt of the goods vis-à-vis Closing Balance of the goods on the relevant date is made as under –

Table-6

Date	Voucher No.	Inward	Sale	Closing Balance
09.09.2022	B/E No.2013670 dt.09.09.2022	23,585 Kg Textile Coated Fabric	0	23,585 Kg Textile Coated Fabric
10.10.2022	Invoice No. 822 to 837	-------	11,400 Kg Textile Coated Fabric	12,185 Kg Textile Coated Fabric
10.10.2022	B/E No.2015507 dt.10.10.2022	25,125 Kg Textile Coated Fabric	0	37,310 Kg of Textile Coated Fabric
01.01.2023	Invoice No. 838 to 868	-------	37,310 Kg Textile Coated Fabric	00
01.01.2023	B/E No.2016012 dt.17.10.2022	25,173 Kg Textile Coated Fabric	0	25,173 Kg Textile Coated Fabric
01.02.2023	B/E No.2016201 dt.19.10.2022	21,620 Kg of Textile Coated Fabric	0	46,793 Kg Textile Coated Fabric
01.02.2023	B/E No.2017241 dt.05.11.2022	21,172 Kg of Textile Coated Fabric	0	67,965 Kg Textile Coated Fabric
01.02.2023	B/E No.2014055 dt.19.09.2022	20,244 Kg of Textile Coated Fabric	0	88,209 Kg Textile Coated Fabric
31.03.2023	Invoice No.10	0	1,716 Kg Textile coated Fabric	86,493 Kg of Textile Coated Fabric

6.2 Shri Prashant Gautam, Proprietor of M/s. ISC in his statement dated 13.01.2025 recorded u/s.108 of the Customs Act, 1962 stated that the normal time for transportation of goods from Mundra and its receipt in their premises at Karol Baug, New Delhi is 03 days. He was further shown with copy of Inward Import E-Way Bill No.611463370061 dt. 14.09.2022 generated by Shri Hiraji Transport Co., for movement of goods which were imported vide Bill of Entry No.2013670 dt. 09.09.2022 from Mundra, Gujarat to the premises of M/s. Iskon Sales Corporation at Karol Bagh, Delhi. He admitted that the entry of receipt of these goods has been wrongly mentioned on 09.09.2022 whereas it would have been mentioned as 17.09.2022 i.e. 03 days from the date of dispatch from Mundra. He admitted to have submitted wrong information before the DRI during investigation.

6.2.1 Similarly, he was also shown with copy of Inward Import E-Way Bill No.691468402024 dt. 26.09.2022 generated by Shri Hiraji Transport Co., for

movement of goods which were imported vide Bill of Entry No.2014055 dt. 19.09.2022 from Mundra, Gujarat to the premises of M/s. Iskon Sales Corporation at Karol Bagh, Delhi. He admitted that the entry of receipt of these goods has been wrongly mentioned on 01.02.2023 whereas it would have been mentioned as 29.09.2022. He admitted to have submitted wrong information before the DRI during investigation.

6.2.2 He was also shown with copies of Inward Import E-Way Bills generated by Shri Hiraji Transport Co., for movement of goods imported vide Bill of Entry No.2016012 dt. 17.10.2022, Bill of Entry No.2015507 dt. 10.10.2022 and Bill of Entry No.2016201 dt. 19.10.2022. He again admitted that the entries of receipt of these goods have been wrongly mentioned in the stock register and the correct date of receipt must be 03 days from the date of dispatch from Mundra. He admitted to have submitted wrong information before the DRI during investigation.

6.2.3 Based on above facts and working, he stated that the date of receipt of imported Textile Coated Fabrics in the Stock Register should be in the Order as mentioned below –

Table-7

Date	Voucher No.	Inward	Sale	Closing Balance
17.09.2022	B/E No.2013670 dt.09.09.2022	23,585 Kg Textile Coated Fabric	0	23,585 Kg Textile Coated Fabric
29.09.2022	B/E No.2014055 dt.19.09.2022	20,244 Kg of Textile Coated Fabric	0	43,829 Kg Textile Coated Fabric
01.10.2022	B/E No.2015507 dt.10.10.2022	25,125 Kg Textile Coated Fabric	0	68,954 Kg Textile Coated Fabric
10.10.2022	Invoice No. 822 to 859	-------	22,390 Kg Textile Coated Fabric	46,564 Kg Textile Coated Fabric
06.11.2022	B/E No.2016012 dt.17.10.2022	25,173 Kg Textile Coated Fabric	0	71,737 Kg Textile Coated Fabric
08.11.2022	Invoice No. 860 & 861	--------	175 Kg Textile Coated Fabric	71,562 Kg Textile Coated Fabric
08.11.2022	B/E No.2016201 dt.19.10.2022	21,620 Kg of Textile Coated Fabric	----	93,182 Kg Textile Coated Fabric
24.11.2022	Invoice No. 862 to 868	------	26,145 Kg Textile Coated Fabric	67,037 Kg Textile Coated Fabric
31.03.2023	Invoice No.10	------	1,716 Kg Textile Coated Fabric	65,321 Kg Textile Coated Fabric

6.3 Inquiry in the goods Imported by M/s. ISC vide past 02 consignments from MPSEZ, Mundra i.e. SEZ Bills of Entry No.1012160 dt. 07.09.2022 & 1012534 dt. 15.09.2022 revealed that the above goods after import were domestically sold to various Local entities as mentioned below –

Table-8

Sr. No.	Invoice No.	Date	Description	Qty (KGS)	Sold to firm
1	822	01-Oct-22	Textile Coated Fabrics	664	Pooja Trading Co
2	823	01-Oct-22	Textile Coated Fabrics	715	R K Trading Co
3	824	03-Oct-22	Textile Coated Fabrics	710	Pooja Trading Co
4	825	03-Oct-22	Textile Coated Fabrics	718	R K Trading Co
5	826	04-Oct-22	Textile Coated Fabrics	720	Pooja Trading Co
6	827	04-Oct-22	Textile Coated Fabrics	714	R K Trading Co
7	828	05-Oct-22	Textile Coated Fabrics	717	Pooja Trading Co
8	829	05-Oct-22	Textile Coated Fabrics	714	R K Trading Co
9	830	06-Oct-22	Textile Coated Fabrics	710	Pooja Trading Co
10	831	06-Oct-22	Textile Coated Fabrics	715	R K Trading Co
11	832	07-Oct-22	Textile Coated Fabrics	725	Pooja Trading Co
12	833	07-Oct-22	Textile Coated Fabrics	730	R K Trading Co
13	834	08-Oct-22	Textile Coated Fabrics	733	Pooja Trading Co
14	835	08-Oct-22	Textile Coated Fabrics	709	R K Trading Co
15	836	10-Oct-22	Textile Coated Fabrics	705	Pooja Trading Co
16	837	10-Oct-22	Textile Coated Fabrics	701	R K Trading Co
17	838	11-Oct-22	Textile Coated Fabrics	719	Pooja Trading Co
18	839	11-Oct-22	Textile Coated Fabrics	741	R K Trading Co
19	840	12-Oct-22	Textile Coated Fabrics	735	Pooja Trading Co
20	841	12-Oct-22	Textile Coated Fabrics	738	R K Trading Co
21	842	13-Oct-22	Textile Coated Fabrics	732	Pooja Trading Co
			Textile Coated		

22	843	13-Oct-22	Fabrics	736	R K Trading Co
23	844	14-Oct-22	Textile Coated Fabrics	741	Pooja Trading Co
24	845	15-Oct-22	Textile Coated Fabrics	725	Pooja Trading Co
25	846	17-Oct-22	Textile Coated Fabrics	739	Pooja Trading Co
26	847	18-Oct-22	Textile Coated Fabrics	742	Pooja Trading Co
27	848	19-Oct-22	Textile Coated Fabrics	729	Pooja Trading Co
28	849	20-Oct-22	Textile Coated Fabrics	735	Pooja Trading Co
29	850	20-Oct-22	Textile Coated Fabrics	730	R K Trading Co
30	851	21-Oct-22	Textile Coated Fabrics	728	Pooja Trading Co
31	852	01-Nov-22	Textile Coated Fabrics	75	Cash
32	853	01-Nov-22	Textile Coated Fabrics	65	Cash
33	854	02-Nov-22	Textile Coated Fabrics	89	Cash
34	855	03-Nov-22	Textile Coated Fabrics	101	Cash
35	856	03-Nov-22	Textile Coated Fabrics	89	Cash
36	857	04-Nov-22	Textile Coated Fabrics	96	Cash
37	858	05-Nov-22	Textile Coated Fabrics	99	Cash
38	859	05-Nov-22	Textile Coated Fabrics	106	Cash
39	860	07-Nov-22	Textile Coated Fabrics	101	Cash
40	861	07-Nov-22	Textile Coated Fabrics	74	Cash
41	862	08-Nov-22	Textile Coated Fabrics	119	Cash
42	863	09-Nov-22	Textile Coated Fabrics	111	Cash
43	864	10-Nov-22	Textile Coated Fabrics	115	Cash
44	866	23-Nov-22	Textile Coated Fabrics	10132	Mohamad Yaqub & Sons

45	867	23-Nov-22	Textile Coated Fabrics	12712	Vishal Sales Corporation
46	868	24-Nov-22	Textile Coated Fabrics	2956	Vishal Enterprises

6.3.1 Shri Prashant Gautam, Proprietor of M/s. ISC in his statement dated 13.01.2025 and statement dated 12.02.2025, both recorded u/s.108 of the Customs Act, 1962 stated that the sale of goods made vide Invoice No. 866 dated 23.11.2022 was not received by the Buyer viz. Mohamad Yaqub & Sons and the goods were received back in the Stock. Therefore, the total domestic sale of goods against the Import of TEXTILE COATED FABRIC till 31.03.2023 would be 40,294 Kg, after considering the cancellation of sale of 10,132 Kg of TEXTILE COATED FABRIC made vide Invoice No.866 dt. 23.11.2022. He also confirmed that the Fabric imported vide Bill of Entry No. 2013670 dt.09.09.2022 and Bill of Entry No. 2014055 dt.19.09.2022 were of identical quality/grade. He further admitted that the Textile Coated Fabric imported by him were sold domestically on FIFO basis i.e. First-in-First-out.

6.3.2 The total quantity of TEXTILE COATED FABRIC imported under the Two (02) Bills of Entry which are under investigation i.e. B/E No.2013670 dt.09.09.2022 & B/E No.2014055 dt.19.09.2022 is 43,829.25 Kgs (23,585.25 + 20,244). The STOCK/RECEIPT/SALES REGISTER for the period from 01.04.2022 to 31.03.2023 submitted by M/s. ISC vide their email dated 15.03.2023 reveals that they had Domestically sold 40,294 Kg of TEXTILE COATED FABRIC vide 45 Invoices raised by them during the period from 01.10.2022 to 24.12.2022. Shri Prashant Gautam, Proprietor of M/s. ISC in his statement dated 12.02.2025, recorded u/s.108 of the Customs Act, 1962 had already clarified that the Textile Coated Fabric imported by him were sold domestically on FIFO basis. The said fact implies that the goods sold domestically vide Invoice No.822 dt. 01.10.2022 to 868 dt. 24.11.2022 are the goods which were imported vide B/E No.2013670 dt.09.09.2022 & B/E No.2014055 dt.19.09.2022.

6.4 The Domestic Buyer-wise sale of the goods by M/s. ISC vide 45 Invoices is as mentioned below –

Table-9

Name of the Buyer	**Qty Purchased**
M/s.Pooja Trading Co.	13,009 Kg
R.K. Trading Co.	8,661 Kg
Vishal Enterprise	2,956 Kg
Vishal Sales Corporation	12,712 Kg
Cash Sales	1,240 Kg

6.4.1 M/s. Vishal Sales Corporation had purchased 12,712 Kgs of imported goods from M/s. ISC vide Invoice No.867 dt. 23.11.2022. During Investigation, Statement of Shri Deepak Shivhare, Proprietor of M/s Vishal Sales Corporation was recorded u/s. 108 of the Customs Act, 1962 on 09.09.2024 wherein he stated that he is mainly

trading in various materials used in manufacturing of Shoes. On being confronted with the nature of goods received under Invoice No. 868 dt. 24.11.2022 of M/s. ISC, he accepted that the goods received by him from M/s. ISC vide their Invoice No. 867 dt. 23.11.2022 were PU Coated Fabric though its description was mentioned as Textile Coated Fabric in the Invoice. He has further also stated that the order for the goods placed by him to M/s. ISC was for PU Coated Fabric and the same was supplied to them by M/s. ISC.

6.4.2 Similarly, M/s. Vishal Enterprises had purchased 2,956 Kg of imported goods from M/s. ISC vide Invoice No.868 dt. 24.11.2022. Statement of Shri Vikas Shivhare, Proprietor of M/s Vishal Enterprises was recorded u/s. 108 of the Customs Act, 1962 on 06.09.2024 wherein he stated that he had ordered PU coated Fabric/lining from M/s. ISC and the same was supplied to him by M/s. ISC under their Invoice No.868 dt. 24.11.2022, however the description of the goods was mis-declared by M/s. ISC in their Invoice as "Textile Coated Fabrics".

6.4.3 The above admission made by the Proprietor of M/s. Vishal Enterprise & M/s. Vishal Sales Corporation that the goods sold to them by declaring them as TEXTILE COATED FABRIC by M/s. ISC were PU COATED FABRIC, expressively reveal that these goods were mis-declared during the process of its import through APSEZ, Mundra by M/s. ISC vide B/E No.2013670 dt.09.09.2022 & B/E No.2014055 dt.19.09.2022 were PU COATED FABRIC as such they were mis-declared before the Customs authorities.

7. Apart from the above, sale of goods to M/s. Vishal Enterprise & M/s. Vishal Sales Corporation, a quantity of 13,009 Kg of imported goods under B/E No.2013670 dt.09.09.2022 & B/E No.2014055 dt.19.09.2022 was also sold by M/s. ISC to M/s. Pooja Trading Company. During the investigation it was revealed that M/s. Pooja Trading Co. is a Proprietary firm owned by Shri Suresh Kumar, who is the father of the Importer i.e. Shri Prashant Gautam, the Proprietor of M/s. ISC.

7.1 Shri Suresh Kumar, had established M/s. Pooja Trading Co. in the year 2013 and the firm was regularly trading in various kind of fabrics used in the manufacturing of Bags and Shoes. He was summoned multiple times during the investigation to provide details in respect of the goods that he had purchased from M/s. ISC but he always remained evasive in providing proper details. He had informed of being a heart Patient and had very conveniently used his medical condition as a tool to avoid and get away from providing the facts in the investigation.

7.1.1 During his Statement recorded on 16.03.2023, when he was asked about the features & characteristics of Textile Coated Fabric, PU Coated Fabric and Flock Fabric, he strangely expressed his unawareness about it. He then put forward his impending medical condition and avoided further questions.

7.1.2 In the Search proceedings conducted at the Premises of M/s. Pooja Trading Co. & M/s. ISC under Panchnama dated 25.11.2022, Shri Prashant Gautam, Proprietor of M/s. ISC provided the Sale, Purchase & Stock details of both the firms for the year 2022-2023 (as on 25.11.2022) in a Pen Drive which was resumed

in a sealed envelope. The closing (Last) entry in the Sales register of M/s.Pooja Trading Co. was a sale of 1,036.06 meters of fabric goods made to Anjali Footwear vide invoice No.2760 dt. 19.11.2022.

7.1.2.1 The Sales, Purchase & Stock details of M/s. Pooja Trading Co. for the years 2020-21, 2021-22 & 2022-23 were sought during the investigation under summons and the same were forwarded by Shri Prashant Gautam, Proprietor of M/s. ISC through email dated 15.03.2023 using the email id of M/s. Pooja Trading Co. It was noticed during the scrutiny of their Sales register for the year 2022-23 that an additional 17 new sales Invoice entries have been made during the period from 19.11.2022 to 25.11.2022 which were not there in the sales details provided during the search proceedings under Panchnama dt. 25.11.2022. These sale Invoices account for sale of 13,009 Kgs of Textile Coated Fabrics through CASH Payment i.e. sale to non-GST registered persons. The above arrangement clearly demonstrates a wilful accommodation and sale of goods to avoid its further tracking of goods to establish its identity.

7.1.3 Shri Suresh Kumar, during his statement dated 03.10.2024 was asked about the anomaly in the Sales register of his firm which was provided during the Search Proceedings and that which was provided later through email dated 15.03.2023 but he refused to give any clarification or explanation. He further stated that his C.A., Shri Rahul Girdhar will be able to provide a clarification.

7.1.3.1 Shri Rahul Girdhar, C.A. in his statement recorded on 22.10.2024 stated that he or any other employee of his firm is not maintaining the Sales records of M/s. Pooja Trading Co. He further stated that the accountant employed by the firm is maintaining such records. He stated that his work as a C.A. is limited to GST and other returns of the firm and the requisite data for the same is taken by him from the laptop of the firm. He also stated that he doesn't know anything about the subsequent 17 sales entries made in the sales register.

7.1.3.2 As the facts presented by Shri Suresh Kumar and Shri Rahul Girdhar, C.A. were contrary, efforts to take their further statement on the same day were made but it turned out to be futile as Shri Suresh Kumar remained evasive.

7.1.3.3 Further Statement of Shri Suresh Kumar, Proprietor of M/s. Pooja Trading Co. was recorded on 11.02.2025, wherein he retracted from his earlier version that his firm's C.A. used to maintain his sales register and stated that he has previously provided a false statement. He stated that the sale register is maintained by the accountant of his firm but when was asked about the personal details of the accountant, he feigned non remembrance about it. He stated that he used to impart directions and provide details to the accountant for preparing of the sales invoices. He stated that he has purchased Textile Coated Fabric from M/s. ISC through an agent, but he refused to reveal the identity of the agent. He also stated that he has no record about the commission payments made to the agent.

7.2 The facts of the case divulged in above sub paras at 7 to 7.1.3.3 indicate a modus employed by Shri Prashant Gautam and Shri Suresh Kumar to circumvent any effort to establish the genuineness of the good imported by M/s. ISC under B/E No.2013670 dt.09.09.2022 & B/E No.2014055 dt.19.09.2022. In this pursuit, they employed all such tactics to delay and mislead the investigation by stating wrong

facts and on many occasions feigned non-remembrance also.

7.3 Further, it is also a fact that the samples of similar imported goods declared as "Textile Coated Fabric" by M/s. ISC through Bill of Entry No. 2017241 dt. 05.11.2022, during the chemical testing was revealed to be PU Coated Fabric and the admission of the Proprietor of M/s. Vishal Enterprise & M/s. Vishal Sales Corporation that the goods sold to them by declaring them as TEXTILE COATED FABRIC by M/s. ISC were PU COATED FABRIC and finally the reluctance in divulging the names of workers, agents, the actual person maintaining the sales & further providing mis-leading information and documents (Sales register) by Shri Suresh Kumar, Proprietor of M/s. Pooja Trading Co. as well as by Shri Prashant Gautam, Proprietor of M/s. ISC, during the course investigation leads to the conclusion that they are employing the above tactics to avoid revealing the true identity of the goods which are in fact, PU Coated Fabrics.

8. As mentioned at Table – 9 at Para 6.4 above, 8,661 Kg of imported goods under B/E No.2013670 dt.09.09.2022 & B/E No.2014055 dt.19.09.2022 was sold by M/s. ISC to M/s. R.K. Trading Co. vide 12 Sales Invoice from 01.10.2022 to 20.10.2022.

8.1 Summons were issued at the Premises & residential address mentioned by M/s. R.K. Trading Co. during GST Registration on 04.07.2023, 30.08.2024, 03.02.2025 & 05.12.2024 but the same were returned from the Postal Authorities with remarks "Left", "No Such premises or address" & "Item returned Addressee left without instruction". As per the details available in GST registration of M/s. R.K. Trading Co., the entity is a proprietary firm with Shri Rahul Gautam as its Proprietor.

8.2 Shri Prashant Gautam, Proprietor of M/s. Iskon Sales Corporation, in his statement dated 13.01.2025 has stated that he does not have any contact details of Shri Rahul, Proprietor of M/s. R.K. Trading Co. He further also stated that Shri Rahul has approached him for purchase of goods as an amateur. However, the scrutiny of past sales of goods by M/s.ISC reveals that M/s. R.K. Trading Co. is their regular client who had made more than 20 purchases from them during the period from July 2022 to September 2022. The pattern of sale of the imported goods in the case by M/s. ISC divulge a back-to-back sale of goods to M/s. R.K. Trading Co. on daily basis. It also reveals that in most of the sales, on any particular day there is a sale of goods to both M/s. Pooja Trading Co. as well as M/s. R.K. Trading Co. In this backdrop, it appears that Shri Prashant Gautam, Proprietor of M/s. ISC had intentionally not divulged any details of his buyer firm M/s. R. K. Trading Co. to avoid further scrutiny and verification of the goods supplied as Textile Coated Fabric.

8.3 The above facts, prima facie indicate that Shri Rahul Gautam Proprietor of M/s. R. K. Trading Co. is well known entity to Shri Prashant Gautam, Proprietor of M/s. ISC and by not divulging any details related to the firm, he is employing tactics to circumvent any effort to establish the genuineness of the good imported by M/s. ISC under B/E No.2013670 dt.09.09.2022 & B/E No.2014055 dt.19.09.2022

which are in fact, PU Coated Fabrics.

CLASSIFICATION OF GOODS:

9. Chapter 59 of the Indian Customs Tariff deals with Textile Fabrics and Textile Articles of a kind suitable for industrial use.

9.1 The description of goods under HS CODE/ CTH 5911 as per prevailing Customs Tariff reads as under:

5911 - TEXTILE PRODUCTS AND ARTICLES, FOR TECHNICAL USES, SPECIFIED IN NOTE 8 TO THIS CHAPTER

5911 10 00 - Textile fabrics, felt and felt-lined woven fabrics, coated, covered or laminated with rubber, leather or other material, of a kind used for card clothing, and similar fabrics of a kind used for other technical purposes, including narrow fabrics made of velvet impregnated with rubber, for covering weaving spindles (weaving beams)

5911 20 00 - Bolting cloth, whether or not made up

5911 31 10 --- Felt for cotton textile industries, woven - 10%

5911 31 20 --- Woven textiles felt, whether or not impregnated or coated, of a kind commonly used in other machines - 10%

5911 90 90 --- Other - 10%

9.2 Whereas, the HS CODE/ CTH 5903 as per prevailing Customs Tariff covered goods as under:

5903 - Textile Fabrics, Impregnated, Coated, Covered or Laminated with Plastics, Other Than Those of Heading 5902

5903 10 10 --- Imitation leather fabrics of cotton - 20%

5903 10 90 --- Other - 20%

5903 20 10 --- Imitation leather fabrics, of cotton - 20%

5903 20 90 --- Other - 20%

5903 90 10 --- Of cotton - 20%

5903 90 20 --- Polyethylene laminated jute fabrics - 20%

5903 90 90 --- Other - 20%

10. The Classification of goods in the First Schedule – Import Tariff is governed by the General Rules for Interpretation Rules. Rule 1 of the GIR provides that classification of the goods shall be determined according to the terms of the Headings and any relative Section or Chapter Notes and, provided such Headings or Notes do not otherwise require, according to the provisions at Rule 2 to Rule 5. Rule 6 of the GIR further provides that the classification of goods in the sub-headings of a heading shall be determined according to the term of those sub-headings and any related sub-heading Notes and, mutatis mutandis, to the above

rules.

11. M/s. ISC had filed SEZ to DTA Bills of Entry at Adani Ports and Special Economic Zone (INAJM6), Mundra for domestic clearance of imported goods as detailed below –

Table-10

S. No.	SEZ to DTA B/E No. & Date	HS CODE / CTH	Declared description of good	Quantity (Kg)	Ass. Value (Rs.)
1	2013670 dt. 09.09.2022	59119090	TEXTILE COATED FABRIC	23,585.25	22,76,920.04
2	B/E No.2014055 dt.19.09.2022	59119090 60063200	TEXTILE COATED FABRIC POLYESTER BONDED FABRIC	20,244 Kg 4976 Kg	19,53,141.12 6,40,112.64

11.1 Chapter Note No.8 under Chapter 59 of Indian Tariff Code which applies to the goods classified under CTI 5911 is reproduced below –

8. Heading 5911 applies to the following goods, which do not fall in any other heading of Section XI: (a) textile products in the piece, cut to length or simply cut to rectangular (including square) shape (other than those having the character of the products of headings 5908 to 5910), the following only: (i) textile fabrics, felt and felt-lined woven fabrics, coated, covered or laminated with rubber, leather or other material, of a kind used for card clothing, and similar fabrics of a kind used for other technical purposes, including narrow fabrics made of velvet impregnated with rubber, for covering weaving spindles (weaving beams); (ii) bolting cloth; (iii) filtering or straining cloth of a kind used in oil presses or the like, of textile material or of human hair; (iv) flat woven textile fabrics with multiple warp or weft, whether or not felted, impregnated or coated, of a kind used in machinery or for other technical purposes; (v) textile fabrics reinforced with metal, of a kind used for technical purposes; (vi) cords, braids and the like, whether or not coated, impregnated or reinforced with metal, of a kind used in industry as packing or lubricating materials; (b) textile articles (other than those of headings 5908 to 5910) of a kind used for technical purposes [for example, textile fabrics and felts, endless or fitted with linking devices, of a kind used in paper making or similar machines (for example, for pulp or asbestos-cement), gaskets, washers, polishing discs and other machinery parts].

The goods imported vide Bills of Entry No. 2013670 dt.09.09.2022 & No.2014055 dt.19.09.2022 by Shri Prashant Gautam, Proprietor of M/s. ISC, were declared as "Textile Coated Fabrics" and classified under CTI 59119090. In his statement dated 13.01.2025 when he was asked about the quality of the Textile Coated fabrics imported by his firm, he stated that the fabrics were in rolls of different lengths and not of a kind used for card clothing, oil presses or used for other technical purposes. He further also stated that the fabric was not a textile fabric reinforced with metal, of a kind used for technical purposes or bolting cloth. Since the above

admission of the quality of the fabrics imported by him given in the statement is contrary to the characteristics of fabrics required to classify the goods under CTI 5911 in terms of Chapter Note No.8, the goods imported vide Bills of Entry No. 2013670 dt.09.09.2022 & No.2014055 dt.19.09.2022 by M/s. ISC are not Textile Coated Fabric as declared.

12. The investigation conducted in the case revealed that the goods imported by M/s ISC vide 02 Bills of Entry as mentioned in Table-10 were "PU Coated Fabric" which merited to be classified under HS CODE/ CTI 59032090, whereas the same were imported by M/s. ISC by mis-declaring it as Textile Coated Fabric and further mis-classifying it under HS CODE/ CTI 59119090. The above act of mis-declaring it as "Textile Coated Fabric" and mis-classifying it under HS CODE/ CTI 59119090 by M/s. ISC was made with the sole intention to evade payment of applicable Anti-dumping duty leviable on it in terms of Notification No.14/2022-Customs (ADD) dated 20.05.2022.

12.1 The above-mentioned PU Coated Fabrics were imported in Kilogram (Kg) as a unit of measurement by M/s. ISC vide Bills of Entry No. 2013670 dt.09.09.2022 & No.2014055 dt.19.09.2022. The applicable Anti-dumping duty leviable on PU Coated Fabrics in terms of Notification No.14/2022-Customs (ADD) dated 20.05.2022 is @ 0.46 USD per Meter. Since the Unit of measurement in the import documents of above goods was declared in Kg., the importer M/s.ISC was asked to submit the measurement details of the imported goods in Meters vide email dated 03.03.2025 & reminder dt. 19.03.2025. M/s. Vishal Enterprises submitted a reply vide email dt. 18.03.2025 wherein he stated that the conversion rate of Kg to Meters in respect of the imported goods bought from M/s. ISC is 1 Kg : 1.40 Meters. As such, in the absence of any submission on the conversion of Kg to Meter forwarded by M/s. ISC, the declared conversion from Kg to Meter submitted by the further buyer of the imported goods from M/s. ISC is taken as the unit of measurement for calculation of Anti-dumping duty in the case.

12.2 Further, the above goods imported by M/s.ISC by mis-declaring them as "Textile Coated Fabric" and by mis-classifying it under CTI 59119090 were actually "PU (Polyurethane) coated fabrics" falling under CTI 59032090. These goods when imported under correct CTI i.e. 59032090 are leviable to Basic duty @ 20%, SWS @ 10%, IGST @ 12%, Anti-Dumping Duty @ 0.46 USD per meters in terms of Notification No. 14/2022-Customs (ADD) dated 20.05.2022 and IGST on ADD @ 12%. By way of mis-declaration and mis-classification, M/s. ISC appears to have evaded payment of Basic Customs duty at appropriate rate and payment of Anti-dumping duty. The calculation of the differential duty evaded in respect of each Bill of Entry is tabulated below –

TABLE-11

SEZ to DTA Bill of Entry No.2013670 dt. 09.09.2022 (Total A.V. Rs.22,76,920/-)

Exchange Rate: 80.45

Qty	Proportionate Ass. Value (Rs.)	Declared Description of goods	CTI Declared	Basic Duty @ 10% (Rs.)	SWS @10% (Rs.)	IGST @12% (Rs.)	Total duty (Rs.)
23,585.30		Textile					

Kg	22,76,920.04	Coated Fabric	59119090	2,27,692.00	22,769.20	3,03,285.75	5,53,747.00
Correct Description	22,76,920.04	PU Coated Fabric	59032090	Basic Duty @20%: 4,55,384.01	SWS: 45,538.40; IGST: 3,33,341.09	ADD @0.46/m: 12,21,949.68; IGST on ADD: 1,46,633.96	22,02,847.14
DIFFERENTIAL DUTY EVADED Rs. (22,02,847 – 5,53,747) =							**Rs. 16,49,100/-**

TABLE-12

SEZ to DTA Bill of Entry No.2014055 dt. 19.09.2022 (Total A.V. Rs.25,93,254/-)

Exchange Rate: 80.40

Qty	**Proportionate Ass. Value (Rs.)**	**Declared Description**	**CTI Declared**	**Basic Duty (Rs.)**	**SWS @10% (Rs.)**	**IGST @12% (Rs.)**	**Total duty (Rs.)**
20,244 Kg	19,53,141.12	Textile Coated Fabric	59119090	1,95,314.11 @ 10%	19,531.41	2,60,158.40	4,75,003.92
4,976 Kg	6,40,112.64	Polyester Bonded Fabrics	60063200	1,28,022.53 @ 20%	7,80,937.42	39,046.87	1,79,871.65
28,341.6 Meters	19,53,141.12	PU Coated Fabric	59032090	Basic @20%: 3,90,628.22	SWS: 39,062.82; IGST: 2,85,939.86	ADD: 10,48,185.73; IGST on ADD: 1,25,782.29	20,69,470.57
DIFFERENTIAL DUTY EVADED Rs. (20,69,470.57 – 6,54,875.57) =							**Rs. 14,14,595/-**

13. In view of the above facts, it appears that M/s. ISC has indulged themselves in the evasion of Customs Duty by way of misdeclaration and mis-classification of import goods. The total duty evaded in the case is Rs.30,63,695/- (Rupees Thirty Lakh Sixty-Three Thousand Six Hundred and Ninety-Five) as mentioned at TABLE-11 & 12 above.

14. Vide CBIC Notification No.25/2022-Customs (N.T.) dated 31.03.2022, the Board has invested all the powers of the officers of Customs to the officers of DRI with jurisdiction exercisable to the whole of India. Further, Vide CBIC Notification No.26/2022-Customs (N.T.) dated 31.03.2022, the Board has assigned the Officers of DRI to be proper officer to perform various functions as specified in the Customs Act, 1962 including Section 28 read with Section 17, subject to Section 110AA of the Customs Act, 1962.

15. In terms of Ministry of Commerce & Industry (D.C.) Notification No. S.O. 2666(E) dated 05.08.2016, Officers of Directorate of Revenue Intelligence (DRI) are authorized by the Central Government, to be the enforcement officer(s) in respect of any notified offence or offences committed or likely to be committed in Special Economic Zone.

VIOLATION OF VARIOUS LEGAL PROVISIONS OF CUSTOMS ACT, 1962

BY M/s. ISC ENTERPRISE -

16. Under the Self-Assessment regime, it is the responsibility & duty of the importer/exporter to ensure correct declaration & classification of the goods, applicable rate of duty, value, and benefit or exemption notification claimed, if any, in respect of the imported or exported goods while presenting Bill of Entry or Shipping Bill. In the present case, it appears that the M/s. ISC has willfully indulged themselves in the contravention of the above provisions with a mala fide intention to evade applicable payment of applicable Customs Duty & Anti-Dumping duty on their imported goods as in terms of Notification No. 14/2022-Customs (ADD) dated 20.05.2022. By their above act, they appear to have violated the provisions of Section 17 read with Section 46 of the Customs Act, 1962.

16.1 In terms of sub-section 2 of Section 2 of the Customs Act, 1962, "assessment" means determination of the duty 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) 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 based on 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.

16.2 Further, in terms of Section 17 of the Customs Act, 1962, relating to Assessment of duty, it is mandatory for the importer, save as otherwise provided in Section 85 of the Act, to self-assess the duty, and in case 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 the Act, re-assess the duty leviable on such goods.

16.3 In terms of Section 28(4) of the Customs Act, 1962 - Where any duty has not been levied or has been short-levied or erroneously refunded, or interest payable has not been paid, part-paid or erroneously refunded, by reason of, - (a) collusion; or (b) any willful mis-statement; or (c) suppression of facts, by the importer or the exporter or the agent or employee of the importer or exporter, the proper officer shall, within five years from the relevant date, serve notice on the person chargeable with duty or interest which has not been so levied or which has been so short-levied or short-paid or to whom the refund has erroneously been made, requiring him to show cause why he should not pay the amount specified in the

notice.

16.4 Further, Section 28AA(l) stipulates that the person, who is liable to pay duty in accordance with the provisions of Section 28, shall, in addition to such duty, be liable to pay interest, if any, at the rate fixed under sub-Section (2), whether such payment is made voluntarily or after determination of the duty under that Section.

16.5 In terms of Section 46(4) of the Customs Act, 1962, it is mandatory for the importer to make and subscribe to a declaration as to the truth of the contents of the bill of entry being presented.

16.6 Further, Section 111(m) of the Customs Act, 1962, specifies that, 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, are liable to confiscation.

16.7 As per Section 112 of the Customs Act, 1962 - 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, to penalty.

16.8 As per Section 114A of the Customs Act, 1962 - Where the duty has not been levied or has been short-levied or the interest has not been charged or paid or has been part paid or the duty or interest has been erroneously refunded by reason of collusion or any willful mis-statement or suppression of facts, the person who is liable to pay the duty or interest, as the case may be, as determined under sub Section (8) of Section 28 shall also be liable to pay a penalty equal to the duty or interest so determined.

16.9 Section 114AA of the Customs Act provides penalty for use of false and incorrect material. If a person knowingly or unknowingly 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 purpose of this Act, shall be liable to a penalty not exceeding five times the value of the goods.

16.10 Section 125: Option to pay fine in lieu of confiscation.

(i) 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.

17. Role and culpability of Shri Prashant Gautam, Proprietor of M/s. ISC:

17.1 The following facts emerged during investigation in the case –

(i) During the Search initiated at the registered premises of M/s. Pooja Trading Co. under Panchnama on 25.11.2022, no documents related to any kind of financial transactions made by the firm were found at the premises, however, the same were provided by Shri Prashant Gautam during the subsequent search made on the same day at his firm's registered premises.

(ii) Further details of Stock/Purchase/Sale Register of M/s. Pooja Trading Co. sought during investigation were also provided by Shri Prashant Gautam through the registered email id of M/s. Pooja Trading Co.

(iii) The email login credentials of M/s. Pooja Trading Co. were available with Shri Prashant Gautam.

(iv) Reply to the Summons issued to M/s. Pooja Trading Co. were sent by Shri Prashant Gautam under the letter head of M/s. Iskon Sales Corporation.

(v) Most of the Purchase of goods made by M/s. Iskon Sales Corporation are from Shri Manish Gautam, brother of Shri Prashant Gautam and Proprietor of M/s. Shiva Sales.

(vi) Most Sales of the goods made in the year 2020-21, 2021-22 & 2023 by M/s. Iskon Sales Corporation are to Shri Suresh Kumar, father of Shri Prashant Gautam & Proprietor of M/s. Pooja Trading Co.

(vii) Though M/s. Pooja Trading Co. was established in the year 2013 and was regularly involved in trading & import of various kind of fabrics, Shri Suresh Kumar, Proprietor of M/s. Pooja Trading Co. claimed ignorance of any working knowledge in respect of the goods that his firm dealt with.

(viii) Shri Prashant Gautam had stated in his Statement that Shri Rahul Gautam, Proprietor of M/s. R.K. Trading Co. had casually approached him for purchase of Textile Coated Fabric as an amateur in October 2022, whereas scrutiny of the past sales records of M/s. ISC revealed that M/s. R.K. Trading Co. was a regular customer of M/s. ISC purchasing PU Coated & other fabrics at regular interval under about 20 Invoices before purchase of Textile Coated Fabric.

17.2 The above facts clearly show that Shri Prashant Gautam, Proprietor of M/s. Iskon Sales Corporation is the sole controller of all the affairs in M/s. Pooja Trading Co. and the goods imported by his firm are further routed by him through M/s. Pooja Trading Co. for final sale to various local buyers in the domestic market. Parallelly, he is also purchasing a considerably large quantity of imported PU Coated Fabric from M/s. Shiva Sales, a firm owned by his brother and the same is further sold (routed) through M/s. Pooja Trading Co. to facilitate further domestic sale to various domestic local buyers.

18. M/s. Vishal Sales Corporation had purchased 12,712 kg of goods from M/s. ISC which were imported by them declaring it as "Textile Coated Fabric". Similarly, M/s. Vishal Enterprise had purchased 2,956 Kg of goods from M/s. ISC which were imported by them declaring it as "Textile Coated Fabric". It was found during the scrutiny of the Stock & Sales register of M/s. ISC that both the above

sale was made from the goods imported by them under B/E No.2013670 dt.09.09.2022 & B/E No.2014055 dt.19.09.2022.

18.1 M/s. ISC had imported goods under B/E No.2013670 dt.09.09.2022 & B/E No.2014055 dt.19.09.2022 from the Overseas Supplier M/S. ZHEJIANG MINFENG CHEMISTRY MANUFACTORY CO. LTD. CHINA. M/s. Vishal Sales Corporation, having IEC No. ATBPS5736R is a regular importer of PU Coated Fabrics from the same Overseas Supplier. The Qty-wise import of PU Coated Fabric made by M/s. Vishal Sales Corporation is as detailed below –

TABLE-13

Sr. No.	Year of Import	Description of goods imported	CTH	Qty (Meters)	Remarks
1	2018	PU Coated Fabric	59032090	37,980	Before imposition of ADD on PU Coated Fabrics
2	2019	PU Coated Fabric	59032090	84,078	Before imposition of ADD on PU Coated Fabrics
3	2021	PU Coated Fabric	59032090	3,07,281	Before imposition of ADD on PU Coated Fabrics
4	2022	PU Coated Fabric	59032090	3,89,115	Imports made after imposition of ADD on PU Coated Fabrics
5	2023	PU Coated Fabric	59032090	1,90,850	Imports made after imposition of ADD on PU Coated Fabrics

18.3 M/s. Vishal Sales Corporation & M/s. Vishal Enterprise in their respective statements dt. 09.09.2024 and 06.09.2024 had very specifically stated that they had contacted Shri Prashant Gautam for purchasing PU Coated Fabric and received it under Invoice No.867 dt. 23.11.2022 & Invoice No.868 dt. 24.11.2022, however the goods description in the invoice was mentioned as "Textile Coated Fabric".

18.4 The facts emerged during investigation coupled with the corroborative Statements recorded reveal that Shri Prashant Gautam, Proprietor of M/s. ISC has knowingly indulged himself in import of PU Coated Fabric by mis-declaring and mis-classifying their true identity with the sole intention to evade payment of appropriate Customs duty and Anti-dumping duty leviable on it.

18.5 The above facts clearly demonstrate that M/s. ISC Enterprise, has imported the goods by way of mis-declaration and mis-classification in the import documents. By indulging in the above acts, M/s. ISC Enterprise appear to have indulged themselves in the act or omission, in relation of the goods, which have rendered such goods liable to confiscation under section 111(m) of the Customs Act, 1962 and thus rendered themselves liable for penalty under section 112(a) & (b) of the Customs Act, 1962.

18.6 As per Section 114A of the Customs Act, 1962, M/s. ISC Enterprise by their acts of omission and commission evaded Customs duties including Anti-Dumping Duty of Rs.30,63,695/-, and thus have rendered themselves liable for penalty equivalent to the duty so evaded under Section 114A of the Customs Act, 1962.

18.7 In terms of Section 114AA, if a person knowingly or unknowingly 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 purpose of this Act, he shall be liable to a penalty not exceeding five times the value of the goods. Shri Prashant Gautam, Proprietor of M/s. Iskon Sales Corporation by driving the above modus operandi of mis-declaration of description and misclassification of CTI to evade applicable Anti-Dumping Duty, has knowingly used declarations in the form of wrongly claimed classification of imported goods which was false or incorrect in any material particular, and hence has rendered himself liable to penalty under section 114AA of the Customs Act, 1962.

CONTRAVENTIONS AND CHARGES:

19. From the facts divulged in the investigation, as elaborated in foregoing paras, as well as confirmatory statements of Domestic buyers of the imported goods on record it appears that M/s. ISC have willfully mis-stated & suppressed the correct description & classification of PU Coated Fabric during their import before the Customs authorities at APSEZ Mundra with an intent to evade the Anti-Dumping Duty in terms of Notification No. 14/2022-Customs (ADD) dated 20.05.2022 and payment of other Customs Duty.

20. It further also appears that M/s. ISC have intentionally and willfully mis-stated, suppressed facts, in contravention to the provisions u/s. 46(4) & (4A) of the Customs Act, 1962 and thereby have evaded duty to the tune of Rs.30,63,695/- as discussed supra. By indulging in these acts during the transaction of their business, M/s. ISC have rendered themselves liable for penalty under Section 114A of the Customs Act, 1962.

CONFISCATION OF GOODS -

21. It is evident that M/s. ISC has indulged themselves in mis-declaration and mis-classification of the goods covered under Bills of Entry filed during their imports before APSEZ, Mundra as mentioned below –

TABLE-14

S. No.	SEZ to DTA B/E No. & Date	HS CODE / CTH	Declared description of good	Quantity (Kg)	Ass. Value (Rs.)
1	2013670 dt. 09.09.2022	59119090	TEXTILE COATED FABRIC	23,585.25	22,76,920.04
2	2014055 dt. 19.09.2022	59119090 60063200	TEXTILE COATED FABRIC POLYESTER BONDED FABRIC	20,244 Kg 4976 Kg	19,53,141.12 6,40,112.64

The investigation conducted in the case has revealed that the goods imported vide

above Bills of Entry were PU Coated Fabric, whereas they were declared by M/s. ISC as Textile Coated Fabric. It was also revealed that M/s. ISC has mis-classified the goods under CTI 59119090, whereas these goods, by virtue of being PU Coated Fabric merited to be rightly classified under CTI 59032090. By indulging in the above act of mis-declaration and mis-classification, the goods having total assessable value of Rs. 48,70,173/- imported vide above Bills of Entry by M/s. ISC Enterprise appears to be liable for confiscation under Section 111(m) of the Customs Act, 1962. The above act of mis-declaration and mis-classification of goods further also renders M/s. ISC liable for penalty under Section 112(a) & 112(b) of the Customs Act, 1962.

22.1 Accordingly, Show Cause Notice No. 01/2025-26/ADC/AKM/ADJ/MCH dated 06.05.2025 was issued to the importer M/s Iskon Sales Corporation calling upon it to show cause as to why:

(i) The declared Classification under CTI 59119090 against the description of goods "Textile Coated Fabric" as mentioned in TABLE-11 & 12 of para 12.2 to this report should not be rejected.

(ii) The goods imported vide Bills of Entry as mentioned in TABLE-11 & 12 of para 12.2 should not be re-classified under HS CODE/ CTI 59032090 and its description should not be considered as Polyurethane (PU) Coated Fabric.

(iii) The differential Customs Duty of Rs. 30,63,695/- (Rupees Thirty Lakh Sixty-Three Thousand Six Hundred and Ninety-Five) in respect of above Bills of Entry as mentioned in TABLE-11 & 12 of para 12.2 of this report should not be demanded under the provision of Section 28(4) of the Customs Act, 1962 along with applicable interest under Section 28(AA) of the Customs Act, 1962 and the same should not be recovered from M/s. Iskon Sales Corporation.

(iv) Goods imported vide Bills of Entry as mentioned in TABLE-11 & 12 of para 12.2 having assessable value of Rs. 48,70,173/- (Rupees Forty-Eight Lakh Seventy Thousand One Hundred and Seventy-Three only) should not be held liable to confiscation as per the provisions of Section 111 (m) of the Customs Act, 1962.

(v) Penalty on M/s. Iskon Sales Corporation should not be imposed u/s. 112(a), 112(b), & 114A of the Customs Act, 1962.

22.2 Shri Prashant Gautam, Proprietor of M/s. ISC is also called upon to Show cause as to why Penalty should not be imposed on him under section 114 AA of the Customs Act, 1962.

SUBMISSIONS OF THE NOTICEES

23. The noticee M/s Iskon Sales Corporation, Delhi, through its Proprietor Shri Prashant Gautam, filed a reply dated 20.02.2026 through their Advocate Shri Harish Kohli, inter alia submitting as under:

I. PRELIMINARY OBJECTIONS

(A) SCN Without Jurisdiction: *The SCN seeks to reopen past consignments which were duly declared, examined, assessed and cleared by the proper officer; that once assessment is complete, the same cannot be re-opened without establishing fraud, collusion, willful misstatement or suppression of facts; that no such allegation is legally sustainable in this SCN; that the entire SCN is premised on a CRCL test report of B/E No.1015704 dt.02.11.2022, which is already subject matter of a separate adjudication pending before Hon'ble CESTAT, Ahmedabad; that the department is thereby attempting to pre-judge an issue already sub-judice, which is impermissible in law; and that the SCN is therefore liable to be set aside on this ground alone.*

(B) Issue Sub-Judice Before CESTAT, Ahmedabad: *The classification dispute from the CRCL report is already under challenge before Hon'ble CESTAT, Ahmedabad; that the department cannot treat a disputed test report as final and extend it retrospectively to past consignments; that until final adjudication by CESTAT, the CRCL report remains a disputed piece of evidence; that issuance of this SCN amounts to parallel adjudication and abuse of process of law; and that one CRCL report of one consignment cannot be the basis to allege misclassification across all past consignments which were admittedly properly cleared by Customs with full opportunity of examination.*

(C) Extended Limitation Under Section 28(4) Not Invokable: *All imports were made through proper Bills of Entry with true and correct declaration; all subject goods were examined by the proper officer; there is no allegation in the entire SCN of forged documents, fake invoices, dummy IEC, undervaluation or clandestine removal; the entire case rests on alleged misclassification and it is settled law that mere difference of opinion in classification does not amount to suppression; some consignments were even provisionally assessed by Customs themselves establishing that all facts were open to the department; for invoking Section 28(4), fraud, collusion, willful misstatement and intent to evade duty must be positively established, and the SCN is completely silent on such evidence; that the Hon'ble CESTAT, Principal Bench in* ***EMD Locomotive Technologies vs. ADG, DRI — (2024) 23 Centax 289 (Tri.-Del.)*** *held that where goods were subjected to first check and classification was finalized by the department itself, extended period cannot be invoked on the ground of suppression; that this was affirmed by the Hon'ble Supreme Court in* ***Commissioner v. EMD Locomotive Technologies Pvt. Ltd. — (2024) 23 Centax 290 (SC)*** *and the Review Petition of the department was also dismissed as reported at* ***(2026) 38 Centax 309 (SC)****, thereby settling that extended limitation cannot be invoked in cases of reinterpretation of classification after departmental examination; and that the present SCN is therefore ex facie barred by limitation.*

(D) Violation of Article 14 – Arbitrary Exercise of Power: *Re-opening completed assessments after several years on identical material constitutes colourable exercise of jurisdiction; it is settled constitutional jurisprudence that State authorities cannot penalize an assessee for their own oversight or change of*

view; to do so renders finality of assessment illusory; and the impugned notice therefore suffers from manifest arbitrariness and deserves to be quashed on constitutional grounds as well.

(E) No Suppression – Facts Within Department's Knowledge: *All Bills of Entry were assessed and several were even provisionally assessed by Customs at Mundra; if Customs had any doubt, they could have drawn samples, ordered testing or rejected classification at assessment stage itself; departmental inaction cannot be converted into suppression by the importer.*

(F) SCN Based on Presumptions – Retrospective Extension of Test Report: *Only one live consignment was tested by CRCL; no samples were drawn for past consignments; without testing past consignments, presuming all past imports were identical is legally impermissible; each import is an independent assessment and classification cannot be assumed retrospectively without sample testing, chemical analysis and independent evidence; and the entire demand on past consignments is therefore based on assumption and conjecture.*

(G) Mandatory Pre-Consultation Not Granted: *As per CBIC Circular No. 1070/3/2019-CX dated 19.06.2019, pre-SCN consultation is mandatory in cases involving substantial demand; no such consultation was granted; and this procedural lapse itself violates principles of natural justice and renders the SCN liable to be set aside.*

(H) Section 108 Statements Cannot Be Sole Basis: *Statements recorded under Section 108 at best show lack of technical knowledge, which is not equivalent to fraud; statements of third-party buyers, CA, etc. cannot determine tariff classification, which is a question of law and not a matter of traders' opinion; and reliance on such statements as the foundation of this SCN is legally impermissible.*

(I) Right to Cross-Examination: *Since the SCN relies on statements of third parties, cross-examination of Shri Suresh Kumar, Shri Deepak Shivhare, Shri Vikas Shivhare and Shri Rahul Girdhar is an absolute necessity; cross-examination of CRCL officials and production of complete test methodology is also required; cross-examination is a substantive right affecting fairness of adjudication and not a mere procedural formality; and unless cross-examination is granted, reliance on these statements is legally impermissible.*

(J) Non-Supply of Documents – Violation of Natural Justice: *Complete and legible copies of all annexures, laboratory forwarding memos, seal verification details, internal correspondence, digital extraction data and approval for invoking extended period have not been supplied; it is settled that a noticee must be provided every document relied or referred upon in the SCN; non-supply vitiates proceedings void ab initio; and proceedings deserve to be kept in abeyance until full compliance.*

II. WITHOUT PREJUDICE SUBMISSIONS ON MERITS

(A) Classification Must Be Based on Essential Character: *Tariff classification cannot be determined merely on the presence of polyurethane coating; whether coated fabric falls under CTH 5911 or 5903 depends on nature*

of coating and technical specifications to be determined in accordance with GIR, Chapter Notes and HSN Explanatory Notes; no such exercise has been done in the SCN; the CRCL report does not analyze thickness of coating, percentage of plastic, whether coating is visible to the naked eye, whether plastic predominates over textile, or essential character; and without such determination, reclassification is legally unsustainable.

(B) CRCL Report Merely Descriptive and Non-Speaking: *The CRCL report merely states "coated with polyurethane" without any quantification, layer separation analysis, reference to HSN criteria or determination under GIR 3(b); expert opinion must be reasoned and relevant to tariff interpretation; and a mere descriptive report cannot substitute statutory classification analysis.*

(C) Illegal Extrapolation to Past Imports: *The department has tested only one live consignment of November 2022 which is not even the subject matter of this SCN; each Bill of Entry is an independent assessment; without testing earlier consignments, retrospective reclassification is impermissible; and this approach is speculative and unsupported by evidence.*

(D) Buyer Statements Cannot Determine Tariff Classification: *Third-party buyers referring to goods as "PU Coated Fabric" does not determine tariff classification; commercial nomenclature is not determinative of tariff entry; no technical testing of goods sold to buyers has been done; and statements recorded by DRI much later are legally untenable as basis for classification.*

(E) Anti-Dumping Duty – Burden Not Discharged: *Even assuming without admitting classification under CTH 59032090, the department must establish that goods fall precisely within the product scope of the ADD notification, identify the producer/exporter, and establish non-applicability of exemption; ADD is product-specific and manufacturer-specific; no evidence of producer being other than the excluded entity has been produced; no independent verification from DGTR records has been done; and the ADD demand is therefore unsustainable as the burden has not been discharged.*

(F) Stock Register Discrepancies Irrelevant: *Classification is determined at the time of import and not on the basis of post-import stock ledger adjustments; alleged discrepancies in stock records are clerical matters and cannot establish misdeclaration at the import stage.*

(G) Confiscation Under Section 111(m) Not Attracted: *There is no misdeclaration of quantity, description, value or country of origin in any of the subject Bills of Entry; all goods were transparently declared; and Section 111(m) is therefore not attracted.*

(H) Penalties Unsustainable: *Section 112 requires conscious knowledge, Section 114AA requires knowingly using false documents and Section 117 requires deliberate contravention; the noticee declared all goods transparently, filed genuine import documents, paid appropriate duty as assessed by Customs, and cooperated with investigation; there is no evidence of deliberate intent in the SCN; and invocation of penalty provisions is therefore legally unsustainable.*

(I) Non-Application of Mind: *The SCN reflects mechanical reproduction of*

investigation notes based on testing of one consignment which is not even the subject matter of this SCN; there is no essential character analysis; there are conflicting tariff references within the SCN itself; quasi-judicial proceedings require independent application of mind; and proceedings based on presumptions are arbitrary and constitutionally impermissible.

(J) Cumulative Legal Defects: *The SCN suffers from non-supply of relied upon documents, third-party statement based allegations without cross-examination, illegal invocation of extended period, incomplete test report of an irrelevant shipment, absence of essential character analysis, illegal extrapolation across consignments, failure to discharge ADD burden, absence of mens rea, and arbitrary reasoning — each of which independently vitiates the proceedings and collectively renders the SCN wholly unsustainable.*

III. PRAYER: *The noticee prayed that: (i) invocation of extended period under Section 28 be held illegal; (ii) proposed reclassification be rejected; (iii) ADD demand be dropped; (iv) confiscation proposal be withdrawn; (v) all penalties be dropped; (vi) proceedings be dropped in entirety; or alternatively (vii) complete relied upon documents be supplied; (viii) cross-examination as stated above be granted; and (ix) proceedings be kept in abeyance pending compliance.*

RECORDS OF PERSONAL HEARING

24. A personal hearing in the matter was held on 24.02.2026. Shri Harish Kohli, Advocate appeared on behalf of M/s Iskon Sales Corporation and Shri Prashant Gautam. The submissions made during the personal hearing are as under:

1. At the outset, the Noticee respectfully reiterates and adopts in entirety the submissions made in the Interim Reply dated 20.02.2026. The same may kindly be treated as part and parcel of the present Personal Hearing (PH) submissions.

2. It was specifically submitted that the impugned Show Cause Notice is founded primarily on assumptions, presumptions and retrospective extrapolation of a single test report to past consignments, without independent examination or testing of the subject imports. Such an approach is legally impermissible and contrary to settled principles governing classification and extended limitation.

3. It was further submitted that the SCN heavily relies upon Statements of third parties, The CRCL test report of a live consignment (which is independently under challenge before the Hon'ble Appellate Forum), and Certain documents/data allegedly retrieved during investigation, however, complete and laboratory records, test methodology, internal correspondences, approval for invoking extended limitation, and digital extraction details have not been furnished to the Noticee.

4. It was submitted that all the subject goods were truly declared in all the respective bill of entries which were properly examined, verified by the proper officer of customs and given out of charge.

5. The Noticee therefore requests that before proceeding further in adjudication, the following be kindly granted in the interest of justice and fair adjudication:

(i) Supply of all annexures, laboratory forwarding memos, seal verification details, test methodology and internal notes forming basis of allegations;

(ii) Cross-examination of the persons whose statements have been relied upon in the SCN;

(iii) Cross-examination of the concerned CRCL officials who issued the test report and production of full testing records and methodology adopted;

(iv) Clarification and supply of material relied upon for invoking extended period under Section 28(4).

6. It is respectfully submitted that the above procedural safeguards are not mere formalities but substantive rights flowing from the principles of natural justice. Denial of the same would cause serious prejudice to the Noticee and would render the proceedings legally vulnerable.

7. The Noticee submits that only after receipt of complete documents and grant of cross-examination, it shall be in a position to file a comprehensive and final reply on merits dealing with classification, anti-dumping applicability, limitation and penalty proposals in detail.

8. It is therefore humbly prayed that the present proceedings may kindly be kept in abeyance and reasonable time be granted after compliance of the above requests, to enable the Noticee to file its final reply to the Show Cause Notice.

DISCUSSION AND FINDINGS

25. I have carefully gone through the Show Cause Notice No. 01/2025-26/ADC/AKM/ADJ/MCH dated 06.05.2025, the written submissions dated 20.02.2026 filed by M/s. Iskon Sales Corporation and Shri Prashant Gautam, the Personal Hearing record dated 24.02.2026, and all the documentary evidence available on record. The noticees were afforded opportunities of Personal Hearing on 24.11.2025, 08.01.2026, 28.01.2026, and 24.02.2026. Shri Harish Kohli, Advocate, appeared on behalf of both noticees at the Personal Hearing on 24.02.2026, wherein written submissions dated 20.02.2026 were adopted. The principles of natural justice as enshrined in Section 122A of the Customs Act, 1962 have accordingly been complied with. The issues to be decided by me are:

(i) Whether the declared Classification under CTI 59119090 against the description of goods "Textile Coated Fabric" in respect of the Bills of Entry mentioned in TABLE-11 & 12, supra is liable to be rejected.

(ii) Whether the goods imported vide the said Bills of Entry are liable to be re-classified under CTI 59032090 with description as Polyurethane (PU) Coated Fabric.

(iii) Whether the differential Customs Duty of **Rs. 30,63,695/-** (Rupees Thirty Lakh Sixty-Three Thousand Six Hundred and Ninety-Five Only) is recoverable under Section 28(4) of the Customs Act, 1962 along with interest under Section 28AA thereof from M/s. Iskon Sales Corporation.

(iv) Whether the goods imported vide the said Bills of Entry having assessable value of **Rs. 48,70,173/-** (Rupees Forty-Eight Lakh Seventy Thousand One Hundred and Seventy-Three Only) are liable to confiscation under Section 111(m) of the

Customs Act, 1962.

(v) Whether penalty is imposable on M/s. Iskon Sales Corporation under Section 112(a), 112(b), and 114A of the Customs Act, 1962.

(vi) Whether penalty is imposable on Shri Prashant Gautam, Proprietor of M/s. Iskon Sales Corporation, under Section 114AA of the Customs Act, 1962.

25.1 I find that M/s. Iskon Sales Corporation and Shri Prashant Gautam, through their Advocate Shri Harish Kohli, have in their written submissions dated 20.02.2026 and during Personal Hearing on 24.02.2026, sought cross-examination of Shri Suresh Kumar, Shri Deepak Shivhare, Shri Vikas Shivhare, Shri Rahul Girdhar, and the CRCL officials who issued the test report, on the ground that the SCN is based solely on third-party statements and an inconclusive test report.

25.2 I find that this request has been made at a very belated stage. The SCN was issued on 06.05.2025 and four opportunities of Personal Hearing were granted on 24.11.2025, 08.01.2026, 28.01.2026, and 24.02.2026. Despite being in receipt of the SCN for nearly nine months, the request was raised for the first time only in the written submissions dated 20.02.2026, at the very last stage of the proceedings, without any explanation for the delay. Such a belated request, made only when proceedings are about to conclude, clearly appears to be a calculated tactic to delay adjudication rather than a genuine exercise of any substantive right.

25.3 I further find that the allegations are not based solely on third-party statements but are supported by a convergence of independently corroborated evidence — the CRCL Vadodara test report for goods imported from the same supplier under the same declared description; own admissions of Shri Prashant Gautam regarding incorrect stock register entries and the non-technical nature of the imported goods; the anomaly of 17 additional invoices inserted in the Sales Register of M/s. Pooja Trading Co. after the search Panchnama dated 25.11.2022; and the statements of downstream buyers Shri Deepak Shivhare and Shri Vikas Shivhare independently confirming that the goods supplied by M/s. ISC were PU Coated Fabric. No counter-evidence, technical report, or rebuttal has been placed on record by the Noticee.

25.4 It is a well-settled legal position that cross-examination is not a sine qua non of natural justice in quasi-judicial proceedings and may be denied where statements are corroborated by independent evidence. I rely on the following binding precedents in support:

(a) Poddar Tyres (Pvt) Ltd. v. Commissioner — 2000 (126) E.L.T. 737 — Cross-examination is not part of natural justice but only of procedural justice and is not a sine qua non.

(b) Shivom Ply-N-Wood Pvt. Ltd. v. Commissioner of Customs & C.E., Aurangabad — 2004 (177) E.L.T. 1150 (Tri.-Mumbai) — Cross-examination cannot be claimed as a matter of right.

(c) Patel Engg. Ltd. v. UOI — 2014 (307) ELT 862 (Bom.) — Denial of cross-examination does not amount to violation of natural justice in every case; it depends on the particular facts and circumstances.

(d) Suman Silk Mills Pvt. Ltd. v. Commissioner — 2002 (142) E.L.T. 640 (Tri.-Mumbai) — No infraction of principles of natural justice where witnesses are not cross-examined when statements are confessional in nature.

(e) Commissioner of Customs, Hyderabad v. Tallaja Impex — 2012 (279) ELT 433 (Tri.) — In quasi-judicial proceedings, strict rules of evidence need not be followed; cross-examination cannot be claimed as a matter of right.

25.5 In view of the foregoing, I find that the request for cross-examination is not sustainable on facts or in law. The findings in this case rest on multiple, independently corroborated strands of evidence including the CRCL Vadodara test report in respect of goods imported from the same supplier under the same declared description, documentary evidence recovered under Panchnama, own admissions of the Noticee, and consistent statements of downstream buyers. Accordingly, the request for cross-examination is rejected.

Rejection of declared Classification under CTI 59119090:

26.1 Regarding the first issue of rejection of declared classification, I find that M/s. ISC, vide the two Bills of Entry i.e. B/E No. 2013670 dt. 09.09.2022 and B/E No. 2014055 dt. 19.09.2022 (Table-10 of the SCN), declared the imported goods as "Textile Coated Fabric" and classified the same under CTI 59119090 of the Customs Tariff Act, 1975. It is noted that *para 29* of the SCN refers to CTI 59119990, which is apparently a typographical error, as the correct CTI consistently referred to throughout the SCN and the Bills of Entry under adjudication is CTI 59119090. The present proceedings have accordingly been conducted with reference to CTI 59119090. The Noticee claims that the goods were correctly classified and that the SCN proceeds on unfounded presumptions based on a single test report pertaining to a different consignment.

26.2 I find that CTI 5911 covers "Textile Products and Articles, for Technical Uses" as specified in Chapter Note 8 to Chapter 59 of the Indian Customs Tariff. Chapter Note 8 specifically circumscribes the scope of Heading 5911 to include: (i) fabrics of a kind used for card clothing; (ii) bolting cloth; (iii) filtering or straining cloth used in oil presses; (iv) flat woven textile fabrics of a kind used in machinery or other technical purposes; (v) textile fabrics reinforced with metal of a kind used for technical purposes; and (vi) cords, braids and the like used in industry as packing or lubricating materials, as well as textile articles used for technical purposes such as paper-making felts, gaskets, polishing discs and other machinery parts.

26.3 I further find that Shri Prashant Gautam, Proprietor of M/s. ISC, in his statement recorded on 13.01.2025, categorically admitted that the Textile Coated Fabrics imported by his firm were in rolls of different lengths and were not used for card clothing, oil presses, or any other technical purpose. He specifically admitted that the fabrics were not: (a) textile fabrics reinforced with metal; (b) bolting cloth; (c) filtering or straining cloth; (d) flat woven textile fabrics used in machinery; or (e) textile articles of a kind used for technical purposes such as

paper-making felts, gaskets, washers, or polishing discs. He further stated that the imported fabrics were used in the manufacture of Shoes, Purses, and Handbags, which are consumer goods and not industrial or technical applications.

26.4 The admitted characteristics of the imported goods, namely consumer-use fabric rolls used in the manufacture of footwear and accessories, are entirely inconsistent with and outside the scope of Chapter Note 8 to Chapter 59, which alone governs the coverage of Heading 5911. The declared classification under CTI 59119090 is therefore incorrect and is hereby rejected.

26.5 The Noticee has contended that the SCN is based on assumptions and a retrospective extrapolation of a single test report. I find this contention to be devoid of merit for the reason that the rejection of CTI 59119090 is based not on the CRCL test report but on the Noticee's own admissions regarding the nature and use of the goods, which are squarely inconsistent with the technical use requirement of Chapter Note 8 to Chapter 59. The declared classification fails at the threshold of Chapter Note 8 itself.

Re-classification under CTI 59032090 as PU Coated Fabric:

27.1 Regarding the second issue of reclassification of the subject goods, I find that CTI 5903 covers "Textile Fabrics, Impregnated, Coated, Covered or Laminated with Plastics, other than those of Heading 5902". Sub-heading 59032090 specifically covers textile fabrics coated with Polyurethane (PU) — other than imitation leather fabrics of cotton. The rate of Basic Customs Duty applicable on goods under CTI 59032090 is 20%, and such goods originating from China attract Anti-Dumping Duty @ USD 0.46 per meter under Notification No. 14/2022-Customs (ADD) dated 20.05.2022.

27.2 I find that the CRCL, Vadodara Test Report dated 23.12.2022 in respect of goods imported by M/s. ISC under B/E No. 1015704 dt. 02.11.2022, from the same overseas supplier M/s. Zhejiang Minfeng Chemistry Manufactory Co. Ltd., China, and declared under the identical description "Textile Coated Fabric" categorically established the goods to be: (i) Dyed knitted fabric (having raised fibres on one surface) coated with compounded Polyurethane on one side; and (ii) Dyed woven fabric coated with compounded Polyurethane (PU). The test report therefore constitutes cogent evidence of the nature of goods declared as 'Textile Coated Fabric' imported through M/s. ISC from this Chinese supplier, establishing that such goods are PU Coated Fabrics correctly classifiable under CTI 59032090.

27.3 The Noticee's submission that the CRCL test report pertains to a different consignment (B/E No. 1015704) and cannot be extrapolated to the Bills of Entry under adjudication is considered. However, I find that this submission cannot be accepted for the following reasons:

(a) The goods under B/E No. 1015704 were imported from the same overseas supplier, under the same declared description "Textile Coated Fabric", classified under the same CTH 59119090, and were part of the same pattern of imports made by M/s. ISC during September–November 2022. The CRCL test report therefore constitutes cogent evidence of the identity of

goods imported during the same period from the same source under the same declared description.

(b) Shri Deepak Shivhare, Proprietor of M/s. Vishal Sales Corporation, and Shri Vikas Shivhare, Proprietor of M/s. Vishal Enterprises, who purchased goods from M/s. ISC specifically from the consignments imported under the two Bills of Entry under adjudication, independently admitted that the goods received by them were PU Coated Fabric, despite the description in the M/s. ISC invoices reading "Textile Coated Fabric". Crucially, both buyers stated that their orders placed to M/s. ISC were specifically for PU Coated Fabric.

(c) Shri Prashant Gautam, Proprietor of M/s. ISC, in his statements dated 13.01.2025 and 12.02.2025, admitted that he confirmed that M/s. Vishal Sales Corporation was their regular importer of PU Coated Fabrics from the same Chinese supplier, and that his firm had stopped importing PU Coated Fabric after imposition of Anti-Dumping Duty in May 2022, the clear inference being that the subsequent imports declared as "Textile Coated Fabric" were a substitute label for the same PU Coated Fabric.

(d) As per Table-13, supra, M/s. Vishal Sales Corporation had been regularly importing PU Coated Fabrics under CTH 59032090 from the same Chinese supplier even after imposition of ADD in May 2022. The corroborative purchase of what were admitted to be PU Coated Fabrics from M/s. ISC, imported under the guise of "Textile Coated Fabric" and priced accordingly, demonstrates a clear commercial understanding between the parties of the true nature of the goods.

27.4 The Noticee has further submitted that the CRCL report is merely descriptive and does not conduct an essential character analysis under GIR 3(b), and hence cannot support re-classification. I find this submission to be legally untenable. The goods in question are PU Coated Fabrics a specific product expressly covered by CTI 59032090 which is a specific heading for "textile fabrics coated with polyurethane". The CRCL report, by identifying the coating material as Polyurethane (PU), provides the factual basis for classification under CTI 59032090 in terms of the plain language of the heading. No GIR 3(b) essential character analysis is required where the goods are covered by a specific heading by its own terms. Classification under CTI 59032090 is therefore appropriate as a matter of law.

27.5 The Noticee has also submitted that statements of buyers cannot determine tariff classification as it is a question of law. While I agree that tariff classification is ultimately a matter of law, I find that the buyer statements in this case are not being used to determine classification as a legal matter but as factual evidence corroborating the physical identity of the goods i.e., that the goods were in fact PU Coated Fabric. The legal conclusion of classification follows therefrom by application of the Customs Tariff Act, 1975 to the established facts.

27.6 The Noticee's submission that no samples were drawn from the Bills of Entry under adjudication and hence reclassification is impermissible is also rejected. The physical identity of the goods under the two Bills of Entry is

established through the convergence of: (i) the CRCL test report for goods imported from the same source under the same declared description; (ii) independent admissions of both downstream buyers that the goods supplied by M/s. ISC against their specific orders for PU Coated Fabric were indeed PU Coated Fabric; and (iii) the conduct of the importer in ceasing declared imports of PU Coated Fabric after ADD notification while simultaneously commencing imports of what he termed "Textile Coated Fabric" from the same Chinese suppliers. This evidence collectively and conclusively establishes that the goods imported under B/E No. 2013670 dt. 09.09.2022 and B/E No. 2014055 dt. 19.09.2022 were PU Coated Fabrics.

27.7 In view of the foregoing, I hold that the goods imported vide B/E No. 2013670 dt. 09.09.2022 and B/E No. 2014055 dt. 19.09.2022 by M/s. Iskon Sales Corporation were PU Coated Fabrics and are correctly classifiable under CTI 59032090 in place of the declared CTI 59119090.

28.1 Regarding the third issue of demand of differential duty, I find that consequent upon the re-classification held above, the goods imported by M/s. ISC under the two Bills of Entry were liable to: Basic Customs Duty @ 20%; SWS @ 10% of BCD; IGST @ 12%; Anti-Dumping Duty @ USD 0.46 per meter under Notification No. 14/2022-Customs (ADD) dated 20.05.2022; and IGST @ 12% on ADD. Against this, M/s. ISC had declared CTI 59119090 and paid duties at the applicable rate for that heading only Basic Customs Duty @ 10%, SWS @ 10%, and IGST @ 12%, thereby evading Basic Customs Duty at the differential rate and the entire Anti-Dumping Duty. The differential duty evaded works out to Rs. 16,49,100/- in respect of B/E No. 2013670 and Rs. 14,14,595/- in respect of B/E No. 2014055, totalling **Rs. 30,63,695/-** as detailed in TABLE-11 and TABLE-12, supra.

28.2 The Noticee has challenged the invocation of the extended period under Section 28(4) of the Customs Act, 1962 on the grounds: (a) that all goods were duly declared and examined, (b) that there was no suppression, (c) that the matter is one of mere classification dispute, and (d) relying on the judgment in EMD Locomotive Technologies v. Additional Director General, DRI — (2024) 23 Centax 289 (Tri.-Del.), affirmed by the Hon'ble Supreme Court and further the Review Petition having been dismissed — (2026) 38 Centax 309 (SC). These contentions are considered and dealt with hereunder.

28.3 I find that Section 28(4) of the Customs Act, 1962 enables recovery of duty not levied or short-levied by reason of collusion, willful mis-statement, or suppression of facts. The Noticee's submission that the case involves only a "mere classification dispute" is contradicted by the totality of evidence on record. The present case is not a case where an importer has openly classified goods under a debatable heading and invited adjudication, it is a case where the importer has actively mislabelled PU Coated Fabrics as "Textile Coated Fabric" with the specific and only plausible purpose of evading Anti-Dumping Duty that was imposed on PU Coated Fabrics vide Notification No. 14/2022-Customs (ADD) dated 20.05.2022. The following facts, individually and collectively, establish wilful mis-statement and suppression:

(a) M/s. ISC had been importing PU Coated Fabrics under their correct description and classification CTI 59032090 prior to May 2022. After the imposition of ADD vide Notification No. 14/2022 in May 2022, M/s. ISC abruptly stopped importing goods as PU Coated Fabrics and commenced importing goods under the new description "Textile Coated Fabric" from the same Chinese suppliers. This temporal correlation between the ADD notification and the change in declared description is telling and establishes the design to evade ADD.

(b) The goods were sold in the domestic market under sales invoices that also described them as "Textile Coated Fabric" including to buyers such as M/s. Vishal Sales Corporation and M/s. Vishal Enterprises who had explicitly ordered PU Coated Fabric and received PU Coated Fabric. The deliberate use of a false description in domestic invoices reinforces that the mis-declaration was intentional and systematic.

(c) After the search conducted on 25.11.2022 under Panchnama, 17 additional sales invoices were inserted into the Sales Register of M/s. Pooja Trading Co., the firm controlled by the importer's father to account for 13,009 Kgs of goods sold ostensibly in cash. This post-search fabrication of records constitutes a deliberate suppression of facts and evidence.

(d) Stock register entries of receipt dates of imported goods were incorrectly maintained admitted by Shri Prashant Gautam himself and incorrect stock and date information was submitted to DRI during investigation, constituting submission of misleading information.

(e) Despite repeated summons, details of the buyer M/s. R.K. Trading Co., which was a regular buyer accounting for 8,661 Kgs of the subject imported goods, were wilfully suppressed by Shri Prashant Gautam, who falsely described this regular buyer as a casual purchaser.

(f) The goods were classified under CTI 59119090 ("Other" under Textile Products for Technical Uses) a heading which, on the Noticee's own admission, was wholly inapplicable to the goods, in clear violation of Chapter Note 8 to Chapter 59. The choice of this specific residual heading, rather than any commercially proximate heading, can only be understood as a deliberate device to circumvent the ADD liability under CTI 59032090.

28.4 The Noticee has relied on the judgment of the Hon'ble CESTAT, Principal Bench, New Delhi in EMD Locomotive Technologies v. ADG, DRI — (2024) 23 Centax 289 (Tri.-Del.), as affirmed by the Hon'ble Supreme Court, in support of the proposition that extended limitation cannot be invoked in cases involving re-interpretation of classification after departmental examination. I have carefully considered this submission. I find that the facts of EMD Locomotive Technologies are materially distinguishable from the facts of the present case. In EMD Locomotive Technologies, the Hon'ble CESTAT found that the classification of the imported goods under Heading 8504 had been changed by the Revenue itself from Heading 8537, and thereafter Revenue sought to re-classify the goods back to Heading 8537 — a situation where the allegation of suppression was clearly unsustainable as the department itself had been party to the classification adopted.

The Hon'ble Supreme Court upheld the CESTAT order and the Review Petition filed by the department was also dismissed vide order dated 02.12.2025 reported at (2026) 38 Centax 309 (SC). The present case is on an entirely different footing. Here, the importer deliberately substituted the description "PU Coated Fabric" with "Textile Coated Fabric" immediately after imposition of ADD, fabricated business records post-search, submitted incorrect information during investigation, and systematically suppressed the identities of downstream buyers. These are not the ingredients of a classification dispute — they constitute wilful mis-statement and suppression of facts within the meaning of Section 28(4) of the Customs Act, 1962. The extended period is accordingly correctly invocable and has been validly invoked.

28.5 In view of the above, I hold that the invocation of the extended period under Section 28(4) of the Customs Act, 1962 is legal and valid. I further hold that the total differential duty of **Rs. 30,63,695/-** (Rupees Thirty Lakh Sixty-Three Thousand Six Hundred and Ninety-Five Only) as detailed in TABLE-11 and TABLE-12, supra is recoverable from M/s. Iskon Sales Corporation under Section 28(4) of the Customs Act, 1962 along with applicable interest under Section 28AA thereof.

29.1 Regarding the fourth issue of confiscation, I find that the goods imported by M/s. ISC vide B/E No. 2013670 dt. 09.09.2022 and B/E No. 2014055 dt. 19.09.2022 did not correspond to the entry made in the Bill of Entry in respect of description and classification. As held above, the goods imported under the description "Textile Coated Fabric" under CTI 59119090 were in fact PU Coated Fabrics correctly classifiable under CTI 59032090. The goods therefore do not correspond "in any other particular" with the entry made under the Customs Act, 1962 within the scope of Section 111(m) of the Customs Act, 1962, and are accordingly liable to confiscation thereunder.

29.2 The Noticee has submitted that there was no misdeclaration of quantity, value, or country of origin and that Section 111(m) is therefore not attracted. This submission is rejected. The word "any other particular" in Section 111(m) is of wide amplitude and covers description and classification of goods. The mis-description of PU Coated Fabric as "Textile Coated Fabric" and the mis-classification under CTI 59119090 constitute mis-correspondence with the entry in terms of Section 111(m).

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

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

29.4 Further, I find that the Hon'ble courts in various judicial pronouncements have held that the physical availability of the goods does not have any significance for imposition of redemption fine under Section 125 of the Act. In this regard, I place my reliance on the following judgments:

> *(i) In case of M/s Visteon Automotive Systems India Limited reported in 2018 (9) G.S.T.L. 142 (Mad.) regarding imposition of Redemption Fine in absence of goods liable for confiscation, after observing decision of Hon'ble Bombay High Court in case of M/s Finesse Creations Inc. reported vide 2009 (248) ELT 122 (Bom)-upheld by Hon'ble Supreme Court in 2010(255) ELT A.120(SC), the Hon'ble Madras High Court held in para 23 of the judgment that "The penalty directed against the importer under Section 112 and the fine payable under Section 125 operate in two different fields. The fine under Section 125 is in lieu of confiscation of the goods. The payment of fine followed up by payment of duty and other charges leviable, as per sub-section (2) of Section 125, fetches relief for the goods from getting confiscated. By subjecting the goods to payment of duty and other charges, the improper and irregular importation is sought to be regularised, whereas, by subjecting the goods to payment of fine under sub-section (1) of Section 125, the goods are saved from getting confiscated. Hence, the availability of the goods is not necessary for imposing the redemption fine. The opening words of Section 125, "Whenever confiscation of any goods is authorised by this Act....", brings out the point clearly. The power to impose redemption fine springs from the authorisation of confiscation of goods provided for under Section 111 of the Act. When once power of authorisation for confiscation of goods gets traced to the said Section 111 of the Act, we are of the opinion that the physical availability of goods is not so much relevant. The redemption fine is in fact to avoid such consequences flowing from Section 111 only. Hence, the payment of redemption fine saves the goods from getting confiscated. Hence, their physical availability does not have any significance for imposition of redemption fine under Section 125 of the Act."*

> *(ii) In the case of Synergy Fertichem Pvt. Ltd. Vs State of Gujarat as reported in 2019(12) TMI 1213, the Hon'ble High Court of Gujarat, relying on the judgement of the Apex Court in the case of Weston Components Ltd. vs. Commissioner of Customs, New Delhi, has observed that "The per-requisite for making an offer of fine under Section 130 of the Act is pursuant to the finding that the goods are liable to be confiscated. In other words, if there is no authorisation for confiscation of such goods, the question of making an offer by the proper officer to pay the "redemption fine", would not arise. Therefore, the basic premise upon which the citadel of Section 130 of the Act rests is that the goods in question are liable to be confiscated under the Act. It, therefore, follows that what is sought to be offered to be redeemed, are the goods, but not the improper conduct of the owner to transport the goods in contravention of the provisions of the Act or the Rules."*

It is amply clear from the said section that, where the confiscated goods are not prohibited for import, discretion has been vested in the adjudicating authority

to decide the issue on the basis of the facts and circumstances involved. Accordingly, even though the goods are not physically available for confiscation as they have already been sold in the domestic market, I am empowered to impose Redemption Fine in lieu of confiscation. Therefore, I hold that the imported goods having total assessable value of **Rs. 48,70,173/-** are liable to confiscation under Section 111(m) of the Customs Act, 1962. Since the goods are not prohibited goods, I give an option to M/s. Iskon Sales Corporation to redeem the goods on payment of Redemption Fine under Section 125 of the Customs Act, 1962

30.1 Regarding the fifth issue of proposed penalties under section 112(a), 112(b) & 114A of the Customs Act, 1962, I find that Section 114A of the Customs Act, 1962 provides for a penalty equal to the duty or interest determined under sub-section (8) of Section 28, in cases where duty has not been levied or has been short-levied by reason of collusion, wilful mis-statement, or suppression of facts.

30.2 I find that M/s. ISC has actively filed Bills of Entry misdeclaring PU Coated Fabrics as "Textile Coated Fabric" and misclassifying them under CTI 59119090, thereby evading payment of applicable Basic Customs Duty at the correct rate and Anti-Dumping Duty leviable under Notification No. 14/2022-Customs (ADD) dated 20.05.2022. As held above in the context of limitation, the duty evasion is attributable to wilful mis-statement and suppression of facts by M/s. ISC. Accordingly, M/s. ISC is liable to penalty under Section 114A of the Customs Act, 1962 equal to the differential duty of **Rs. 30,63,695/-.** In terms of the proviso to Section 114A, if the differential duty and interest payable thereon are paid within thirty days from the date of communication of this Order, the penalty shall stand reduced to 25% of the duty so determined.

30.3 In view of the last proviso to Section 114A of the Customs Act, 1962, which provides that where penalty has been levied under Section 114A, no penalty shall be levied under Section 112, therefore, I refrain from imposing penalty on M/s. ISC under Section 112(a) and Section 112(b) of the Customs Act, 1962.

30.4 The Noticee has submitted that there was no conscious knowledge or deliberate intent and hence penalties are unsustainable. For the reasons elaborated in paras 28.3 and 28.4 above, this submission is rejected. The pattern of conduct, namely mislabelling immediately after imposition of ADD, fabricating post-search records, suppressing buyer identities, and submitting incorrect stock data, establishes mens rea beyond reasonable doubt.

31.1 Regarding the sixth issue of proposed penalty on Shri Prashant Gautam under section 114AA of the Customs Act, 1962, I find that Section 114AA of the Customs Act, 1962 provides that "*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,….*" In the present case I find that Shri Prashant Gautam is the Proprietor of M/s. ISC and is the sole person responsible for all import operations and management of business affairs of the firm. He is also the person in effective

control of M/s. Pooja Trading Co., having direct access to its email credentials, documents, and records, as established from his statements recorded under Section 108 of the Customs Act, 1962.

31.2 I find that Shri Prashant Gautam knowingly and intentionally filed Bills of Entry declaring PU Coated Fabrics as "Textile Coated Fabric" under CTI 59119090. His knowledge and intent are clearly established from the fact that his firm ceased importing PU Coated Fabrics immediately after imposition of ADD and commenced importing the same goods from the same Chinese suppliers under a changed description; that domestic buyers who had specifically ordered PU Coated Fabric received the same under invoices describing it as "Textile Coated Fabric"; and that he personally orchestrated submission of fabricated Sales Register records of M/s. Pooja Trading Co. after the search proceedings. These facts collectively establish that the declarations made in the Bills of Entry were knowingly false and incorrect in material particulars.

31.3 In view of the above, I hold that Shri Prashant Gautam has rendered himself liable to penalty under Section 114AA of the Customs Act, 1962.

ORDER

3 2 . In view of the foregoing Discussion and Findings, I pass the following Order:

(i) I hold that the declared classification of goods as "Textile Coated Fabric" under CTI 59119090 in Bills of Entry Nos. 2013670 dated 09.09.2022 and 2014055 dated 19.09.2022 is rejected**;**

(ii) I hold that the goods imported vide Bills of Entry Nos. 2013670 dated 09.09.2022 and 2014055 dated 19.09.2022 are PU (Polyurethane) Coated Fabrics and are re-classified under CTI 59032090;

(iii) I confirm the demand of differential customs duty of **Rs. 30,63,695/-** (Rupees Thirty Lakh Sixty-Three Thousand Six Hundred and Ninety-Five Only) as detailed in TABLE-11 and TABLE-12, supra, under Section 28(4) of the Customs Act, 1962 along with applicable interest under Section 28AA of the Customs Act, 1962;

(iv) I hold that the imported goods covered under Bills of Entry Nos. 2013670 dated 09.09.2022 and 2014055 dated 19.09.2022 having total assessable value of **Rs. 48,70,173/-** (Rupees Forty-Eight Lakh Seventy Thousand One Hundred and Seventy-Three Only) are liable to confiscation under Section 111(m) of the Customs Act, 1962. However, I give an option to M/s. Iskon Sales Corporation to redeem the goods on payment of Redemption Fine of **Rs. 1,00,000/-** (Rupees One Lakh Only) under Section 125 of the Customs Act, 1962;

(v) I impose a penalty of **Rs. 30,63,695/-** (Rupees Thirty Lakh Sixty-Three Thousand Six Hundred and Ninety-Five Only) on M/s. Iskon Sales Corporation under Section 114A of the Customs Act, 1962. In terms of the proviso to Section 114A of the Customs Act, 1962, where the duty and interest determined under Section

28AA thereof, along with the penalty so determined, are paid within thirty days from the date of communication of this Order, the penalty payable shall stand reduced to 25% of the duty so determined;

(vi) I impose a penalty of **Rs. 1,00,000/-** (Rupees One Lakh Only) on Shri Prashant Gautam, Proprietor of M/s. Iskon Sales Corporation, under Section 114AA of the Customs Act, 1962.

(vii) I refrain from imposing penalty on M/s. Iskon Sales Corporation under Section 112(a) and Section 112(b) of the Customs Act, 1962 as discussed in para 30.3;

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

3 4 . Show Cause Notice No. 01/2025-26/ADC/AKM/ADJ/MCH dated 06.05.2025 stands disposed of in the above terms.

Digitally signed by
Dipakbhai Zala
Date: 28-04-2026
13:45:24

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

To,

1. M/s Iskon Sales Corporation,
   4995/5, Sant Nagar, Karol Bagh,
   Delhi-110005.

2. Shri Prashant Gautam, Proprietor of M/s Iskon Sales Corporation,
   4995/5, Sant Nagar, Karol Bagh,
   Delhi-110005

Copy to:

1. The Additional Director General, DRI, Ahmedabad Zonal Unit,
   15 Magnet Corporate Park, Off S.G. Highway,
   Near Sola Flyover, Thaltej, Ahmedabad – 380054.
2. The Deputy Commissioner, Review, Customs House, Mundra.
3. The Deputy Commissioner, TRC, Customs House, Mundra.

4. The Assistant Commissioner, EDI, Customs House, Mundra.
5. Guard File.