आयुक्त, सीमा शुल्क का कार्यालय,
OFFICE OF THE COMMISSIONER OF CUSTOMS
न्यू कस्टम हाउस, बालाजी मंदिर के पास, न्यू कांडला-370210
NEW CUSTOMS HOUSE, NEAR BALAJI TEMPLE, NEW KANDLA-370210
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DIN - 20260871ML00009DC3AF

SHOW CAUSE NOTICE

(Under Section 124 read with Sections 111, 112, and 114AA of the Customs Act, 1962)

1.1 Whereas, based on specific intelligence, officers of the Directorate of Revenue Intelligence received information that M/s Zip Zap Exim Private Limited, Unit-2, Industrial Shed-163-164, CPW Phase-I, Sector-1, Kandla SEZ, Gandhidham – 370230 (IEC-0516944169) (hereinafter referred to as "the importer"), had filed a Bill of Entry for clearance of textile fabrics imported from China by mis-declaring the description, classification and value of the imported goods with an intent to evade the applicable Customs duties and Anti-Dumping Duty.

1.2 Whereas, acting upon the said intelligence, scrutiny of import documents, filed by M/s Zip Zap Exim Private Limited was undertaken. The import data in respect of M/s. Zip Zap Exim Private Limited was scrutinized and the following Bill of Entry imported through Kandla SEZ was identified for detailed investigation.

TABLE - A

Bill of Entry No.	Date	Declared Description	Declared CTI	Declared Quantity	Declared Unit Value
7756033	26.02.2026	PA Coated Fabric	59039090	27,244 Kgs.	USD 0.44 per Kg.

2. DETAILED EXAMINATION OF GOODS AND DRAWAL OF SAMPLES

2.1 Whereas, the imported goods covered under Bill of Entry No. 7756033 dated 26.02.2026 filed by M/s. Zip Zap Exim Private Limited were subjected to detailed examination by the officers of the Directorate of Revenue Intelligence in the presence of independent panch witnesses and representatives of the importer.

2.2 During the course of examination under panchnama dated 07.03.2026, the imported goods declared as "PA Coated Fabric" under Customs Tariff Heading 59039090 were found packed in rolls. The rolls were randomly selected and examined to ascertain the actual nature, composition, coating material, construction, quantity and classification of the imported goods. On physical examination, the goods appeared to consist of coated woven fabrics of different constructions and characteristics. Since the exact composition, coating material, GSM and classification of the imported goods could not be conclusively determined through visual examination, it was considered necessary to obtain expert laboratory opinion.

2.3 Accordingly, representative samples were drawn from the imported goods under Panchnama dated 07.03.2026. The samples were drawn in a manner to ensure representation of the entire consignment and to cover all visible variations in the imported fabrics. Considering visual variations, during the examination, it was seen that two types of fabrics were imported vide BE No. 7756033 dated 26.02.2026. Accordingly, representative samples were drawn from both these varied varieties of fabric.

2.4 The representative samples were properly packed, sealed and marked with identification particulars in the presence of the panch witnesses and the authorised representative of the importer. The sample packets were signed by the officers conducting the examination, the panch witnesses and the

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2.4 The representative samples were properly packed, sealed and marked with identification particulars in the presence of the panch witnesses and the authorised representative of the importer. The sample packets were signed by the officers conducting the examination, the panch witnesses and the representative of the importer to maintain the integrity of the samples. The fabric were of two different type and therefore, one representative sample from each was drawn and marked as “ZIPZAP/7756033/A/Sample-1” and “ZIPZAP/7756033/B/Sample-1”.

2.5 The sealed samples as detailed above at para 2.4 were sent to the Laboratories, Textile Committee, Mumbai, for determination of:

- Nature of fabric (woven/knitted);
- Fibre composition;
- Warp and weft construction;
- Presence of textured or non-textured filament yarn;
- Presence and percentage of elastomeric yarn;
- GSM (grams per square metre);
- Fabric structure and weave pattern;
- Presence or absence of coating, impregnation, covering or lamination visible to the naked eye;
- Microscopic examination of yarn composition and fabric construction;

2.6 The Laboratory, Textile Committee, Mumbai submitted the following test reports **(RUD-01)**.

TABLE - B

Sr. No.	**Bill of Entry No.**	**Date**	**Test Report No. and date**
1	7756033	26.02.2026	0153032526-3286 dated 29.04.2026 (in Part I and II)
			0153032526-3287 dated 29.04.2026 (in Part I and II)

2.7 In Part I of both the Test Result dated 29.04.2026, the Laboratory, Textile Committee, Mumbai informed that dyes prohibited by the Government of India under Section 6(2) (D) of the Environment (Protection) Act, 1986 (29 of 1986) read with Rule 13 of the Environment (Protection) Rules, 1986 vide Notification S.O. 108(E) dated 30.01.1990 and SO 243(E) dated 25.03.1997 were not detected in tested samples.

2.8 In Part II of the test results, the Laboratories, Textile Committee had reported tested result on the parameters tested by them. Based on these results, the description of the goods has been arrived as under for the two representative samples.

TABLE - C

Sr. No.	**Bill of Entry No.**	**Sample**	**Description as per Textile Committee Test Report**	**GSM**
1	7756033 dated 26.02.2026	ZIPZAP/7756033 /A/Sample-1	Polyurethane coated dyed woven fabric made from 100% non-texturized polyester filament yarn	83.3
		ZIPZAP/7756033 /B/Sample-1	Polymethyl Methacrylate coated printed woven fabric made from 100% non-texturized polyester filament yarn	53.1

2.9 Upon testing, the Laboratories, Textile Committee, Mumbai reported that one category of goods was Polyurethane coated dyed woven fabric made from 100% non-texturized polyester filament yarn having GSM of 83.3. The laboratory further reported that the other category of goods was Polymethyl Methacrylate coated printed woven fabric made from 100% non-texturized polyester filament yarn having GSM of 53.1.

2.10 The laboratory findings revealed that the imported goods were not wholly covered by the description declared in the Bill of Entry and that a substantial portion of the imported goods are different from the import declarations in respect of description, classification and consequently of value.

3. SEIZURE OF GOODS

3.1 Whereas, the investigation conducted by the Directorate of Revenue Intelligence brought out that the imported goods in respect of which Bill of Entry filed by M/s. Zip Zap Exim Private Limited under Bill of Entry Nos. 7756033 dated 26.02.2026, were prima facie mis-declared with respect to their description, classification, quantity and value. Examination of the goods under panchnama dated 07.03.2026 **(RUD-04)** revealed that the imported goods were not PA coated polyester fabrics alone, as declared in the Bill of Entry. Subsequent laboratory testing by the Textile Committee, Mumbai confirmed that the goods consisted of Polyurethane coated dyed woven fabric made from 100% non-texturized polyester filament yarn, which is not classifiable under Customs Tariff Item 59039090, as declared by the importer.

3.2 The aforesaid acts of mis-declaration of description, classification and value rendered the imported goods liable to confiscation under the provisions of Section 111 of the Customs Act, 1962. Since the investigation revealed deliberate suppression of material particulars having a direct bearing on assessment and levy of Customs duty, the goods were considered liable for seizure under Section 110 of the Customs Act, 1962.

3.3 Accordingly, under reasonable belief that the imported goods were liable to confiscation under Section 111 of the Customs Act, 1962, the goods covered under Bill of Entry Nos. 7756033 dated 26.02.2026, were seized under Section 110 of the Customs Act, 1962. **(RUD-02)**.

4. STATEMENT OF KEY PERSON

4.1 Whereas, statement of Shri Vaibhav Baid S/o. Shri Gajraj Singh Baid, Director of M/s. Zip Zap Exim Private Limited was recorded under Section 108 of the Customs Act, 1962 on 09.06.2026, **(RUD-03)**, wherein he interalia stated that -

- He is a Director of M/s. Zip Zap Exim Private Limited (IEC 0516944169); that M/s. Zip Zap Exim Private Limited is functioning since 2016. M/s. Zip Zap Exim Private Limited is a SEZ Unit at Kandla SEZ having Warehousing facility of various HSNs and they have one more unit at Kandla SEZ for manufacturing which is a separate unit with separate Letter of Approval issued by the KASEZ; that they provide warehousing facility for both DTA clients and foreign clients. Their foreign clients keep/store imported goods at their warehousing facility and further upon its sale to Domestic buyers, the domestic buyer files “T” type bill of entry for clearances of goods from the SEZ warehouse.
- He had perused the Panchnama dated 07.03.2026 drawn at M/s. Zip Zap Exim Private Limited and stated that the contents of the said Panchnama are correct. He stated that the sample drawing process adopted during examination is accepted by him and on behalf of the Company.
- He had perused the test report of representative samples drawn during examination at M/s. Zip Zap Exim Private Limited in respect of BE Nos. 7756033 dated 26.02.2026, received from the Laboratories, Textile Committee, Government of India, Mumbai and agreed with the test result based on the parameters mentioned therein. He accepted and confirmed that the test report is true and correct and stated that he did not have any objection to the test result in any of the tested parameters.
- He had perused the Bill of Entry No. 7756033 dated 26.02.2026 filed by their company for import of fabrics and stated that the said Bill of Entry were filed by them for warehousing on

behalf of foreign client of imported fabrics from China. The Bill of Entry No. 7756033 dated 26.02.2026 was filed by M/s. Zip Zap Exim Private Limited for warehousing of goods in respect of M/s. Shaoxing Shangyu Hualian Dyeing Co. Ltd. of China; that their company has Agreement/Contract with M/s. Shaoxing Shangyu Hualian Dyeing Co. Ltd. of China for warehouse of their goods at their warehouse facility. The goods imported under Bill of Entry No. 7756033 dated 26.02.2026 were filed by their company for warehousing based on the agreement/contract with this overseas company **(RUD-05)**. Such imported goods are subsequently sold to Domestic buyers by the overseas company and upon such sale, the DTA buyers file "T" type bill of Entry for clearances of the goods from their warehouse facility. They receive warehousing charges from the overseas company in Freely convertible Foreign currencies; that the entries/declaration made in the said Bill of Entry was done after careful application of mind. The CTH, Assessable Value, Rate of Duty, Exemption benefit availed and other details mentioned therein were filed on basis of details provided by the foreign client. He produced a copy of the agreement/contract with be overseas client.

- He agreed that the declared description in respect of BE No. 7756033 dated 26.02.2026, was "PA Coated Fabric" under CTI 59039090, however, during the examination of the imported goods under panchnama dated 07.03.2026, two types of fabrics were found and representative samples were drawn and marked as "ZIPZAP/7756033/A/Sample-1" and "ZIPZAP/7756033/B/Sample-1". He agreed and confirmed the the test result clearly show that the representative samples drawn from the imported goods are different than ones the declared in the Bill of Entry in respect of sample "ZIPZAP/7756033/A/Sample-1".
- He agreed with the test report. The details of test report and revised description and CTI, Sq.mtrs (based on GSM) and Assessable Value of the imported goods based on the revised description is as under :-

TABLE - D

BE NUMBER	BE DATE	ITEM DESCRIPTION (DECLARED)	CTI declared	Description as per Test Result	CTI – on the basis of test report	GSM	Net Weight	Sq. Mtrs. Calculated based on GSM
7756033	26--02-2026	PA coated fabric	59039090	Polyurethane coated dyed woven fabric - 100% non-texturized filament yarn	59032030	83.3	5453.6	65469.39
				Polymethyl Methacrylate coated printed woven fabric-100% non-texturized filament yarn	59039090	53.1	21790.9	410374.8

- He agreed that the declared description in respect of representative sample "ZIPZAP/7756033/A/Sample-1" did not match with the true description derived from the test report on the basis of tested parameters in the Bill of Entry No. 7756033 dated 26.02.2026. He agreed with the re-classification based on the said test report; that further he also agreed with the quantity in Sq. Mtrs arrived on the basis of the GSM and declared Net weight in the Packing List.
- He had perused the test report and confirmed that the tested parameters of the test report show that the description of the imported goods is other than that declared in respect of representative samples "ZIPZAP/7756033/A/Sample-1" drawn from BE No. 7756033 dated 26.02.2026. He agreed that the imported goods are mis-declared in terms of the description, CTI and Assessable Value of the imported goods; that accordingly, he on behalf of foreign client agreed that the CTI and assessable value and CTI of the said goods may be re-assessed in accordance with the test

report and examination panchnama. He agreed that assessable value also is required to be re-assessed on the basis of contemporary value of imported goods (As per description/CTI arrived on testing).

5. RE-CLASSIFICATION OF GOODS

5.1 Whereas, the importer had declared the imported goods as **"PA Coated Fabric"** under Customs Tariff Headings 59039090 of the First Schedule to the Customs Tariff Act, 1975. Two distinct Representative samples drawn from the imported consignments were tested by The Laboratories, Textile Committee, Mumbai. The laboratory reported the goods as:

TABLE - E

Sr. No.	Bill of Entry No.	Sample marking	Description as per Textile Committee Test Report	GSM
1	7756033 dated 26.02.2026	ZIPZAP/7756033/A/Sample-1	Polyurethane coated dyed woven fabric made from 100% non-texturized polyester filament yarn	83.3
		ZIPZAP/7756033/B/Sample-1	Polymethyl Methacrylate coated printed woven fabric made from 100% non-texturized polyester filament yarn	53.1

5.2 The Textile Committee reported that the first representative sample viz. ZIPZAP/7756033/A/Sample-1 was a woven polyester fabric coated with Polyurethane (PU) and manufactured from 100% non-texturized polyester filament yarn having GSM of 83.3. The said goods were found classifiable under CTI 59032030. However, the importer had declared the goods under CTI 59039090. Accordingly, the classification declared in respect of this category of goods was found to be incorrect and liable for re-classification.

5.3 The importer had declared the goods under Heading 59039090 of Chapter 59.

Heading 59039090 covers:

"Textile fabrics impregnated, coated, covered or laminated with plastics, other than those *of heading 5902."*

However, the test report revealed that the tested sample is coated with Polyurethene and accordingly, it merited classification under CTI 59032030.

> *Heading 5903 specifically covers:*
>
> *"Textile fabrics impregnated, coated, covered or laminated with plastics, other than those of heading 5902."*
>
> *Tariff Item 59032030 covers:*
>
> *"Other Textile fabrics impregnated, coated, covered or laminated with plastics, other than those of heading 5902 with Polyurethene"*

5.4 The Textile Committee further reported that the second representative sample ZIPZAP/7756033/B/Sample-1 was a Polymethyl Methacrylate coated printed woven fabric made from

100% non-texturized polyester filament yarn having GSM of 53.1. The laboratory test revealed that the classified the representative sample ZIPZAP/7756033/B/Sample-1, would fall under CTI 59039090, which is the same tariff classification declared by the importer. Therefore, the classification declared in respect of this category of goods was found to be correct.

5.5 Thus, the laboratory findings revealed that while one category of the imported goods was correctly declared and classified, another category of goods was misclassified. Consequently, only the goods corresponding to the first test report viz. ZIPZAP/7756033/A/Sample-1, require re-classification from CTI 59039090 to CTI 59032030 for the purpose of reassessment of duty. In terms of Rule 1 of the General Rules for Interpretation of Import Tariff, classification is determined according to the terms of the headings and relevant Section Notes and Chapter Notes. Applying Rule 1 of the General Rules for Interpretation, the imported goods merit classification under Heading 5903 and specifically under Customs Tariff Item 59032030.

5.6 Accordingly, the imported goods are liable to be classified as under:

TABLE - F

Sr. No.	B/E No.	Date	Declared Description	Test Report No.	Description as per Test Report	GSM	Correct CTI
1	7756033	26.02.2026	PA Coated Fabric	0153032526-29.04.2026	Polyurethane coated dyed woven fabric made from 100% non-texturized polyester filament yarn	83.3	59032030 *
				0153032526-29.04.2026	Polymethyl Methacrylate coated printed woven fabric made from 100% non-texturized polyester filament yarn	53.1	59039090 **

* Re-classified ** as per declared classification

5.7 The Authorized representative of M/s Zip Zap Exim Private Limited was confronted with the findings of The Laboratories, Textile Committee, Mumbai and, in his statement recorded under Section 108 of the Customs Act, 1962, accepted the test reports and did not dispute the proposed re-classification in respect of representative sample **“ZIPZAP/7756033/A/Sample-1”** of the imported goods under Customs Tariff Item 59032030. Therefore, the nature, composition and classification of the imported goods brought out clearly through scientific testing and the admission of the importer. Consequently, the imported goods are correctly classifiable under Customs Tariff Item 59032030 and not under Customs Tariff Headings 59039090 as declared in respect of sample “ZIPZAP/7756033/B/Sample-1” covering 65469 SQMs of quantity of imported goods in the Bill of Entry.

6. VALUATION OF IMPORTED GOODS

6.1 Whereas, section 14 of the Customs Act, 1962 read with Rule 3 of the Customs Valuation (Determination of Value of Imported Goods) Rules, 2007 provides that the assessable value of imported goods shall ordinarily be the transaction value, i.e., the price actually paid or payable for the goods when sold for export to India, subject to the provisions of the said Rules.

6.2 Whereas, the importer declared the entire consignment covered under Bill of Entry No. 7756033 dated 26.02.2026 at a unit value of USD 0.44 per kg. However, during investigation, the declared transaction values of the imported goods were examined with reference to the import documents, laboratory reports and contemporaneous import data. Investigation revealed that the importer had declared the goods as "PA coated Fabric" whereas the Textile Committee, Mumbai in respect of one of the representative sample with marking "ZIPZAP/7756033/A/Sample-1" reported the goods as "Polyurethane coated dyed woven fabric made from 100% non-texturized polyester filament yarn". Thus, the declarations made by the importer with regard to description and classification were found to be incorrect. Since the declared description and classification themselves were found to be false and inaccurate, serious doubts arose regarding the truth and accuracy of the declared transaction value.

6.3 Whereas, in terms of Rule 12(1) of the Customs Valuation (Determination of Value of Imported Goods) Rules, 2007, where there were reasons to doubt the truth or accuracy of the declared value, the importer may be asked to furnish further information and where such doubt persists, the declared value may be rejected. In the present case, the substantial misdeclaration of description, classification and quantity ascertained constituted sufficient grounds to reject the declared transaction value.

6.4 Accordingly, the declared transaction values became liable for rejection under Rule 12 read with Rule 3(2) of the Customs Valuation (Determination of Value of Imported Goods) Rules, 2007.

6.5 However, in respect of the Polymethyl Methacrylate coated printed woven fabric classifiable under CTH 59039090, no evidence of undervaluation was noticed during investigation. Therefore, the transaction value declared by the importer was found acceptable under Rule 3 of the Customs Valuation Rules, 2007 and no enhancement of value is warranted for these goods.

7. CONTEMPORANEOUS IMPORT DATA

7.1 Whereas, after rejection of the declared transaction value, efforts were made to determine the value in accordance with the sequential application of Rule 4 to 9 of the Customs Valuation (Determination of Value of Imported Gods) Rules, 2007. Contemporaneous import data relating to imports of similar goods originating from China and imported during the relevant period was examined.

7.2 The goods under investigation were found to be "Polyurethane coated dyed woven fabric made from 100% non-texturized polyester filament yarn"

7.3 Whereas, investigation revealed that similar fabrics of Chinese origin were being imported contemporaneously at substantially higher values than the values declared by M/s Zip Zap Exim Private Limited. The contemporaneous import data pertaining to similar woven polyester filament fabrics containing elastomeric yarn imported from China was examined and found suitable for valuation purposes in the present case. The data of the contemporaneous import is as under :-

TABLE - G

BE Number	Bill of Entry Date	Description	Country	CTI	Quantity	Unit Quantity Code	Unit Ass.Value in Rs.	TOTAL VALUE
5331985	27-10-2025	100% POLYESTER PU COATED DYED WOVEN FABRIC WIDTH:59\" GSM:90 (40628 Y) (37150.24 M)	CN	59032090	55673.35	SQM	85.66	4768979.161
5491166	04-11-2025	100% POLYESTER PU COATED DYED WOVEN FABRIC WIDTH:59\" GSM:90 (30576 Y) (27958.69 M)	CN	59032090	41898.89	SQM	85.66	3589058.917
5826509	21-11-2025	100% POLYESTER PU COATED DYED WOVEN FABRIC WIDTH:59\" GSM:90 (30063 Y)	CN	59032090	41195.92	SQM	86.43	3560563.366

		(27489.60 M)						
5374104	29-10-2025	PU COAT POLYESTER FABRIC(80GSM +/- 10%) (PTR NO.0253032526-89 9)	CN	59032090	36408	SQM	40.14	1461417.12
5947661	27-11-2025	PU COAT POLYESTER FABRIC(80GSM +/- 10%)	CN	59032090	35480	SQM	40.31	1430198.8
6378931	18-12-2025	100% POLYESTER PU COATED DYED WOVEN FABRIC WIDTH:58\" GSM:82 (19521 YDS) (17850 MTR)	CN	59032090	26296.62	SQM	89.8	2361436.476
6089947	04-12-2025	100% POLYESTER WITH PU COATED DYED PRINTED WOVEN FABRIC WID TH: 138CM GSM 90 (+/-10)(16200 YDS)	CN	59032090	20442.32	SQM	119.3	2438768.776
6327924	16-12-2025	100% POLYESTER WITH PU COATED DYED PRINTED WOVEN FABRIC 90 GSM WIDTH 138 CM (16078 YDS)	CN	59032090	20288.37	SQM	121.69	2468891.745
6269224	12-12-2025	100% POLYESTER PU COATED DYED WOVEN FABRIC WIDTH:58\" GSM:90 (14548 Y) (13302.69 M)	CN	59032090	19597.52	SQM	91.22	1787685.774
5777281	18-11-2025	100% POLYESTER WOVEN PU COATED FABRIC, WIDTH: 140 CMS, 110 G SM (14656 YARDS)	CN	59032090	18762.02	SQM	113.23	2124423.525
5533294	06-11-2025	100% PLOYESTER FABRIC (TEXTURE) WIDTH 140 CM	CN	59032090	17883.6	SQM	70.97	1269199.092
5491166	04-11-2025	100% POLYESTER PU COATED DYED WOVEN FABRIC WIDTH:58\" GSM:90 (10959 Y) (10020.90 M)	CN	59032090	14762.8	SQM	88.63	1308426.964
6089947	04-12-2025	100% POLYESTER WITH PU COATED WOVEN FABRIC WIDTH: 138CM GSM : 90 (+/-10) (11012 YDS)	CN	59032090	13895.73	SQM	93.35	1297166.396
5826509	21-11-2025	100% POLYESTER PU COATED DYED WOVEN FABRIC WIDTH:59\" GSM:90 (8924 Y) (8160.1)	CN	59032090	12228.73	SQM	86.43	1056929.134
5346155	27-10-2025	100% POLYESTER WOVEN PU COATED FABRIC, WIDTH: 140 CMS, 110 G SM (9140 YARDS)	CN	59032090	11700.66	SQM	119.91	1403026.141
5826509	21-11-2025	100% POLYESTER PU COATED DYED WOVEN FABRIC WIDTH:58\" GSM:90 (8202 Y) (7499.90 M)	CN	59032090	11048.86	SQM	89.43	988099.5498
5826509	21-11-2025	100% POLYESTER DYED WOVEN PU COATED FABRIC WIDTH:58\" GSM:90 (8070 Y) (7379.2 M)	CN	59032090	10871.04	SQM	87.92	955781.8368
5947661	27-11-2025	PU COAT POLYESTER FABRIC(80GSM +/- 10%)	CN	59032090	10478	SQM	36.45	381923.1
5363823	28-10-2025	1000PCT POLYESTER COATED WOVEN FABRIC GSM76 WIDTH 60\" 5317 Y DS	CN	59032090	7409.48	SQM	97.73	724128.4804
6570291	27-12-2025	PU COAT POLYESTER FABRIC(80GSM +/- 10%)	CN	59032090	7085	SQM	42.63	302033.55
6089947	04-12-2025	100% POLYESTER WITH PU COATED WOVEN FABRIC WIDTH: 138CM GSM :90 (+/-10) (4014 YDS)	CN	59032090	5056.15	SQM	120.37	608608.7755
		Total			438463.06			36286746.68
		Weighted Average				**Rs. 82.75**	**USD 0.92**	

7.4 Whereas, the contemporaneous import data indicated a weighted average transaction value of USD 0.92 per square meter for similar imported goods. Since the contemporaneous imports related to similar goods imported at or about the same time and from the same country of origin, the value of USD 0.92 per square meter was considered appropriate for determination of value under Rule 5 of the Customs Valuation Rules, 2007. Accordingly, the assessable value of the imported goods was re-determined under Rule 5 of the Customs Valuation (Determination of Value of Imported Goods) Rules, 2007.

8. RE-DETERMINATION OF ASSESSABLE VALUE

8.1 Whereas, applying the contemporaneous value of USD 0.92 per square metre to the actual quantities determined on the basis of GSM and net weight, the assessable value was re-determined as follows:

TABLE – H

Description of Goods	Quantity (SQM)	Re-determined Value (USD/SQM)	Total Value (USD)	Exchange Rate (₹/USD)	Re-Assessable Value (₹)
Polyurethane coated dyed woven fabric classifiable under CTH 59032030	65,469.39 SQM	0.92	60,231.84	91.90	55,35,306.10
Polymethyl Methacrylate coated printed woven fabric made from 100% non-texturized polyester filament yarn under CTH 59039090	21790.9 (kgs)	0.44 (per Kgs.)	9,587.996	91.90	8,81,136.8

8.2 Accordingly, the assessable value of the aforesaid goods is re-determined at Rs.64,16,443/- (Rupees Sixty Four Lakhs Sixteen Thousand Four Hundred and Forty Three only) under Rule 5 of the Customs Valuation (Determination of Value of Imported Goods) Rules, 2007.

8.3 The comparison of declared and re-determined values is reproduced below:

TABLE - I

Particulars	Item	Declared Value (Rs.)	Re-determined Value (Rs.)
BE No. 7756033	1	11,01,646	55,35,306.10
	2		8,81,136.8
Total		11,01,646	64,16,443

8.4 Whereas, the above comparison clearly reveals substantial undervaluation of the imported goods. The importer declared a total assessable value of Rs.11,01,646 whereas the correct assessable value determined in accordance with Rule 5 of the Customs Valuation Rules, 2007 works out to Rs. 64,16,443/-.

8.5 Whereas, in his statement recorded under Section 108 of the Customs Act, 1962, the Director of M/s. Zip Zap Exim Private Limited accepted the findings of the laboratory report and also the contemporaneous valuation methodology adopted by the department. He was also informed of the differential duty liability arising from the re-determination of assessable value. Therefore, the declared transaction value is liable to rejection under Rule 12 read with Rule 3(2) of the Customs Valuation Rules, 2007 and the assessable value is to be re-determined under Rule 5 on the basis of contemporaneous imports of similar goods, as brought out above at para 7.

9. SUMMARY OF INVESTIGATION AND DIFFERENTIAL DUTY CALCULATION:

9.1 Whereas, on the basis of the examination, test result and oral statement of authorized representative of M/s Zip Zap Exim Private Limited, it is clear that the imported goods were mis-declared for description, classification and value of the imported goods with an intent to evade applicable Customs duties. The Bill of Entry No. 7756033 dated 26.02.2026 were subjected to detailed examination and during the examination, representative samples drawn and the said representative samples were sent to the Laboratory, Textile Committee, Mumbai for testing.

9.2 Whereas, during Investigation, it was observed that the impugned goods were imported into India under the cover of Bill of Entry filed by M/s. Zip Zap Exim Private Limited, a unit operating from Kandla Special Economic Zone (KASEZ), on behalf of M/s. Shaoxing Shangyu Hualian Dyeing Co., Ltd., China and the impugned Bill of Entry were filed by M/s. Zip Zap Exim Private Limited on behalf of M/s. Shaoxing Shangyu Hualian Dyeing Co., Ltd., China. It is observed that no commercial invoice was submitted before Customs authorities at the time of importation. Instead, the import declarations were supported by Dispatch Notes, Dispatch Packing Lists and other accompanying documents furnished by or on behalf of M/s. Shaoxing Shangyu Hualian Dyeing Co., Ltd., China and relied upon by M/s. Zip Zap Exim Private Limited for filing the Bill of Entry.

9.3 Investigation has revealed that M/s. Shaoxing Shangyu Hualian Dyeing Co., Ltd., China entered into a contractual arrangement with M/s. Zip Zap Exim Private Limited for storage and warehousing of imported goods in the warehouse operated by M/s. Zip Zap Exim Private Limited in Kandla Special Economic Zone (KASEZ). As per the arrangement, warehousing charges were being paid by M/s. Shaoxing Shangyu Hualian Dyeing Co., Ltd., China to M/s. Zip Zap Exim Private Limited for storage of the imported goods. The copy of contract/agreement with M/s. Shaoxing Shangyu Hualian Dyeing Co., Ltd., China has been provided by Shri Vaibhav Baid, Director of M/s. Zip Zap Exim Private Limited during his statement dated 09.06.2026.

9.4 Whereas, the said arrangement reveals that M/s. Shaoxing Shangyu Hualian Dyeing Co., Ltd., China retained beneficial ownership, dominion and commercial interest in the goods imported and stored in the warehouse. The goods were imported for and on behalf of M/s. Shaoxing Shangyu Hualian Dyeing Co., Ltd., China and continued to remain under its commercial control while stored in the warehouse.

9.5 Further, the Bill of Entry relating to the impugned goods were filed by M/s. Zip Zap Exim Private Limited on the basis of particulars furnished by M/s. Shaoxing Shangyu Hualian Dyeing Co., Ltd., China through Dispatch Notes, Dispatch Packing Lists and related import documents. The description and classification declared in the Bill of Entry were adopted from the documents supplied by the overseas entity.

9.6 Whereas, investigation has revealed that the description, classification and other particulars declared in the import documents and Bill of Entry were not in conformity with the actual nature and composition of the goods as determined through examination and laboratory testing. The imported goods were found to be different from those declared in the Bill of Entry, resulting in misdeclaration of description, classification and consequent evasion/short payment of applicable customs duties and other levies. Since the Dispatch Notes and Dispatch Packing Lists originated from M/s. Shaoxing Shangyu Hualian Dyeing Co., Ltd., China, the overseas supplier appears to have knowingly furnished incorrect particulars relating to the imported goods despite being fully aware of their actual specifications and composition.

9.7 Whereas, at the same time, M/s. Zip Zap Exim Private Limited, being the entity that filed the Bill of Entry before Customs authorities and sought assessment and clearance of the goods, was under a statutory obligation to ensure the correctness of the declarations made before Customs. By filing Bill of Entry containing incorrect description and classification of the goods and by actively facilitating the importation and warehousing of such goods, M/s. Zip Zap Exim Private Limited concerned itself with the importation and handling of goods found to be mis-declared.

9.8 Further, M/s. Zip Zap Exim Private Limited cannot escape responsibility merely on the ground that the goods belonged to the overseas supplier. The Bill of Entry were admittedly filed by M/s. Zip Zap Exim Private Limited before Customs authorities and the declarations contained therein were made under its authority and responsibility. As a warehouse holder and importer on record for the purpose of filing Bill of Entry and warehousing the goods, M/s. Zip Zap Exim Private Limited was under a statutory obligation to exercise due diligence and ensure the correctness of the declarations made before Customs authorities. By filing Bill of Entry containing incorrect description, classification and other material particulars, M/s. Zip Zap Exim Private Limited actively concerned itself with the importation, handling and attempted clearance of the mis-declared goods.

9.9 Whereas, the role of M/s. Zip Zap Exim Private Limited was not limited to mere storage of the goods. The company facilitated the import transaction, filed statutory import documents before Customs, undertook warehousing of the goods and sought clearance of the same. Therefore, M/s. Zip Zap Exim Private Limited was directly concerned with and instrumental in the importation and handling of the impugned goods and consequently rendered itself liable for penal action under the Customs Act, 1962.

9.10 Thus, the evidence on record indicates that M/s. Shaoxing Shangyu Hualian Dyeing Co., Ltd., China, being the owner and supplier of the goods, and M/s. Zip Zap Exim Private Limited, being the importer/warehouse holder on record and filer of the Bill of Entry, jointly participated in the import transaction that resulted in the misdeclaration of the goods before Customs authorities. Accordingly, both entities viz. M/s. Zip Zap Exim Private Limited and M/s. Shaoxing Shangyu Hualian Dyeing Co., Ltd., appear jointly and severally liable for the consequences arising out of such misdeclaration and for rendering the goods liable to confiscation under Section 111(m) and 119 of the Customs Act, 1962 and other applicable provisions, for their acts of omission and commission which facilitated the importation and attempted clearance of the mis-declared goods

9.11 Investigation revealed that the imported consignment comprised two distinct categories of coated fabrics. The quantity of goods corresponding to the Polymethyl Methacrylate coated printed woven fabric, correctly classifiable under CTI 59039090, constituted a comparatively larger portion of the consignment, whereas the Polyurethane coated dyed woven fabric, correctly classifiable under CTI 59032030 and attracting Anti-Dumping Duty, formed a separate category within the same import.

9.12 The manner of declaration of the entire consignment under a common description and classification, despite the presence of goods attracting a different tariff classification and Anti-Dumping Duty liability, indicates an attempt to mask the actual nature of the Polyurethane coated dyed woven fabric. The inclusion of the goods correctly classifiable under CTI 59039090 appears to have facilitated the misdeclaration of the Polyurethane coated dyed woven fabric classifiable under CTI 59032030 and the consequent evasion of applicable Customs Duty and Anti-Dumping Duty.

9.13 Accordingly, it appears that the goods corresponding to the second test report were used as a cover to conceal the true nature, classification and duty implications of the goods corresponding to the first test report and the that the second category was **deliberately imported along with the first category to camouflage the Anti-Dumping Duty liable goods**.

9.14 Whereas, based on the laboratory findings, the imported goods were found correctly classifiable under Customs Tariff Item 54075290 as against the declared classifications under CTI 59039090. Thus, the importer had mis-declared the description and classification of the imported goods. Since the description and classification declared by the importer were found to be false and inaccurate, the declared transaction value became liable for rejection under Rule 12 read with Rule 3(2) of the Customs Valuation (Determination of Value of Imported Goods) Rules, 2007.

9.15 Whereas, contemporaneous import data of similar Polyurethane coated dyed polyester woven fabric imported from China during the relevant period was examined. Based on such imports, a weighted average transaction value of USD 0.92 per Sq. Mtr. was adopted for valuation under Rule 5 of the Customs Valuation Rules, 2007. Applying the contemporaneous value to the actual quantity determined during investigation, the assessable value of the imported goods was re-determined at Rs. 64,16,443/- as against the declared assessable value of Rs.11,01,646/- thereby revealing substantial undervaluation.

9.16 Whereas, shri Vaibhav Baid, Director of M/s Zip Zap Exim Private Limited, in his statement recorded under Section 108 of the Customs Act, 1962, accepted the test reports, re-classification, quantity re-determination and valuation methodology adopted during investigation. The investigation has thus clearly brought out that M/s Zip Zap Exim Private knowingly filed Bill of Entry containing incorrect declarations relating to the description, classification, quantity and value of the imported goods.

9.17 Accordingly, differential duty arising out of the mis-declaration of description, CTI, Quantity and Assessable Value of the imported goods is as under: -

TABLE -J

BE NUMBER	BEDATE	Duty Declared	Re-determined CTI	Sq. Mtrs. Calculated based on GSM	New AV	BCD (New) 20% of AV	SWS (10%)	Anti-dumping duty (0.46 USD per Sq. Meter)	IGST (New) (5%)	Duty Payable	Difference
7756033	26.02.2026	309562.6	59032030	65469.39	5535306	1107061	110706.1	2767653	476036.3	4461456	4399493.3
			59039090		881136.8	176227.4	17622.74	0	53749.35	247599.4	

10. Legal Provisions

10.1 Section (3A) of Customs Act, 1952

"beneficial owner" means any person on whose behalf the goods are being imported or exported or who exercises effective control over the goods being imported or exported

10.2 Section 2 (26) of Customs Act, 1962

"importer", in relation to any goods at any time between their importation and the time when they are cleared for home consumption, includes any owner, beneficial owner or any person holding himself out to be the importer;

10.3 Section 17 of the Customs Act, 1962

17. Assessment of duty. — (1) An importer entering any imported goods under section 46, or an exporter entering any export goods under section 50, shall, save as otherwise provided in section 85, self-assess the duty, if any, leviable on such goods.

…….

(4) Where it is found on verification, examination or testing of the goods or otherwise that the self-assessment is not done correctly, the proper officer may, without prejudice to any other action which may be taken under this Act, re-assess the duty leviable on such goods.

10.4 Section 46 of the Customs Act, 1962:

46. Entry of goods on importation. — (1) The importer of any goods, other than goods intended for transit or transshipment, shall make entry thereof by presenting 4[electronically] 5[on the customs automated system] to the proper officer a bill of entry for home consumption or warehousing 6[in such form and manner as may be prescribed]:

10.5 **Section 110 of the Customs Act, 1962**

110. Seizure of goods, documents and things.—(1) If the proper officer has reason to believe that any goods are liable to confiscation under this Act, he may seize such goods: Provided that where it is not practicable to seize any such goods, the proper officer may serve on the owner of the goods an order that he shall not remove, part with, or otherwise deal with the goods except with the previous permission of such officer.

10.6 **Section 111 of the Customs Act, 1962**

111. Confiscation of improperly imported goods, etc.— The following goods brought from a place outside India shall be liable to confiscation: —
…….
(m) any goods which do not correspond in respect of value or in any other particular] with the entry made under this Act or in the case of baggage with the declaration made under section 77 3[in respect thereof, or in the case of goods under transshipment, with the declaration for transshipment referred to in the proviso to sub-section (1) of section 54;

10.7 **Section 112 of the Customs Act, 1962**

112. Penalty for improper importation of goods, etc. — Any person, —
(a) who, in relation to any goods, does or omits to do any act which act or omission would render such goods liable to confiscation under section 111, or abets the doing or omission of such an act, or
(b) who acquires possession of or is in any way concerned in carrying, removing, depositing, harbouring, keeping, concealing, selling or purchasing, or in any other manner dealing with any goods which he knows or has reason to believe are liable to confiscation under section 111,

shall be liable, —

(i) in the case of goods in respect of which any prohibition is in force under this Act or any other law for the time being in force, to a penalty 5[not exceeding the value of the goods or five thousand rupees], whichever is the greater;

(ii) in the case of dutiable goods, other than prohibited goods, subject to the provisions of section 114A, to a penalty not exceeding ten per cent. of the duty sought to be evaded or five thousand rupees, whichever is higher: Provided that where such duty as determined under sub-section (8) of section 28 and the interest payable thereon under section 28AA is paid within thirty days from the date of communication of the order of the proper officer determining such duty, the amount of penalty liable to be paid by such person under this section shall be twenty-five per cent. of the penalty so determined;]

(iii) in the case of goods in respect of which the value stated in the entry made under this Act or in the case of baggage, in the declaration made under section 77 (in either case hereafter in this

section referred to as the declared value) is higher than the value thereof, to a penalty 3[not exceeding the difference between the declared value and the value thereof or five thousand rupees], whichever is the greater;

(iv) in the case of goods falling both under clauses (i) and (iii), to a penalty 4[not exceeding the value of the goods or the difference between the declared value and the value thereof or five thousand rupees], whichever is the highest;

(v) in the case of goods falling both under clauses (ii) and (iii), to a penalty 5[not exceeding the duty sought to be evaded on such goods or the difference between the declared value and the value thereof or five thousand rupees], whichever is the highest.

10.8 Section *119* of the Customs Act, 1962-*Confiscation of goods used for concealing smuggled goods.*

Any goods used for concealing smuggled goods shall also be liable to confiscation

10.9 **Section 114AA of the Customs Act, 1962**

114AA. Penalty for use of false and incorrect material. —If a person knowingly or intentionally makes, signs or uses, or causes to be made, signed or used, any declaration, statement or document which is false or incorrect in any material, in the transaction of any business for the purposes of this Act, shall be liable to a penalty not exceeding five times the value of goods.]

10.10 **Section 124 of the Customs Act, 1962**

124. Issue of show cause notice before confiscation of goods, etc.—No order confiscating any goods or imposing any penalty on any person shall be made under this Chapter unless the owner of the goods or such person—

(a) is given a notice in writing with the prior approval of the officer of Customs not below the rank of 2[an Assistant Commissioner of Customs], informing] him of the grounds on which it is proposed to confiscate the goods or to impose a penalty;

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

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

Provided that the notice referred to in clause (a) and the representation referred to in clause (b) may, at the request of the person concerned, be oral. 3 [Provided further that notwithstanding the issue of notice under this section, the proper officer may issue a supplementary notice under such circumstances and in such manner as may be prescribed.]

10.11 **Section 125 of the Customs Act, 1962**

125. Option to pay fine in lieu of confiscation.—(1) Whenever confiscation of any goods is authorised by this Act, the officer adjudging it may, in the case of any goods, the importation or exportation whereof is prohibited under this Act or under any other law for the time being in force, and shall, in the case of any other goods, give to the owner of the goods 4[or, where such owner is not known, the person from whose possession or custody such goods have been seized,] an option to pay in lieu of confiscation such fine as the said officer thinks fit:

Provided that where the proceedings are deemed to be concluded under the proviso to sub-section (2) of section 28 or under clause (i) of sub-section (6) of that section in respect of the goods which are not prohibited or restricted, the provisions of this section shall not apply:

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

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

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

Explanation.—For removal of doubts, it is hereby declared that in cases where an order under sub-section (1) has been passed before the date on which the Finance Bill, 2018 receives the assent of the President and no appeal is pending against such order as on that date, the option under said sub-section may be exercised within a period of one hundred and twenty days from the date on which such assent is received.]

10.12 **Section 30 of SEZ Act, 2005**

Subject to the conditions specified in the rules made by the Central Government in this behalf:-

(a) any goods removed from a Special Economic Zone to the Domestic Tariff Area shall be chargeable to duties of customs including antidumping, countervailing and safeguard duties under the Customs Tariff Act, 1975, where applicable, as leviable on such goods when imported; and

(b) the rate of duty and tariff valuation, if any, applicable to goods removed from a Special Economic Zone shall be at the rate and tariff valuation in force as on the date of such removal, and where such date is not ascertainable, on the date of payment of duty.

10.13 **Rule 28 of SEZ Rules, 2006**

28. (1) A Unit or Developer may import goods directly into the Special Economic Zone or through any other:

(a) ports or airports;
(b) land customs stations;
(c) inland container depots;
(d) foreign post offices;
(e) authorized couriers; or
(f) through personal baggage of passengers authorized by the Special Economic Zone Unit; or
(g) Via Satellite data communication such as internet or any other telecommunication link.

(2) Goods imported through ports or airports, land customs stations, or inland container depots shall be allowed to be transferred in full cargo load or less than container load cargo by direct transfer from such port or airport or Inland container Depot or land customs station to the Special Economic Zone.

(3) The import of Information Technology enabled services, including software, shall also be allowed through data communication link, internet, e-mail or any other electronic mode.

(4) The Unit or Developer may also procure goods required for the authorized operations, without payment of duty, from International Exhibitions held in India or from bonded warehouses set up under the Foreign Trade Policy and under the Customs Act in the Domestic Tariff Area;

(5) The goods imported by the Unit or Developer shall be allowed to be transferred from the port or airport to the Special Economic Zone without examination by the Customs Authorities at the port or airport, as the case may be:

Provided that the goods may be examined with the prior permission of the Assistant or Deputy Commissioner of Customs in writing in case there is specific adverse information or intelligence:

(6) The goods imported by a Developer or Unit shall be transshipped by the carrier or its agent directly to the Special Economic Zone.

(7) Where import cargo destination is other than the Special Economic Zone, delivery shall be allowed at the destination port or airport on the strength of Bill of Entry assessed by Special Economic Zone Customs without any Transshipment Bond:

Provided that in case of high value goods imported through the airport, the goods may be transferred to the Custodian who shall transfer the same to a designated Customs Area located inside the Processing Area designated by the Specified Officer for further delivery to the Unit or Developer:

Provided further that the high value cargo imported through the airport may also be transferred under the Customs escort at the option of the Unit or the Developer

10.14 **Rule 29 of SEZ Rules, 2006**

29. (1) Direct delivery shall be permitted at the place of import for clearance of goods imported by Units and Developer from ports or airports or land customs stations or inland container depots as is being done in the case of import of perishable or lifesaving drugs.

(2) The Unit or Developer, hereinafter referred to as the Special Economic Zone Importer, shall follow the following procedure for imports, namely:-

(a) the Special Economic Zone Importer shall file Bill of Entry for home consumption in quintuplicate giving therein, description with specially stamped endorsement as "Special Economic Zone Cargo" along with Bill of Lading or Airway Bill and invoice and packing list with the Authorized Officer who shall register and assign a running annual serial number and assess the Bill of Entry, on the basis of transaction value, which shall not require any counter signature of the Specified Officer:

10.15 **S.O. 2666(E) dated 05.08.2016.—**

In exercise of the powers conferred by sub-section (2) of section 21 and second proviso to section 22 of the Special Economic Zones Act, 2005 (28 of 2005) (hereinafter referred as the Act), the Central

Government hereby authorises the Additional Director General, Directorate of Revenue Intelligence for offences under the Customs Act, 1962 (52 of 1962) and the Additional Director General, Directorate General of Central Excise Intelligence for offences under the Central Excise Act, 1944 (1 of 1944) and the Finance Act, 1994 (32 of 1994) to be the enforcement officer(s) in respect of any notified offence or offences committed or likely to be committed in a Special Economic Zone. The enforcement officer(s), for the reasons to be recorded in writing, may carry out the investigation, inspection, search or seizure in the Special Economic Zone or Unit and shall intimate the details of any action initiated under sub-section (3) of section 21 of the Act to the Joint Secretary in charge of Special Economic Zones Division in the Department of Commerce immediately and in any case not later than seven days of initiation of any action.

11. CONTRAVENTISON OF PROVISION

11.1. Whereas, consequent upon the amendment to Section 17 of the Customs Act, 1962 vide Finance Act, 2011, 'Self-Assessment' has been introduced in Customs. Section 17 of the Customs Act, effective from 8.4.2011, provides for self-assessment of duty on imported goods by the importer himself by filing a Bill of Entry in electronic form. Section 46 of the Customs Act, 1962, makes it mandatory for the importer to make an entry for the imported goods by presenting a Bill of Entry electronically to the proper officer. As per Regulation 4 of the Bill of Entry (Electronic Declaration) Regulation, 2011 (issued under Section 157 read with Section 46 of the Customs Act, 1962) the Bill of Entry shall be deemed to have been filed and self-assessment of duty completed when, after entry of the electronic declaration (which is defined as particulars relating to the imported goods that are entered in the Indian Customs Electronic Data Interchange System) in the Indian Customs Electronic Data Interchange System either through ICEGATE or by way of data entry through the service center, a Bill of Entry number is generated by the Indian Customs Electronic Data Interchange System for the said declaration. Thus, under self-assessment, it is the importer who must ensure that he declares the correct classification, applicable rate of duty, value, benefit of exemption notifications claimed, if any, in respect of the imported goods while presenting the Bill of Entry. Thus, with the introduction of self-assessment by amendments to Section 17, since 8th April, 2011, it is the added and enhanced responsibility of the importer to declare the correct description, value, notification, etc. and to correctly classify, determine and pay the duty applicable in respect of the imported goods.

11.2 Whereas, M/s. Zip Zap Exim Private Limited, being the entity that filed the Bill of Entry before Customs authorities and sought assessment and clearance of the goods, was under a statutory obligation to ensure the correctness of the declarations made before Customs. By filing Bill of Entry containing incorrect description and classification of the goods and by actively facilitating the importation and warehousing of such goods, M/s. Zip Zap Exim Private Limited concerned itself with the importation and handling of goods found to be misdeclared.

11.3 Further, M/s. Zip Zap Exim Private Limited cannot escape responsibility merely on the ground that the goods belonged to the overseas supplier. The Bill of Entry were admittedly filed by M/s. Zip Zap Exim Private Limited before Customs authorities and the declarations contained therein were made under its authority and responsibility. As a warehouse holder and importer on record for the purpose of filing Bill of Entry and warehousing the goods, M/s. Zip Zap Exim Private Limited was under a statutory obligation to exercise due diligence and ensure the correctness of the declarations made before Customs authorities. By filing Bill of Entry containing incorrect description, classification and other material particulars, M/s. Zip Zap Exim Private Limited actively concerned itself with the importation, handling and attempted clearance of the mis-declared goods.

11.4 Whereas, the role of M/s. Zip Zap Exim Private Limited was not limited to mere storage of the goods. The company facilitated the import transaction, filed statutory import documents before Customs, undertook warehousing of the goods and sought clearance of the same. Therefore, M/s. Zip Zap Exim Private Limited was directly concerned with and instrumental in the importation and handling of the impugned goods and consequently rendered itself liable for penal action under the Customs Act, 1962.

11.5 Further, the evidence on record indicates that M/s. Shaoxing Shangyu Hualian Dyeing Co., Ltd., China, being the beneficial owner and supplier of the goods, and M/s. Zip Zap Exim Private Limited, being the importer/warehouse holder on record and filer of the Bill of Entry, jointly participated in the import transaction that resulted in the misdeclaration of the goods before Customs authorities. Accordingly, both entities viz. M/s. Zip Zap Exim Private Limited and M/s. Shaoxing Shangyu Hualian Dyeing Co., Ltd., appear jointly and severally liable for the consequences arising out of such misdeclaration and for rendering the goods liable to confiscation under Section 111(m) and 119 of the Customs Act, 1962 and other applicable provisions, for their acts of omission and commission which facilitated the importation and attempted clearance of the mis-declared goods

11.6 Whereas, the Importer (both M/s. Shaoxing Shangyu Hualian Dyeing Co., Ltd., China, being the owner and supplier of the goods, and M/s. Zip Zap Exim Private Limited), by mis-declaring the goods and mis-classifying them as detailed in the Table ibid. knowingly and deliberately misrepresented the true nature and classification of the imported Fabrics. This mis-declaration of goods in the Bill of Entry is a contravention of Section 46 of the Customs Act, 1962. The willful misclassification of fabrics under respective CTI was not merely an error but a conscious act to avoid the higher rate of Basic Customs Duty applicable to the actual imported fabrics at the time of its subsequent DTA clearances. This demonstrates an intent to evade legally applicable duties. The pattern of mis-declaration and misclassification across the said consignment, indicates a clear mens-rea and an active intention on the part of the Importer to defraud the revenue. The importer, as an experienced entity in the import trade, is expected to exercise due diligence in ascertaining the correct description and classification of their imports. The willful act of the importer has resulted in short/non-levy of applicable customs duties other taxes.

11.7 Whereas, M/s. Shaoxing Shangyu Hualian Dyeing Co., Ltd., China, being the owner and supplier of the goods, and M/s. Zip Zap Exim Private Limited) who filed Bill of Entry of imported fabrics from China by intentionally mis-declaring the description of the goods. Such acts of omission and commission have rendered the goods liable for confiscation under 111(m) and 119 of the Customs Act 1962. Hence, this has rendered them liable for penalty under Section 112(a) & (b) of the Customs Act, 1962. These actions amount to deliberate mis-statement and suppression of facts with intent to evade duty, making them liable for penalty under Section 112(a) & (b) of the Customs Act, 1962, for doing any act which renders the goods liable to confiscation.

11.8 In view of the foregoing facts and evidences on record, it is observed that Shri Vaibhav Baid is Director and key person of that company. As categorically stated, in his voluntary statements dated 09.06.2026 by the Director of M/s. Zip Zap Exim Private Limited, it is evident that Shri Vaibhav Baid, being Director of the affairs of M/s. Zip Zap Exim Private Limited, has submitted incorrect and false declarations to Customs authorities at the time of import, having full knowledge that the imported goods were other than what was declared in the respective Bill of Entries. Shri Vaibhav Baid, Director of M/s. Zip Zap Exim Private Limited, appears to have indulged in presenting documents falsifying the identity of the goods, before the Customs authorities for import of the goods. Thus, Shri Vaibhav Baid is Director of M/s. Zip Zap Exim Private Limited has knowingly and intentionally, made a declaration under the Bill of Entry filed under Section 46 of the Customs Act 1962, which is false and incorrect. Hence, Shri Vaibhav Baid is Director of M/s. Zip Zap Exim Private Limited is liable for penalty under the Section 114AA of the Customs Act 1962.

11.9 Further, the goods imported earlier by M/s. Zip Zap Exim Private Limited through Bill of Entry for warehousing at SEZ was subsequently cleared in DTA which clearly indicate the modus of clearance of imported goods in DTA through SEZ route. The modus of clearances of earlier imported consignments clearly indicate the intention of importer for subsequent clearance of goods in DTA through the SEZ route.

12. Whereas, the imports in the present matter were made from the Kandla SEZ by filing Z Type Bill of Entries with the intent to further clear the same for DTA clearances. Hence, the case falls under the jurisdiction of Kandla Customs. The present Investigation Report is for confiscation & re-assessment of the filed SEZ Bill of Entry (Z-type). Since the goods are currently lying in the warehouse, the matter comes under the purview of the Additional Commissioner of Customs (Import), Custom House Kandla, as per the provisions of Section 122 of the Customs Act, 1962.

13. Now, therefore, in the light of the aforesaid facts: –

13.1 M/s Zip Zap Exim Private Limited, having its address at Unit-2, Industrial Shed No. 163-164, CPW Phase-I, Sector-1, Kandla Special Economic Zone (KASEZ), Gandhidham – 370230, Gujarat holding IEC 0516944169/3 and M/s. Shaoxing Shangyu Hualian Dyeing Co., Ltd., China, jointly and severally are called upon to show cause to the Additional Commissioner of Customs, Kandla as to why -

(i) The goods imported under Bill of Entry No. 7756033 dated 26.02.2026, which were found to have been mis-declared in terms of description, CTI & value and seized vide Seizure Memo, should not be reassessed under section 17 of the Customs Act, 1962 by mentioning the correct description, the Quantity of Fabric and by re-classifying the same under the correct **CTI to 54075290** (in respect of one item), as discussed above, instead of the declared CTI, and the applicable duties should not be re-assessed, accordingly.

(ii) The declared assessable value of Rs. **11,01,646/- (Rupees Eleven Lakhs One Thousand Six Hundred and Forty Six Only)** should not be rejected and goods not be **re-assessed at ₹ 64,16,443/- (Rupees Sixty Four Lakhs Sixteen Thousand Four Hundred and Forty Three only)**, in terms of the Rule 5 of the Customs Valuation Rules 2007 and as detailed under Para 6, 7 and 8 of the Investigation Report.

(iii) The seized goods, as detailed in Seizure Memo corresponding to sample **"ZIPZAP/7756033/A/Sample-1"** with **re-determined value of ₹ 55,35,306/- (Rupees Fifty Five Lakhs Thirty Five Thousand Three Hundred and Six only)**, should not be confiscated under Section 111 (m) of the Customs Act, 1962.

(iv) The seized goods, as detailed in seizure memo corresponding to sample "ZIPZAP/7756033/B/Sample-1" with value of **₹ 8,81,137/- (Rupees Eight Lakhs Eighty One Thousand One Hundred and Thirty Seven Only),** should not be confiscated under section 119 of Customs Act, 1962.

(v) The differential duty amounting to Rs. **43,99,493/- (Rupees Forty Three Lakhs Ninety Nine Thousand Four Hundred and Ninety Three Only)**, as discussed above, and arrived at after re-determination of value and reclassification of goods based on test reports, should not be re-assessed in respect of the Z types BE filed by them.

(vi) Penalty should not be imposed on them under Section 112 (a)/(b) of the Customs Act, 1962.

14. Further, **Shri Vaibhav Baid,** S/o. Shri Gajraj Singh Baid, Director of M/s. Zip Zap Exim Private Limited, resident No. 130, Lot No. 44, Block-I, Arawali Kunj Apartment, Rohini Sector-13, New Delhi-110085 is hereby called upon to show cause to the Additional Commissioner of Customs, Kandla, as to why penalty should not be imposed on him under **Section 114AA of Customs Act, 1962**.

15. This Notice is issued without prejudice to any other action that may be taken against the importer or any other person(s) under the provisions of the Customs Act 1962 or under any other law for the time being in force.

16. The relied upon documents are listed below, and copies thereof, are listed in Annexure-R to this Notice and are enclosed with the Show Cause Notice.

17. The Department reserves its right to amend, modify or supplement this at any time on the basis of availability/further evidences prior to the adjudication of the case.

(Rakesh Kumar Jain)
Additional Commissioner
Custom House, Kandla

To

1. M/s Zip Zap Exim Private Limited, Unit-2, (IEC-0516944169)
   Industrial Shed-163-164, CPW Phase-I,
   Sector-1, Kandla SEZ, Gandhidham – 370230
   (Email id- zipzapexim@gmail.com)

2. Shri Vaibhav Baid S/o. Shri Gajraj Singh Baid,
   Director of M/s. Zip Zap Exim Private Limited
   Resident No. 130, Lot No. 44, Block-I,
   Arawali Kunj Apartment, Rohini Sector-13,
   New Delhi-110085 (Mob No.-9868860387)
   (Email id- zipzapexim@gmail.com)

Copy to:

1. The Additional Director General, DRI, AZU, Unit No.15, Magnet Corporate Park, Near Sola Flyover, SG Highway, Thaltej, Ahmedabad-380054.

Annexure-R

List of Relied Upon Documents

S. No.	Details of RUD	RUDs No.
1.	Textile Committee, Mumbai Test Report No. 0153032526-3286 dated 29.04.2026 (Part-I & II) & Test Report No. 0153032526-3287 dated 29.04.2026 (Part-I & II).	RUD-01
2.	Seizure memo dated: 01.07.2026.	RUD-02
3.	Statement of Shri Vaibhav Baid Director of M/s. Zip Zap Exim Private Limited,	RUD-03

	dated 09.06.2026.	
4.	Panchanama dated 07.03.2026 in respect of examination of goods imported by M/s Zip Zap Exim Private Limited Bill of entry no. 7756033 dated 26.02.2026	RUD-04
5.	Agreement/Contract between M/s Zip Zap Exim Pvt. Ltd. and M/s Shaoxing Shangyu Hualian Dyeing Co. Ltd., China.	RUD-05
6.	Bill of Entry No. 7756033 dated 26.02.2026 along with all supporting import documents.	RUD-06

Digitally signed by
Rakesh Kumar Jain
Date: 27-08-2026
19:37:45