



F.No.GEN/ADJ/ADC/1334/2025-Adjn-O/o Commr-Cus-Kandla

Date:- 10-10-2025

DIN:-

**SHOW CAUSE NOTICE**

**(UNDER SECTION 124 OF THE CUSTOMS ACT, 1962)**

Whereas, SEZ unit, M/s Laxmi Impex (IEC: AAHFL7506P) (hereinafter referred to as "said SEZ unit"), operating at Shed No.80, Sector-I, Kandla Special Economic Zone, Gandhidham was granted Letter of Approval (LOA) No.1893/2002-03 dated 31.10.2002 vide F.No. KASEZ/IA/1893/2002-03 **[RUD-01(a)]** by the Development Commissioner, Kandla SEZ under Section 15(9) of the SEZ Act read with Rule 18 of the SEZ Rules, 2006 to carry out authorized operations of "Manufacturing activity".

2. Further, the said SEZ was granted permission vide F.No KASEZ/IA/1893/2002-03/100-103 dated 10.08.2020 **[RUD-01(b)]** to also undertake authorized operations of "Trading" of various items including Arecanuts Whole (ITC HS 0802 8010), subject to terms and conditions mentioned thereof. The condition no. 6 of the said LoA reads as:

*"6) None of the items which are restricted or prohibited will be allowed to be traded and any restrictions on import/ export of any manufacturing items and its raw material will apply"*

3. Whereas, during the scrutiny of the documents for the period 2019-2021, the Senior Audit Officer (CRA-I) noticed that the unit is undertaking certain un-authorised operations. The said observations were communicated vide HM dated 01.10.2021 **[RUD-2(a)]** and subsequently vide Para 3 of the LAR dated 03.11.2021 **[RUD-2(b)]**. During the course of test check of the records, it was noticed that the said SEZ unit had imported consignments of "ARECA NUTS WHOLE (BETEL NUTS) (08028010) -Traded Goods" into Kandla SEZ having CIF value lower than the restricted import rate i.e. Rs.251 per KG under BE no. 101009 dated 16.10.2020. The details of the goods mentioned in the Audit Para related to the said unit are listed in **Annexure-A** to this Notice.

3.1. Based on the Audit objection raised by the CRA team and analysis of import data

downloaded from NSDL SEZ Online data, it is observed that the said SEZ Unit indulged in following imports of Arecanuts/ Betelnuts falling CTH 080280 in contravention to MIP conditions stipulated in Import Policy conditions:

**Table-A**

S. No	Request Id	BE No.	BE date	CT H No.	Item Description	Quantity	Unit Price (In Invoice Currency)	Assessable Value For The Item In INR	Duty Forgone / Paid Amount	Assessable Value Per Kg (in INR)
1	17200210 6625	1010 009	16.1 0.20 20	0802 8010	Arec a Nuts Whol e	13000 kgs	2.4 USD	23,83,499/-	12,20,351/-	183.35

3.2.1 Whereas, DGFT vide Notification No. 20/2015-20 dated 25.07.2018 **[RUD-3(a)]** has amended the import policy for goods falling under Chapter sub-heading 080208 from “Free” to “Prohibited” and the Policy condition is revised to “However, import is free if CIF value is Rs.251/- and above per Kilogram”.

3.2.2 Further, DGFT vide Notification No. 57/2015-20 dated 14.02.2023 **[RUD-3(b)]** has amended the import policy condition for goods falling under Chapter 0802 to “a) However, import is free if CIF value is Rs.351/- and above per Kilogram; b) MIP conditions, however, will not be applicable for imports by 100% Export Oriented Units (EOUs) and units in the SEZ subject to the condition that no DTA sale is allowed”.

3.2.3 In the present case, the Bill of Entry No. 1010009 dated 16.10.2020, pertaining to the import of arecanut in KASEZ, falls within the period when the provisions of Notification No. 20/2015-20 dated 25.07.2018 were in effect. Under the said Notification, the import policy for goods covered under Chapter sub-heading 080208 were classified as “Prohibited”, subject to the policy condition that “However, import is free if CIF value is Rs.251/- and above per Kilogram”.

3.2.4 However, based on the facts as detailed under Table-A, the said import of arecanut under CTH 08028010 vide the Bill of Entry No. 1010009 dated: 16.10.2020 was made at the rate which is below the Minimum Import Price of Rs. 251/- per kilogram, and therefore, it stands classified as “Prohibited” in terms of the aforesaid notification.

3.3 Whereas, the audit observations were communicated to the SEZ Unit vide letter dated 13.10.2021 **[RUD-4(a)]** issued from F.No. KASEZA/CUS/D&R/Audit/13/21-22 and requested the unit to pay the entire outstanding amount along with applicable interest or submit reply. Whereas, in response to aforesaid letter, the SEZ Unit vide their letter dated 25.02.2022 **[RUD-**

4(b)], inter-alia, submitted.

- They had imported Areca Nut Whole (Betel Nut) of Myanmar Region vide request ID No. 17200206625 bearing Bill of Entry No 1010009 dated 16.10.2020.
- The goods imported were cleared in DTA after FSSAI clearance vide Bills of Entry No.s 2009959 dated 24.11.2020 as per the Customs Tariff Rate Notification in force.
- The goods were cleared in DTA at CIF Rs. 278.91 per kg.
- They have paid duty at the rate of Rs.278.91 kgs which is higher than the value of Rs.251 per kg.
- They have requested to drop and close the audit para.

3.4 Further an email dated 26.09.2025 (**RUD-5**) was received from one of the partners of the impugned SEZ Unit, Shri Narendrasinh Manubha Zala, stating inter-alia that he has “...been actively involved in the day-to-day operations of the company and is responsible for the filing and processing of all customs-related documents, including the above-mentioned Bill of Entry No 1010009 dated 16.10.2020 under Request ID No 17200206625 via NSDL Portal”. It was further stated that he has “taken due care of the accuracy and completeness of the information provided therein, the authenticity and validity of the supporting documents, and compliance with any restrictions or prohibitions applicable to the goods under the provisions of the Customs Act or any other applicable law in force”.

#### 4. Legal Provisions:

Whereas, the activities of admission and clearance of goods by SEZ units, having approval granted under Section 15 of the SEZ Act, 2005 and Rule 18 of the SEZ Rules, 2006, are regulated as per the provisions & procedures contained in the SEZ Act, 2005 and Rules made there-under. The following are the legal provisions, which are in general applicable in the present case. The list given herein is indicative and not exhaustive, as the context of legal provisions may otherwise require reference of other legal provisions, references of which are also to be invited, as and when required.

##### 4.1. The Customs Act, 1962:

- 4.1.1. Section 2(33) of the Customs Act, 1962
- 4.1.2. Section 2(33) of the Customs Act, 1962
- 4.1.3. Section 2(39) of the Customs Act, 1962
- 4.1.4. Section 111(d) of the Customs Act, 1962.
- 4.1.5. Section 111(m) of the Customs Act, 1962.
- 4.1.6. Section 111(o) of the Customs Act, 1962.

4.1.7. Section 112 of the Customs Act, 1962

4.1.8. Section 114AA of the Customs Act, 1962

**4.2. SEZ Act, 2005**

4.2.1 Section 15(9) of the SEZ Act, 2005

4.2.2 Rule 18 of the SEZ Rules, 2006.

4.2.4 Rule 26 of the SEZ Rules, 2006.

4.2.4 Rule 27 of the SEZ Rules, 2006.

**4.3. Foreign Trade (Development and Regulation) Act, 1992**

4.3.1. Section 3(2) and (3) of the FTDR Act, 1992

4.3.2. Section 5 of the FTDR Act, 1992

4.3.3. Section 11 (1), (2), (3), (8) of the FTDR Act, 1992

4.3.4. Section 12 of the FTDR Act, 1992

**4.4. Foreign Trade (Regulation) Rules, 1993**

4.4.1. Rule 11 of the FTR, 1993

4.4.2. Rule 14 of the FTR, 1993

4.4.3. Rule 15(3)(a) of the FTR, 1993

4.4.4. Rule 17 of the FTR, 1993

5. Whereas, Section 17 of the Customs Act, 1962 provides for self-assessment of duty on imported and export goods by the importer and exporter himself by filing a bill of entry or shipping bill, as the case may be. Under self-assessment the importer or exporter has to ensure correct classification, duty and compliances with the restrictions or prohibitions, if any, relating to the goods under the Customs Act, 1962 or under any other law for the time being in force, while presenting bill of entry or shipping bill. Further, Rule 75 of the SEZ Rules, 2006 also provides that unless and otherwise specified in these rules all inward or outward movements of the goods into or from SEZ by the Unit/Developer shall be based on self-declaration made by the Unit/Developer. While importing the subject goods, the said SEZ unit was bound for true and correct declaration and assessment which include compliances with the restrictions or prohibitions, if any, relating to the goods under the Customs Act, 1962 or under any other law for the time being in force. As the said SEZ unit and its partner were engaged in business activities related to subject goods, they were fully aware of importability, approvals and other regulatory compliances including restrictions/prohibitions in respect of goods dealt by them in the SEZ area. From the above, it appears that the said SEZ unit and its partner willfully suppressed the fact that the said SEZ Unit has not

complied with the conditions for its import as prescribed in the Import policy and thus rendering the goods under “Prohibited” category.

6. Whereas, the assessment of Bills for import of goods by the SEZ unit shall be done on the basis of self-declaration. Whereas, Section 2(33) of the Customs Act, 1962, the prohibited goods include the goods, import of which is subject to any prohibition under the Customs Act, 1962 or any other law for the time being in force. However, it does not include the goods, in respect of which the conditions subject to which the goods are permitted to be imported have been complied with. In the instant case, the goods imported by the said SEZ unit are under “Prohibited” category and the said SEZ Unit has not complied with the conditions for its import as prescribed in the Import policy. Thus, the goods imported by the said SEZ unit are to be treated as “Prohibited goods” as per Customs Act, 1962 read with DGFT Notification No.20/2015-20 dated 25.07.2018. Since, the goods so imported by the said SEZ unit are contrary to the prohibition imposed under the Customs Act, 1962 read with SEZ Act, 2005.

Therefore, the said goods imported by the said SEZ unit are liable to confiscation under the provisions of Section 111(d) & 111(o) of the Customs Act, 1962 and the said SEZ unit and its partner Sh. Shri Narendrasinh Manubha Zala are liable for penalty under Section 112 of the Customs Act, 1962.

6.1 Whereas, Section 46(4A) of the Customs Act, 1962, the importer, who is presenting the bill of entry should ensure the accuracy and completeness of the information given therein viz. description, value etc., the authenticity and validity of any document supporting it; and compliance with the restriction or prohibition, if any, relating to the goods under the Customs Act, 1962 or under any other law for the time being in force. Apparently, it appears the said SEZ unit and its partner have violated the provisions of section 46(4A) by way of importing the said goods, falling under Prohibited category, in contravention to conditions stipulated in their LoA. Such indulgence and endeavor on the part of their part are in violation of the provisions of Section 46 of the Customs Act, 1962 makes the impugned goods liable for confiscation in terms of Section 111(d) and 111(o) of the Customs Act, 1962 and makes the said SEZ unit and its partner Shri Narendrasinh Manubha Zala liable for penalty under Section 112 & 114AA of the Customs Act, 1962.

7. Whereas, Section 114AA mandates penalty for use of false and incorrect material wherein if a person knowingly or intentionally makes, signs or uses, or causes to be made, signed or used, any declaration, statement or document which is false or incorrect in any material particular, in the transaction of any business for the purposes of this Act, shall be liable to a penalty not exceeding five times the value of goods. In view of the mail correspondence dated 26.09.2025, it appears that Shri Narendrasinh Manubha Zala, being the active partner of M/s Laxmi Impex and responsible for looking after the day-to-day work along with filing and processing the customs related documents, knowingly used and allowed the use of incorrect declaration/documents in respect of the aforementioned import consignment. Accordingly, it appears that Shri Narendrasinh Manubha Zala is liable for penalty under section 114AA of the Customs Act, 1962.

8. Whereas, Para 9.41 of the FTP, “Prohibited” indicates the import/export policy of an item, as appearing in ITC (HS) or elsewhere, whose import or export is not permitted. In the instant case, as per the DGFT Import policy the import of subject goods is Prohibited and is not permitted by the LoA issued by the Development Commissioner, KASEZ. Whereas, Section 3(2) of the FTDR Act, 1992 empowers the Central Government to issue order, making provisions for prohibiting, restricting or otherwise regulating, the import of goods. As per Section 3(3) of the FTDR Act, 1992, all goods to which the order under Section 3(2) applies shall be deemed to be goods the imports of which has been

prohibited under Section 11 of the Customs Act, 1962 and all the provisions of that Act shall have effect accordingly. Whereas, Section 5 of the FTDR Act, 1992 empowers the Central Government to formulate and announce by notification the foreign trade policy and also empowered to amend the policy in like manner. Whereas, Section 8 of the FTDR Act, 1992, the DGFT or any other officer authorized by him empowered to pass order for suspension or cancellation of the IEC Number of a person, who has contravened any of the provisions of the FTDR Act, 1992 or any rules or orders made thereunder or the FTP or any other law for the time being in force relating to Customs or has committed any other economic offence under any other law for the time being in force. Whereas, Section 11(1) of the FTDR Act, 1992 provides that no import shall be made by any person except in accordance with the provisions of the FTDR Act, 1992, the rules and orders made thereunder and in accordance with the FTP for the time being in force. Penal provisions are also prescribed vide Section 11(2) of the FTDR Act, 1992. As per Section 11(8) of the FTDR Act, 1992, the offending goods are liable to confiscation. Whereas, Section 12 of the FTDR Act, 1992 prescribes that the penalty imposed or confiscation made under the FTDR Act, the imposition of any other punishment to which the person affected thereby is liable under any other law for the time being in force. Whereas, Rule 11 of the FTDR, 1992 provides that on importation of any goods, the owner of the goods has to file Bill of Entry as prescribed under the Customs Act, 1962, stating the value, quantity, quality and description of such goods to be best of his knowledge and belief and shall subscribe a declaration of the truth of such statement at the foot of such Bill of Entry. Whereas, Rule 14 of the FTR, 1993 prohibits making, signing, using or cause to be made, signed or used any declaration, statement or documents for importing any goods, knowing or having reason to believe that such declaration, statement or document is false in any material particular. Employing any corrupt or fraudulent practice in importing the goods have also been prohibited.

9.1 Now, therefore, the said SEZ Unit, namely, M/s. Laxmi Impex (IEC: AAHFL7506P) are hereby called upon to show cause to the Additional Commissioner of Customs, having office situated at Customs House, Near Balaji Temple, Kandla, District Kutch within 30 days from the receipt this notice as to why:-

- i. The goods imported vide Bill of Entry No. 101009 dated 16.10.2020 as detailed at Table A above having declared assessable value of **Rs. 23,83,499/-** (Rupees Twenty three lakh eighty three thousand four hundred and ninety nine only) should not be confiscated under Section 111(d) and 111(o) of the Custom Act, 1962 for contravening the Import Policy conditions and conditions stipulated in the LoA;
- ii. Penalty should not be imposed on them, separately under each of the provisions of Section 112 & 114AA of the Customs Act, 1962 for the reasons discussed above.
- iii. Bond-cum-Legal Undertaking in Form-H executed by the said SEZ Unit should not be enforced towards its above liabilities.

9.2 Furthermore, Shri Narendrasinh Manubha Zala, the partner of the SEZ Unit M/s. Laxmi Impex, is hereby called upon to show cause to the Additional Commissioner of Customs, having office situated at Customs House, Near Balaji Temple, Kandla, District Kutch within 30 days from the receipt this notice as to why:

- i. Penalty should not be imposed on him under each of the provisions of Section 112 and 114AA of the Customs Act, 1962 for the reasons discussed above.

10 The Noticees are required to submit their reply in writing to the Adjudicating Authority, as above, within 30 days from the date of receipt of this notice. In their written reply, the Noticee(s) may also state as to whether they would like to be heard in person. In case, no reply is received within the time limit

stipulated above or any further time which may be granted to them by the Adjudicating Authority and/or if they fail to appear for personal hearing, when the case is posted for the same, the case will be decided ex-parte on the basis of evidence on record and without any further reference to the Noticee(s). Further, the Noticees are advised to mention their email address in writing for virtual hearing as per CBIC's Instruction dated 21.08.2020 issued vide F.No. 390/Misc/3/2019-JC.

11. This notice is issued without prejudice to any other action that may be taken in respect of the above goods and / or the persons / firms mentioned in the notice under the provisions of the Customs Act, 1962 and / or any other law for the time being in force, in the Republic of India.

12. The department reserves the right to add, amend, modify, delete any part or the portion of this notice any such addendum, amendment, modification, deletion, if made, shall be deemed to be part and parcel of this notice.

13. The list of relied upon documents (RUDs) in this case is as per **Annexure-R.**

Additional Commissioner,  
Custom House, Kandla

F.No. GEN/ADJ/ADC/1334/2025-Adjn-O/o Commr-Cus-Kandla  
10-10-2025

Dated:

**By Speed Post/Courier**

**To**

1. M/s Laxmi Impex, (IECAAHFL7506P), Shed No.80, Sector-1, Kandla Special Economic Zone, Gandhidham.
2. Shri Narendrasinh Manubha Zala (Partner in M/s Laxmi Impex), Shed No. 80, Sector -1, Kandla Special Economic Zone, Gandhidham.

**Copy to:-**

1. The Deputy Commissioner, Kandla Special Economic Zone, Gandhidham, Kutch.
2. The Additional Commissioner of Customs, Adjudication Cell, Customs House, Kandla.
3. The Superintendent, EDI Section, Custom House Kandla for uploading on the website.
4. Guard file.

**Annexure-R**

**Attached to Show Cause Notice issued vide F.No. GEN/ADJ/ADC/1334/2025-Adjn-O/o Commr-Cus-Kandla to M/s Laxmi Impex (IECAAHFL7506P), Shed No.80, Sector-1, Kandla Special Economic Zone, Gandhidham**

**(List of Relied upon Documents)**

**RUD-01(a):** Letter of Approval NoKASEZ/IA/1893/2002-03 dated 31.10.2002 issued by the Joint Development Commissioner.

**RUD-01(b):** Letter of Permission vide F.No KASEZ/IA/1893/2002-03/100-103 dated 10.08.2020 issued by the Joint Development Commissioner.

**RUD-02(a):** HM dated 01.10.2021 issued by PDA (Central), Ahmedabad

**RUD-02(b):** Para No. 3 LAR No. 14/2021-22 dated 03.11.2021 issued by PDA (Central), Ahmedabad.

**RUD-03(a):** DGFT Notification No. 20/2015-20 dated 25.07.2018

**RUD-03(b):** DGFT Notification No. 57/2015-20 dated 14.02.2023

**RUD-04(a):** Letter vide F.NO. KASEZ/CUS/D&R/Audit/13/21-22 dated 13.10.2021

**RUD-04(b):** SEZ Unit's reply letter dated 25.02.2022

**RUD-05:** Copy of the email dated: 26.09.2025 from Shri Narendrasinh Manubha Zala, Partner of M/s Laxmi Impex

**Annexure-A:** Details of the goods mentioned in the Audit objection vide HM dated 01.10.2021