



**OFFICE OF THE PRINCIPAL COMMISSIONER OF CUSTOMS:
CUSTOM HOUSE, MUNDRA PORT, KUTCH, GUJARAT- 370421.**

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DIN- 20251171MO0000117417

SHOW CAUSE NOTICE

WHEREAS IT APPEARS THAT-

M/s. Suraj Limited (IEC-0896005330), Suraj House, Opp. Usmanpura Garden, Ashram Road, Ahmedabad, Gujarat-380014 (hereinafter referred as the Noticee or Importer in short for the sake of brevity), having PAN no. AAGCS6939M, GSTIN 24AAGCS6939M1ZR and holders of Importer-Exporter Code (IEC) No.0896005330.

2. The noticee had imported Stainless Steel Seamless Pipes (CTH-73044900) at Pipavav Port from China during Oct-2020 to Dec-2024. The said goods attract Anti-Dumping Duty while importing from China vide Notification No.31/2022-Customs (ADD) dated 20.12.2022. Further, DGFT has also prescribed Standard Input-Output Norms (SION) for the said goods vide Public Notice No 45/2023 dated 28.02.2024. The noticee had imported the said goods under Advanced Authorization Scheme and as per the Advanced Authorization Scheme, the noticee is allowed to import Stainless Steel Seamless Pipe (Hot Finish) under CTH 73044900 duty free and use the said material to manufacture Stainless Steel Seamless Pipe (Cold Finish) under CTH 73044100 and export the same to fulfil export obligation as prescribed under Advanced Authorization. The noticee is also required to follow the SION norms for the said product as prescribed by the DGFT.

3. An information was received suggesting that M/s. Suraj Limited (IEC-0896005330), Suraj House, Opp. Usmanpura Garden, Ashram Road, Ahmedabad, Gujarat-380014 (hereinafter referred as M/s. Suraj Limited or Noticee in short for the sake of brevity) was indulged in import of Stainless Steel Seamless Pipe under Advanced Authorization scheme by mis-declaring the goods as Stainless Steel Seamless Pipe (Hot Finish) under CTH 73044900, whereas they actually import Stainless Steel Seamless Pipe (Cold Finish) under CTH 73044100 and mis-use the Advanced Authorization scheme and evaded Customs duty including ADD and IGST, accordingly a hold on the container imported by M/s. Suraj Limited, Ahmedabad vide Bill of Entry 6776769 dated 20.11.2024 for import of SS Seamless Pipe under Advanced Authorization Scheme at Pipavav Port has been made vide this office letter dated 23.11.2024.

3.1. Further, HQ Preventive team visited Pipavav Port on 23.11.2024 and inspected/examined the goods imported under the above said Bill of Entry in

presence of Shri Pankaj N. Udani, Chartered Engineer & Govt. Approved Valuer (Empaneled with Customs Department) and the proceedings of the said examination were recorded under Panchnama dated 23.11.2024 in presence of Shri Ravi L Pandey, Authorized Person of M/s. Transmarine Corporation, CHA of M/s. Suraj Limited (Noticee) and Shri Surendrasinh Jadeja, Operational Manager, CFS Contrans, Pipavav. On examination of the goods imported in Container Number UETU6458055 under BoE No. 6776769 dated 20.11.2024, Shri Pankaj N Udani, Chartered Engineer informed that on the basis of its smooth surface, *prima facie*, the goods imported in the subjected container appeared to be Stainless Steel Seamless Pipe (Cold Finish) and therefore recommended for material characteristic test to ascertain the exact character. Accordingly, three representative samples were drawn and sealed with paper seal. During Panchnama proceedings, it was also learnt that there were five more containers bearing number FFAU2906018, ONEU5497679, TCLU1635344, GAOU6562731 and TCNU5976095 of the same noticee having similar items lying at same CFS Contrans, therefore, examination of the goods imported under the said containers was also done by the officer in presence of Shri Pankaj N. Udani, Chartered Engineer. On examination, Shri Pankaj N. Udani found the said goods to be Stainless Steel Seamless Pipe (Cold Finish) and similar recommendation of requirement of material characteristic test was given by him. Therefore, three representative samples from each container were drawn and sealed with paper seal.

3.2 Further, statement of Shri Ravi L Pandey, Authorized Person of M/s. Transmarine Corporation, CHA of M/s. Suraj Limited was also recorded on 23.11.2024 under Section 108 of the Customs Act, 1962 wherein, he agreed with the recommendation of the Chartered Engineer for the above discussed imported goods.

3.3 The noticee declared all such goods as Stainless Steel Seamless Pipe (Hot Finish) in their respective Bill of Entries, whereas, the goods, *prima facie*, appeared to be Stainless Steel Seamless Pipe (Cold Finish), which was in contrary to the conditions laid down in Advanced Authorization. As per Advanced Authorization, the noticee has to import Stainless Steel Seamless Pipe (Hot Finish) duty free and export Stainless Steel Seamless Pipe (Cold Finish) by using the said imported goods to fulfil the Advanced Authorization condition, but in the instant case, the noticee mis-declared the imported goods & misused Advanced Authorization and thus, evaded Customs duty along with ADD and IGST.

3.4 In view of above, the imported goods i.e. Stainless Steel Seamless Pipe (Cold Finish) vide above said six Bill of Entries were placed under seizure vide Seizure Memo dated 23.11.2024 under the provisions of Section 110 of the Customs Act, 1962 under the reasonable belief that the same are liable to confiscation under the provisions of the Section 111 (m) of the Customs Act, 1962. The total Assessable value of the Seized goods as per Bills of Entries is Rs.4,74,26,898/- wherein total duty involved was Customs Duty (including SWS) - Rs.52,16,959/-, Anti-Dumping Duty- Rs. 3,84,63485/- and IGST- Rs.1,63,99,322/-.

3.5 Further, this office asked CRCL, Vadodara, then CRCL, Delhi and CSIR-NML, Jamshedpur vide e-mail 26.11.2024, 24.12.2024 & 10.01.2025, whether the facility of testing which ascertains that the subjected imported goods are Hot Finish or Cold Finish is available with their laboratory or otherwise. But all these three laboratories informed that they have not such testing facility which can ascertain the history of manufacturing of goods, whether they have been manufactured through Hot Finish or Cold Finish process. Thus, after getting confirmation from IIT, Kanpur, this office sent the samples to IIT, Kanpur on 03.02.2025 for testing.

3.6 Meanwhile, on request of the noticee, this office has released the said seized goods vide release order dated 05.12.2024 on the condition to furnish full value bond and bank guarantee of Rs.8.00 Crores. The noticee preferred a Special Civil Application (SCA No. 2524/2025) before Hon'ble High Court of Gujarat to challenge the condition of bank guarantee. Hon'ble High Court vide Oral Order dated 07.05.2025 instructed the noticee to get the test report from private laboratory and on the basis of the test report received from Metalab Analytical Pvt Ltd, Ahmedabad, Hon'ble High Court of Gujarat vide their oral order dated 09.05.2025 directed this office to consider the said test report and pass the appropriate order modifying the order dated 05.12.2024 for provisional release of the goods in question. Therefore, the said seized goods were released provisionally vide release order dated 20.05.2025 on furnishing of bond of full value of goods.

3.7 Further, the IIT Kanpur vide e-mail dated 13.06.2025 submitted the Test report wherein it is stated that the said samples did not undergo cold rolling. Thus, the issue of Hot Rolled & Cold Rolled was resolved and no further investigation was required on the said issue.

4. Meanwhile, during investigation, simultaneous search operations were also carried out at the following premises of The Noticee on 29.11.2024/30.11.2024 and certain documents were resumed for further investigation which provide another angle of investigation in the present case: -

- (i) Factory premises of M/s. Suraj Limited situated at 779A, Thol, Kadi-Sanand Highway, Kadi, Mehsana, Gujarat (Thol Plant) **(RUD-1)**
- (ii) Factory premises of M/s. Suraj Limited, 51, Chandarda, Mehsana (Chandarda Plant)
- (iii) Head office, Suraj House, Opp. Usmanpura Garden, Ashram Road, Ahmedabad, Gujarat-380014 (Office) **(RUD-2)**

4.1. During search, it came to notice that Stainless Steel Seamless Pipes, Tubes and fittings are being manufactured at Thol plant. Circle, flanges and fittings were being manufactured at Chandarda Plant, which are not the part of present investigation. All the financial records related to M/s. Suraj Limited were being kept

at Head Office situated at Suraj House, Ahmedabad. During search, several incriminating records including import/export documents like Shipping Bill, Bill of Entry, Export Invoice, Mill Test Certificates etc, domestic supply records like purchase/sale invoices, Mill Test Certificate etc and digital data stored in the various computers installed at factory premises situated at Thol and Head Office at Ahmedabad which appeared relevant in the present case were resumed under Panchnama dated 29-30.11.2024.

4.2 During stock verification at the factory premises (Thol Plant), a shortage of the imported material of around 261 MTs was also found for which noticee could not provide any plausible reply.

4.3. During search at Thol plant and interrogation of the employee working there, it was revealed that The Noticee were using domestic material for manufacturing of exported goods and also using imported goods in domestic supply. They did not keep the imported and domestic raw material separately and using both the goods in manufacturing of final product simultaneously. On being enquire, it also revealed that they keep monitoring of their goods through Job Card (Tag) wherein heat number of the raw material mentioned and on the basis of heat number they identify the finish goods, whether it was manufactured from imported material or from domestic material and then the same heat number mentioned in the test certificate issued by them while supplying the final product. Thus, they were using Heat Number as prime identification number of the goods.

4.4 During search proceedings, statement of Shri Alpesh Kumar Nai, Production Manager of The Noticee at Thol Plant was recorded on 30.11.2024 (**RUD-3**) under Section 108 of the Customs Act, 1962 wherein he inter-alia stated that : -

- * He is the production manager at their Thol Plant situated at 779A, Thol, Kadi-Sanand Highway, Taluka-Kadi, Mehsana, Gujarat and his employee Id No. was 1147.
- * He looked after production work at their MPD shed in Thol plant as per the planning given by Shri Sanjay Patel. He gave the production detail to Shri Kalpesh Mali, General Manager, M/s. Suraj Limited.
- * Their company is a listed company and engaged in manufacturing of Stainless Steel Seamless Pipe and fittings. They purchase SS pipe mainly from China and round bar and circle mainly from local market.
- * On being asked about the manufacturing process he stated that the main raw material for manufacturing of SS Seamless Pipes are Round Bar and SS Seamless Pipes. Firstly, the raw material reaches at our Mother Pipe Division (MPD), where process of hot finished is being done in which peeling of round bars is being done, thereafter the said bars processed through furnace under 1200-1500 Celsius and then the said bars come on the conveyor where a hole

through the red hot bar is being made by moly head (main drill) which is called piercing. After that piercing the red hot bars becomes mother hollow pipes which are then being shifted into water for cooling. After cooling, the mother hollow pipes are being processed through annealing under 1040 Celsius, after that straightening, cutting and pickling is being done. Thereafter, they process the mother hollow through Pillger Machine under cold rolled process. After that degreasing process is being done wherein washing of pipes are being done. Thereafter, Annealing, Straightening, Cutting, Pickling, Hydro process again repeats and thereafter inspection is being done. Sometimes, on customer's request, we also do sand blast after inspection. After that, the material shift to quality check after being cleaned and washed, where the quality team check the material quality and after quality check, marking of company name, size of pipe, order number, heat number etc is being done on pipes and then these pipes are being packed in plastic sacks after that the material is ready for dispatch.

- * On being asked about the storage of imported and domestic material, he stated that they store both the material at same place at MPD shed or SPD shed as there is not separate space prescribed for imported material or domestic material. Similarly, finished goods, either it is for export or for local sale, are also being kept at common place i.e. STD shed.
- * As per production plan, he take the approval from Shri Kaplesh Mali before using the material for manufacturing, then he complete the order as per available material.
- * On being asked about the use of imported and domestic raw material, he stated that they use domestic material to manufacture the goods meant for export, but do not use imported material for domestic supply.
- * On being asked about the identification of product whether it is manufactured from imported or domestic material he stated that the planning department issue the plan to production department. Then production department make a Job Card or Tag, wherein, they mention purchase order number, size, specification, Heat No and grade etc. Thereafter, the said tag remains with each lot of production on each stage of manufacturing. After completing of manufacturing process, the quality team gathered the said tag from finished pipes and check the details mentioned therein. On verification of the heat number and particular order number, the quality department identify the finished goods and accordingly, they issue Mill Test Certificate of M/s. Suraj Limited. He further informed that the heat number of the raw material and finished goods remains always same. Thus, they identify the raw material from which the finished goods are manufactured.

- * On being asked about heat number, he informed that the heat number is the unique number which provides the information of original manufacturer of SS goods. In their plant, when they purchase raw material either through import or through domestic supply, they get Mill Test Certificate (MTC) or Test Certificate (TC) with the purchase invoice, which is being handed over to the quality department and also to production department. The said MTC consist specific heat number (identification number of manufacturer). Then, production department mentioned the said heat number in Tag and on completion of manufacturing process, new MTC is being issued by their company in which heat number remained same as mentioned in the MTC attached with the purchase invoice because the said product manufactured from the said raw material. Thus, the heat number is the prime number to identify the origin of SS goods.

4.5. During search proceedings, statement of Shri Sanjay Kumar Patel, Production Manager of The Noticee at Thol Plant was recorded on 30.11.2024 (**RUD-4**) under Section 108 of the Customs Act, 1962 wherein he inter-alia stated that :-

- * He is the Section Head of production planning at their Thol Plant situated at 779A, Thol, Kadi- Sanand Highway, Taluka-Kadi, Mehsana, Gujarat and his employee Id No. is 267.
- * He prepare production plan and give it to Shri Kalpesh Nai who is the production in charge.
- * Their company is a listed company and engaged in manufacturing of Stainless Steel Seamless Pipe and fittings. They purchase SS pipe mainly from China and round bar and circle mainly from local market.
- * On being asked about the manufacturing process he stated that the main raw material for manufacturing of SS Seamless Pipes are Round Bar and SS Seamless Pipes. Firstly, the raw material reaches at our Mother Pipe Division (MPD), where process of hot finished is being done in which peeling of round bars is being done, thereafter the said bars processed through furnace under 1200-1500 Celsius and then the said bars come on the conveyor where a hole through the red hot bar is being made by moly head (main drill) which is called piercing. After that piercing the red hot bars becomes mother hollow pipes which are then being shifted into water for cooling. After cooling, the mother hollow pipes are being processed through annealing under 1040 Celsius, after that straightening, cutting and pickling is being done. Thereafter, they process the mother hollow through Pillger Machine under cold rolled process. After that degressing process is being done wherein washing of pipes are being done. Thereafter, Annealing, Straightening, Cutting, Pickling, Hydro process again repeats and thereafter inspection is being done. Sometimes, on customer's request, we also do sand blast after

inspection. After that, the material shift to quality check after being cleaned and washed, where the quality team check the material quality and after quality check, marking of company name, size of pipe, order number, heat number etc is being done on pipes and then these pipes are being packed in plastic sacks after that the material is ready for dispatch.

- * On being asked about the import or export scheme availed by their company he stated that their company import SSS Pipes from China under Advanced Authorization Scheme and export under Drawback, RoDTEP and Advanced Authorization scheme.
- * On being asked about the storage of imported and domestic material, he stated that they store both the material at same place at MPD shed or SPD shed as there is not separate space prescribed for imported material or domestic material. Similarly, finished goods, either it is for export or for local sale, are also being kept at common place i.e. STD shed.
- * On being asked about the identification of product whether it is manufactured from imported or domestic material he stated that the planning department issue the plan to production department. Then production department make a Job Card or Tag, wherein, they mention purchase order number, size, specification, Heat No and grade etc. Thereafter, the said tag remains with each lot of production on each stage of manufacturing. After completing of manufacturing process, the quality team gathered the said tag from finished pipes and check the details mentioned therein. On verification of the heat number and particular order number, the quality department identify the finished goods and accordingly, they issue Mill Test Certificate of M/s. Suraj Limited. He further inform that the heat number of the raw material and finished goods remains always same. Thus, they identify that the finished goods is manufactured from which raw material.
- * On being asked about heat number, he informed that the heat number is the unique number which provide the information of original manufacturer of SS goods. In their plant, when they purchase raw material either through import or through domestic supply, they get Mill Test Certificate (MTC) or Test Certificate (TC) with the purchase invoice, which is being handed over to the quality department and also to production department. The said MTC consist specific heat number (identification number of manufacturer). Then, production department mentioned the said heat number in Tag and on completion of manufacturing process, new MTC is being issued by their company in which heat number remained same as mentioned in the MTC attached with the purchase invoice because the said product manufactured from the said raw material. Thus, the heat number is the prime number to identify the origin of SS goods.

- * On being asked about the production plan he informed that he used to maintain an excel sheet wherein details of purchase order is mentioned and he also entered the detail of material required for manufacturing or completing of the order, he submitted copy of said excel sheet for sample and explain the each entry made by him.
- * On being asked about the use of imported and domestic raw material he stated that they keep domestic and imported material at same place and use both the goods in manufacturing of final product. He also confirmed that they use domestic material for manufacturing of export goods and also use imported material to manufacture domestic goods. They use the material for manufacturing of finished goods and complete the customer order as per availability of the material irrespective of its origin whether it is imported or domestic.

4.6. During search proceedings, statement of Shri Kalpesh Mali, General Manager of The Noticee at Thol Plant was recorded on 30.11.2024 (**RUD-5**) under Section 108 of the Customs Act, 1962 wherein he inter-alia stated that : -

- * He is the General Manager in M/s. Suraj Limited and overall in charge of Thol Plant situated at 779A, Thol, Kadi- Sanand Highway, Taluka-Kadi, Mehsana, Gujarat.
- * He looks after sales and marketing related work of the Company and he is the supervisory authority of sales team of the company. He is also overall in charge of Thol plant and all activity carried out in the said factory is directly controlled by him.
- * Their company is a listed company and engaged in manufacturing of Stainless Steel Seamless Pipe and fittings. They purchase round bars, stainless steel seamless pipes and circles. They purchase round bar and circle from domestic market and stainless steel seamless pipes are being purchased mainly from China under Advanced Authorization and some time as per requirement some quantity is being purchased from local market also.
- * On being asked about the manufacturing process he stated that the main raw material for manufacturing of SS Seamless Pipes are Round Bar and SS Seamless Pipes. Firstly, the raw material reaches at our Mother Pipe Division (MPD), where process of hot finished is being done in which peeling of round bars is being done, thereafter the said bars processed through furnace under 1200-1500 Celsius and then the said bars come on the conveyor where a hole through the red hot bar is being made by moly head (main drill) which is called piercing. After that piercing the red hot bars becomes mother hollow pipes which are then being shifted into water for cooling. After cooling, the mother hollow pipes are being processed through annealing under 1040 Celsius, after that straightening, cutting and pickling is being done.

Thereafter, they process the mother hollow through Pillger Machine under cold rolled process. After that degressing process is being done wherein washing of pipes are being done. Thereafter, Annealing, Straightening, Cutting, Pickling, Hydro process again repeats and thereafter inspection is being done. Sometimes, on customer's request, we also do sand blast after inspection. After that, the material shift to quality check after being cleaned and washed, where the quality team check the material quality and after quality check, marking of company name, size of pipe, order number, heat number etc is being done on pipes and then these pipes are being packed in plastic sacks after that the material is ready for dispatch.

- * On being asked about the storage of imported and domestic material, he stated that they are not maintained physical stock of imported and domestic material separately. Similarly, finished goods, either it is for export or for local sale, are also being kept at same place.
- * On being asked about the identification of product whether it is manufactured from imported or domestic material he stated that the planning department issue the plan to production department. Then production department make a Job Card or Tag, wherein, they mention purchase order number, size, specification, Heat No and grade etc. Thereafter, the said tag remains with each lot of production on each stage of manufacturing. After completing of manufacturing process, the quality team gathered the said tag from finished pipes and check the details mentioned therein. On verification of the heat number and particular order number, the quality department identify the finished goods and accordingly, they issue Mill Test Certificate of M/s. Suraj Limited. He further inform that the heat number of the raw material and finished goods remains always same. Thus, they identify that the finished goods is manufactured from which raw material.
- * On being asked about heat number, he informed that the heat number is the unique number which provide the information of original manufacturer of SS goods. In their plant, when they purchase raw material either through import or through domestic supply, they get Mill Test Certificate (MTC) or Test Certificate (TC) with the purchase invoice, which is being handed over to the quality department and also to production department. The said MTC consist specific heat number (identification number of manufacturer). Then, production department mentioned the said heat number in Tag and on completion of manufacturing process, new MTC is being issued by their company in which heat number remained same as mentioned in the MTC attached with the purchase invoice because the said product manufactured from the said raw material. Thus, the heat number is the prime number to identify the origin of SS goods.

- * On being asked about the use of imported and domestic raw material he stated that they use domestic material to manufacture the goods meant for export under Advanced Authorization, but do not use imported material for domestic supply.

4.7. During investigation, statement of Shri Ashok Shah, Chairman cum Finance Officer of M/s. Suraj Limited was recorded on 30.12.2024 **(RUD-6)** under Section 108 of the Customs Act, 1962 wherein he inter-alia stated that : -

- * He is the owner of M/s. Suraj Limited and designated as Chairman cum Finance Officer.
- * He established this company in 1997, he, Shri Kunal Shah, Shri Gunwant Shah and Ms. Shilpa Patel are the four directors of M/s. Suraj Limited. Shri Kunal Shah and Shri Gunwant Shah looked after marketing, Ms Shilpa Patel looked after commercial and he is the overall in-charge of the company.
- * Their company is a listed company and engaged in manufacturing of Stainless Steel Seamless Pipe and fittings. They purchase round bars, stainless steel seamless pipes and circles. They purchase round bar and circle from domestic market and stainless steel seamless pipes mainly purchased from China under Advanced Authorization and some time as per requirement some quantity purchased from local market also. They have two manufacturing units, one at Thol, 779A, Vill-Thol, Kadi-Sanand Highway, Mehsana, wherein SS Pipes and fittings are being manufactured and the other unit is at Survey No. 51, Chandarda, Kalol Mehsana Highway, Mehsana, Gujarat wherein they manufacture SS Flanges.
- * On being asked about the sale-purchase of their Company, he stated that their company purchase round bars, stainless steel seamless pipes and circles. They purchase round bar and circle from domestic market and stainless steel seamless pipes mainly purchased from China under Advanced Authorization and some time as per requirement some quantity purchased from local market also.
- * On being asked about the manufacturing process he stated that the main raw material for manufacturing of SS Seamless Pipes are Round Bar and SS Seamless Pipes. Firstly, the raw material reaches at our Mother Pipe Division (MPD), where process of hot finished is being done in which peeling of round bars is being done, thereafter the said bars processed through furnace under 1200-1500 Celsius and then the said bars come on the conveyor where a hole through the red hot bar is being made by moly head (main drill) which is called piercing. After that piercing the red hot bars becomes mother hollow pipes which are then being shifted into water for cooling. After cooling, the mother hollow pipes are being processed through annealing under 1040 Celsius, after that straightening, cutting and pickling is being done.

Thereafter, they process the mother hollow through Pillger Machine under cold rolled process. After that degressing process is being done wherein washing of pipes are being done. Thereafter, Annealing, Straightening, Cutting, Pickling, Hydro process again repeats and thereafter inspection is being done. Sometimes, on customer's request, we also do sand blast after inspection. After that, the material shift to quality check after being cleaned and washed, where the quality team check the material quality and after quality check, marking of company name, size of pipe, order number, heat number etc is being done on pipes and then these pipes are being packed in plastic sacks after that the material is ready for dispatch.

- * On being asked about the storage of imported and domestic material, he stated that they store both the material at same place at MPD shed or SPD shed as there is not separate space prescribed for imported material or domestic material. Similarly, finished goods, either it is for export or for local sale, are also being kept at common place i.e. STD shed.
- * On being asked about the identification of product whether it is manufactured from imported or domestic material he stated that the planning department issue the plan to production department. Then production department make a Job Card or Tag, wherein, they mention purchase order number, size, specification, Heat No and grade etc. Thereafter, the said tag remains with each lot of production on each stage of manufacturing. After completing of manufacturing process, the quality team gathered the said tag from finished pipes and check the details mentioned therein. On verification of the heat number and particular order number, the quality department identify the finished goods and accordingly, they issue Mill Test Certificate of M/s. Suraj Limited. He further inform that the heat number of the raw material and finished goods remains always same. Thus, they identify that the finished goods is manufactured from which raw material.
- * On being asked about identification of round bar, mother hollow, imported SS Seamless Pipes, he informed that the heat number is the unique number which provide the information of original manufacturer of SS goods. In their plant, when they purchase raw material either through import or through domestic supply, they get Mill Test Certificate (MTC) or Test Certificate (TC) with the purchase invoice, which is being handed over to the quality department and also to production department. The said MTC consist specific heat number (identification number of manufacturer). Then, production department mentioned the said heat number in Tag and on completion of manufacturing process, new MTC is being issued by their company in which heat number remained same as mentioned in the MTC attached with the purchase invoice because the said product manufactured from the said raw

material. Thus, the heat number is the prime number to identify the origin of SS goods.

4.8. During investigation, statement of Shri Ashok Shah, Chairman cum Finance Officer of M/s. Suraj Limited was recorded on 02.06.2025 (**RUD-7**) under Section 108 of the Customs Act, 1962 wherein he inter-alia stated that :-

- * On being perused and asked about the documents resumed during the Panchnama dated 29/30.11.2024 drawn at Suraj House, Opp. Usmanpura Garden, Ashram Road, Ahmedabad he stated that the said documents are related to their company wherein domestic purchase invoice, domestic sales invoice, import Bill of Entries and related documents, Export Invoice, Shipping Bills and related documents are included. He informed about file number wise details of said resumed documents.
- * On being asked about the use of imported raw material in manufacturing of finished goods meant for export, he just stated that they have fulfilled the export obligation against the import under Advanced Authorization.
- * On being perused some export invoices i.e. T/EXP/77 dated 21.06.2022, T/EXP/295 dated 25.01.2023 and T/EXP/296 dated 25.01.2023 and mill test certificates attached with the said invoices, he stated that as per mill test certificate and heat number mentioned therein, it is clear that the goods exported by their company under the said invoices are under Advanced Authorization scheme and these goods were actually made from domestic raw material as the heat number mentioned in the MTC attached with the export invoices matched with domestic material.
- * On being asked about the violation of Advanced Authorization Scheme by using domestic goods in manufacturing of exported goods, he stated that their overseas buyers do not accept Chinese origin goods and therefore they have to replace heat number while exporting goods with domestic goods heat number.
- * On being asked about the change of heat number, he stated that they used to import Stainless Steel Seamless Pipes from China and then clean these pipes by removing the name of Chinese supplier and their heat number by Annealing and Pickling process in their factory. Thereafter, they used to print their company name and domestic heat number on the said imported goods and exported the same. He also informed that whenever they imported pipes with higher thickness they used it to manufacture the desired size of pipes through pillgering, annealing and pickling process and then mark their company name and domestic goods heat number. Thereafter, they repack these goods and exported the same to overseas buyers.
- * On being shown the invoice related to domestic supply made to M/s. Larsen and Turbo, wherein the heat number appears to be related to imported goods,

he accepted that sometimes, on urgent requirements, they also use imported material for domestic supply. He further stated that their company have fulfilled the export obligation and after fulfilling the export obligation they use the imported goods in domestic supply.

4.9 During investigation, the noticee vide their letter dated 02.06.2025 (**RUD-8**) have submitted copy of export invoices along with MTC for the period from 2020-21 to 2022-23 and copy of bills of entries along with MTC for the period from 2020-21 to 2024-25 (up to Dec-2024).

4.10 During search, mobile phones of Shri Kalpesh Mali, General Manager of The Noticee at Thol Plant was also seized under seizure memo dated 30.11.2024 (**RUD-9**). During investigation, the said seized devices were opened in presence of independent panchas and Shri Kalpesh Mali and retrieved data from the mobile phones and took some printouts from one mobile phone i.e. I-Phone 12Pro Max which appeared relevant in the present investigation. The said proceedings were recorded under Panchnama dated 02.06.2025 drawn at office premises of Commissioner of Customs Commissionerate, Jamnagar (**RUD-10**).

4.11 During investigation, statement of Shri Kalpesh Mali, General Manager of The Noticee at Thol Plant was recorded on 02.06.2025 (**RUD-11**) under Section 108 of the Customs Act, 1962 wherein he inter-alia stated that :-

* On being asked about the document i.e. letter dated 30.09.2024 issued by OLAF (European Anti-Fraud Office) retrieved from his mobile phone, he stated that their company was facing an investigation regarding suspected evasion of anti-dumping duties imposed on seamless pipes and tubes of stainless steel originating in the people's Republic of China imported into European Union from India. However, during the investigation, it has been proven that their company have not supplied any Chinese goods to European Countries and accordingly, the OLAF (European Anti-Fraud Office) has issued a notice of closure of investigation vide above letter dated 30.09.2024 in case No.OC/2023/0518/B3.

4.12 In view of above, the Noticee have themselves proved before the OLAF (European Anti-Fraud Office) that their company never supplied any Chinese origin goods to European Countries. The present investigation also indicates that The Noticee never supplied any Chinese Origin goods to any Country outside the India including European Countries. Thus, it is very much clear that The Noticee never used imported material in manufacturing and supply of exported goods.

5. During the above statements, they all stated that they have stored both imported and domestic goods at same place and no separate facility to store the imported goods in their factory premises. Further, on being asked about the monitoring of uses of imported and domestic material in manufacturing of final products, they informed about the Job Card (Tag) in which they have mentioned the

detail of the raw material and the said job card travel with the raw material till the final product and on the basis of the detail mentioned in the job card, they identify the goods and accordingly monitor the manufacturing. Further, they also informed that they used to use both imported and domestic raw material in manufacturing of final product for domestic supply. They used the material on availability basis. Thus, it is very much clear from their statement that they were using the imported material in domestic supply and domestic material in export supply. They also informed about the heat number of the goods that the heat no is issued by the manufacturer of raw material i.e. Round Bar manufacturers and the said heat number is remained same when the final product i.e. Stainless Steel Seamless Pipes produced. This is the identification number in steel industry which informs about the origin of goods.

6. Whereas, on analysis of the details mentioned in the said mill test certificates it revealed that the noticee only used domestic material for manufacturing of exported goods and never used imported raw material for manufacturing of goods meant for export under Advanced Authorization. The said facts came to notice from the mill test certificate issued by The Noticee attached with the export invoice. Thus, it appears that they have diverted the said imported material in domestic market clandestinely and fulfil the export obligation by using domestic material in manufacturing exported goods.

7. During investigation, following summons have also been issued to suppliers of M/s. Suraj Limited to cross verify the MTC resumed from office/factory premises of The Noticee. In reply of the summons the following suppliers of The Noticee have submitted documents as available with them: -

Sr. No.	Suppliers Name	Summon date	Reply letter/e-mail date
1	M/s. Rajputana Stainless Limited	21.04.2025 and 09.05.2025	Letter dated 20.05.25 (RUD-12)
2	M/s. Maruti Inox (India) Private Limited	09.05.2025, 20.05.2025 and 05.06.2025	E-mail dated 13.06.225 (RUD-13)
3	Mangalam Worldwide Limited	09.05.2025 and 05.06.2025	E-mail dated 19.06.25 (RUD-14)
4	M/s. The Maitri Metals Private Limited	09.05.2025 and 05.06.2025	E-mail dated 16.06.25 (RUD-15)
5	M/s. Allied Ferromet Private Limited	09.05.2025 and 05.06.2025	E-mail dated 13.06.25 (RUD-16)
6	M/s. Vishwa Stainless Private Limited	09.05.2025 and 05.06.2025	Letter dated 10.06.25 (RUD-17)
7	M/s. TBS Metal Private Limited	09.05.2025 and 05.06.2025	E-mail dated 10.06.25 (RUD-18)
8	M/s. Ambica Steels Limited, Ghaziabad, UP	09.05.2025 and 05.06.2025	Letter dated 26.05.25 (RUD-19)
9	M/s. RICO Stainless Company, Mumbai	09.05.2025 and 05.06.2025	E-mail dated 14.06.25 (RUD-20)
11	M/s. Rimjhim Ispat Limited,	09.05.2025 and	Letter dated 17.05.25 (RUD-21)

	Kanpur, UP	05.06.2025	
12	M/s. Suraj Steelmet Private Limited, Ahmedabad	09.05.2025 and 05.06.2025	E-mail dated 14.05.25 (RUD-22)
13	M/s. Ganesh Steel Trading, Ahmedabad	09.05.2025 and 05.06.2025	Letter dated 20.05.25 (RUD-23)
14	M/s. Avtar Steel Limited, Sonipat, Haryana	05.06.2025	Letter dated 11.06.25 (RUD-24)

7.1 The documents sought from the above suppliers are merely for cross examination/verification of heat number mentioned by The Noticee in their test certificates. As per the information submitted by the above suppliers and documents resumed from The Noticee, it revealed that heat numbers mentioned in the test certificate attached with export invoice issued by The Noticee are related to the above domestic suppliers. Party-wise sample heat numbers are tabulated hereunder: -

Sr. No.	Suppliers Name	Heat Number
1	M/s. Rajputana Stainless Limited	RSL-A1999/A2000, RSL-A2023, RSL-B142/B147, RSL-B290, RSL-C-868, RSL-C1859, RSL-C2121, RSL-D549, RSL-D1168, RSL-D1699, RSL-D1919, RSL-D2123, RSL-E150, RSL-E298, RSL-E1216, RSL-31762, RSL-E-1808, RSL-F 0280, RSL-F0756, RSL-F1141, RSL-F2122, RSL-F2153
2	M/s. Maruti Inox (India) Private Limited	NF456, NF457, N01409, N01390, N0259, N-0256, N01024, N01257, NJ173, NJ170, NJ168, NJ126, NJ557
3	Mangalam Worldwide Limited	24SL0038, 24SL0039, 24SL0361, 24SL0917, 24SL0926, 24SL1014, 24SL1017
4	M/s. The Maitri Metals Private Limited	EA312, EA229, EA403, EA409, EA295, EA324, EA312
5	M/s. Allied Ferromet Private Limited	--
6	M/s. Vishwa Stainless Private Limited	BL1011052, BL1011053, BL10110531, BL10110631, O-00845
7	M/s. TBS Metal Private Limited	--
8	M/s. Ambica Steels Limited, Ghaziabad, UP	S-21958, S-21966, S-21967, S-21968, S-21971, S-22242, S-22243, S-22244, S-24350, S-24355, S-24356, S-24416, S-24423, S-24424, S-24950, S-25051, S-25052, S-25053, S-25054, S-25055, S-25430, S-25778, S-25779, S-25780, S-25817, S-32043, S-32044, S-32256, S-32257, S-32442
9	M/s. RICO Stainless Company, Mumbai	--
11	M/s. Rimjhim Ispat Limited, Kanpur, UP	34LDW28-0A, 34LDW22-0A, 34LDW29-0A, 34LEX12-0A, 34LHX33-0X
12	M/s. Suraj Steelmet Private Limited, Ahmedabad	--
13	M/s. Ganesh Steel Trading, Ahmedabad	12200836, 12202624, 12203223, 22201372
14	M/s. Avtar Steel Limited, Sonipat,	A-1063, A-951, A-2096, A-2098, A-2222, A-2269,

	Haryana	A-2264, A-2278, A-2101, A-2102, A-2224, A-2261, A-2265, A-5183, A-5098, A-5099, A-5096, A-5195, A-5194, A-5275, A-5259, A-5262, A-5268, A-5546, A-5286, A-5688, A-5687, A-5837, A-5833, A-5708, A-5769, A-6192, A-6140, A-6191, A-6193
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8. Further, mill test certificates, uploaded by the noticee on E-Sanchit while importing goods since 2020 to 2025, have also been downloaded through EDI (**RUD-25**). Sample heat number for imported goods is tabulated hereunder: -

N210412AF11	N210606AW01	N201107AW12	N210511AF08	Y180627E05	19AW1807A
SY231011AS09	N230206AS12	N230206AS12	SY230823AS17	N180930AV14	N200529AS10
NY230816AT12	NY231009AW10	NY230928AW08	NY231025AT10	Y200714C41	Y200719C65
NY240430AW08	SY240718AS22	SY240718AS22	N240606AW02	N191124SV09	N210307AS09
JS240812AF09	NY240828AV17	D240904AP04	NY240716AS07	N180930AV14	N210322AW02
NY240828AV17	NY240716DC05	D240904AN09	N240903AW12	N191124SV09	N201108AS11
N240907AW06	N241007AW08	JS241101AF06	SY241012AS12	HT1910-1895	Y201026C42

8.1. On examination of the said heat number, it revealed that the heat number mentioned in the MTC related to imported material is completely different from the domestic heat number. On cross check with the export documents, it clearly seen that no heat number corresponding with imported goods is matched with the heat number mentioned in test certificates attached with exported goods under Advanced Authorization scheme, which itself proves that the noticee never used the imported raw material in manufacturing of exported goods and exported goods under Advanced Authorization scheme are completely manufactured through domestic material.

9. During investigation, it also revealed that an investigation has been initiated by the European Union against The Noticee regarding suspected evasion of Anti-Dumping duties imposed on seamless pipes and tubes of stainless-steel originating in the people's Republic of China imported into European Union from India. The said investigation has been concluded by the European Union and a closure of investigation letter (**RUD-26**) has been issued to M/s. Suraj Limited. During investigation by the European Union, it established that The Noticee never supplied goods imported from China to European Union. In the present investigation also, it revealed that The Noticee never used the goods imported from China in manufacturing of exported goods. They only used domestic material for manufacturing of exported goods and thus, it is very much clear that the noticee diverted the imported material in domestic market clandestinely and thus, benefit availed under Advanced Authorization Scheme while importing the said goods is liable to be reversed.

10. During investigation, various purchase orders (**RUD-27**) received from overseas buyers have also been examined and it revealed that there are clear condition mentioned in the purchase orders that "no Chinese material/Chinese

originated goods allowed". Thus, the noticee supplied domestic goods to these buyers and imported goods appear diverted into domestic market.

11 Further, it is also to submit that during search at the factory premises of The Noticee at 779A, Thol, Mehsana, Ahmedabad, physical stock verification was also done by the officers and after verifying the stock with books of accounts, it revealed that there was a 261MT shortage of imported goods, as mentioned in the Panchnama, which itself establish that they have diverted the said imported goods clandestinely in the domestic market.

12. From the above, it is clear that The Noticee used the domestic goods for fulfilling the export obligation against Advanced Authorization Scheme. As per Advanced Authorization scheme the noticee is require to use the imported raw material in manufacturing of goods meant for export and then subject goods required to be exported within stipulated time as mentioned in the said Authorization. However, in the instant case, the noticee imported Stainless Steel Seamless Pipes duty free under Advanced Authorization Scheme, but never used the said material in manufacturing of exported goods. Instead, they used domestic material for fulfilling export obligation which is established from the heat number mentioned in the MTC attached with export invoice and heat number mentioned in the MTC attached with domestic raw material supplied to the Noticee.

13. Further, as per the Public Notice No 45/2023 dated 28.02.2024 issued by the DGFT, following SION norms along with conditions mentioned therein is applicable for the said products: -

SI No	Export Item	Quantity	Item of Import	Quantity
1	Stainless Steel Seamless Tubes/Pipes (Cold Finish)	1 MT	Seamless Stainless-Steel Tubes/Pipes (Hot Finished)	1.10MT

Note:

- * The imported seamless stainless-steel pipe/tube shall be hot-finished/mother hollow having an outer diameter (OD) not less than 65MM and above.
- * Exporters have to provide a specific grade of pipes to be imported as input and such grade must correspond with the grade of export pipes/tubes.
- * The export weight per meter of cold-finished pipes/tubes shall not exceed 50% of the weight per meter of imported hot-finished/mother hollow consumed as an input to produce the cold finish pipe/tube for export.
- * Pre-import condition shall be mandatory while issuing the duty-free licenses.

13.1. From the above, it is clear that the noticee requires to use the imported material in manufacturing of goods meant for export and export weight per meter of cold-finished pipes/tubes shall not exceed 50% of the weight per meter of imported hot-finished/mother hollow consumed as an input to produce the cold finish pipe/tube for export. However, in the instant case the noticee never used the imported material and only used domestic material for fulfilling of export obligation, thus, the requirement of weight or any other conditions as mentioned above is nowhere followed.

LEGAL PROVISIONS

14. The legal provisions relevant to the subject case are as follows:

A. The Customs Act, 1962:

SECTION [28]. Recovery of [duties not levied or not paid or short-levied or short-paid] or erroneously refunded. — (1) Where any [duty has not been levied or not paid or has been short-levied or short-paid] or erroneously refunded, or any interest payable has not been paid, part-paid or erroneously refunded, for any reason other than the reasons of collusion or any wilful mis-statement or suppression of facts,—

(a) the proper officer shall, within [two years] from the relevant date, serve notice on the person chargeable with the duty or interest which has not been so levied [or paid] or which has been 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;

.....

(4) Where any duty has not been [levied or not paid or has been short-levied or short-paid] or erroneously refunded, or interest payable has not been paid, part-paid or erroneously refunded, by reason of,—

- (a) collusion; or
- (b) any wilful mis-statement; or
- (c) suppression of facts,

by the noticee or the exporter or the agent or employee of the noticee 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 not paid] 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.

SECTION [28AA]. Interest on delayed payment of duty. — (1) Notwithstanding anything contained in any judgment, decree, order or direction of any court, Appellate Tribunal or any authority or in any other provision of this Act or the rules made thereunder, 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.

(2) Interest at such rate not below ten per cent. and not exceeding thirty-six per cent. per annum, as the Central Government may, by notification in the Official Gazette, fix, shall be paid by the person liable to pay duty in terms of section 28 and such interest shall be calculated from the first day of the month succeeding the month in which the duty ought to have been paid or from the date of such erroneous refund, as the case may be, up to the date of payment of such duty.

(3) Notwithstanding anything contained in sub-section (1), no interest shall be payable where,—

- (a) the duty becomes payable consequent to the issue of an order, instruction or direction by the Board under section 151A; and*
- (b) such amount of duty is voluntarily paid in full, within forty-five days from the date of issue of such order, instruction or direction, without reserving any right to appeal against the said payment at any subsequent stage of such payment.].*

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

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

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

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

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

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

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

Section 2(39) "smuggling", in relation to any goods, means any act or omission which will render such goods liable to confiscation under section 111 or section 113

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

Section 14. -Valuation of goods. -

(1) For the purposes of the Customs Tariff Act, 1975 (51 of 1975), or any other law for the time being in force, the value of the imported goods and export goods shall be the transaction value of such goods, that is to say, the price actually paid or payable for the goods when sold for export to India for delivery at the time and place of importation, or as the case may be, for export from India for delivery at the time and place of exportation, where the buyer and seller of the goods are not related and price is the sole consideration for the sale subject to such other conditions as may be specified in the rules made in this behalf:

Provided that such transaction value in the case of imported goods shall include, in addition to the price as aforesaid, any amount paid or payable for costs and services, including commissions and brokerage, engineering, design work, royalties and licence fees, costs of transportation to the place of importation, insurance, loading, unloading and handling charges to the extent and in the manner specified in the rules made in this behalf:

Provided further that the rules made in this behalf may provide for,-

(i) the circumstances in which the buyer and the seller shall be deemed to be related;

(ii) the manner of determination of value in respect of goods when there is no sale, or the buyer and the seller are related, or price is not the sole consideration for the sale or in any other case;

(iii) the manner of acceptance or rejection of value declared by the noticee or exporter, as the case may be, where the proper officer has reason to doubt the truth or accuracy of such value, and determination of value for the purposes of this section:

.....

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

(2) The proper officer may verify [the entries made under section 46 or section 50 and the self-assessment of goods referred to in sub-section (1)] and for this purpose, examine or test any imported goods or export goods or such part thereof as may be necessary :

[Provided that the selection of cases for verification shall primarily be on the basis of risk evaluation through appropriate selection criteria.]

[3) For [the purposes of verification] under sub-section (2), the proper officer may require the noticee, exporter or any other person to produce any document or information, whereby the duty leviable on the imported goods or export goods, as the case may be, can be

ascertained and thereupon, the noticee, exporter or such other person shall produce such document or furnish such information.]

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

*(5) Where any re-assessment done under sub-section (4) is contrary to the self-assessment done by the noticee or exporter [* * *] and in cases other than those where the noticee or exporter, as the case may be, confirms his acceptance of the said re-assessment in writing, the proper officer shall pass a speaking order on the re-assessment, within fifteen days from the date of re-assessment of the bill of entry or the shipping bill, as the case may be.*

*[(6) * * *]*

Explanation. — *For the removal of doubts, it is hereby declared that in cases where an noticee has entered any imported goods under section 46 or an exporter has entered any export goods under section 50 before the date on which the Finance Bill, 2011 receives the assent of the President, such imported goods or export goods shall continue to be governed by the provisions of section 17 as it stood immediately before the date on which such assent is received.]*

Section 46: Entry of goods on importation

(1) The noticee of any goods, other than goods intended for transit or transshipment, shall make entry thereof by presenting to the proper officer a bill of entry for home consumption or warehousing in the prescribed form:

Provided that if the noticee makes and subscribes to a declaration before the proper officer, to the effect that he is unable for want of full information to furnish all the particulars of the goods required under this sub-section, the proper officer may, pending the production of such information, permit him, previous to the entry thereof (a) to examine the goods in the presence of an officer of customs, or (b) to deposit the goods in a public warehouse appointed under section 57 without warehousing the same.

.....
.....

”

(4) The noticee while presenting a bill of entry shall at the foot thereof make and subscribe to a declaration as to the truth of the contents of such bill of entry and shall, in support of such declaration, produce to the proper officer the invoice, if any, relating to the imported goods as may be prescribed.

(4A) The noticee who presents a bill of entry shall ensure the following, namely:-

(a) the accuracy and completeness of the information given therein;

(b) the authenticity and validity of any document supporting it; and

(c) compliance with the restriction or prohibition, if any, relating to the goods under this Act or under any other law for the time being in force.

.....

Section 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 in respect thereof, or in the case of goods under trans-shipment, with the declaration for trans-shipment referred to in the proviso to sub-section (1) of section 54;

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

SECTION 112. Penalty for improper importation of goods, etc.-
Any person, -

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

(b)

shall be liable, -

(i)

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

SECTION 113. Confiscation of goods attempted to be improperly exported, etc.-

The following export goods shall be liable to confiscation:-

.....;

.....;

[(i) any goods entered for exportation which do not correspond in respect of value or in any material particular with the entry made under this Act or in the case of baggage with the declaration made under section 77;]

.....;

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

Any person who, in relation to any goods, does or omits to do any act which act or omission would render such goods liable to confiscation under section 113, or abets the doing or omission of such an act, shall be liable, -

(i);

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

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

[(iii) in the case of any other goods, to a penalty not exceeding the value of the goods, as declared by the exporter or the value as determined under this Act, whichever is the greater.]

114A of the Customs Act,1962, “Penalty for short-levy or non-levy of duty in certain cases—

Where the duty has not been levied or has not 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 wilful 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.

Section 114AA. Penalty for use of false and incorrect material. -

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

B. Notification No.31/2022-Cus (ADD) dated 20.12.2022:

G.S.R. ---(E).- Whereas in the matter of ‘Stainless-Steel Seamless Tubes and Pipes’ (here-in-after referred to as the subject goods) falling under chapter heading 7304 of the First Schedule to the Customs Tariff Act, 1975 (51 of 1975) (hereinafter referred to as the Customs Tariff Act), originating in, or exported from China PR (hereinafter referred to as the subject country), and imported into India, the designated authority in its final findings, vide notification No. 6/13/2021-DGTR, dated the 23rd September, 2022, published in the Gazette of India, Extraordinary, Part I, Section 1, dated the 23rd September, 2022, read with corrigendum notification No. of even number, dated 30th September, 2022, has come to the conclusion that—

- (i) the subject goods have been exported to India from the subject countries below normal values;
- (ii) the domestic industry has suffered material injury on account of subject imports from subject countries;
- (iii) the material injury has been caused by the dumped imports of subject goods from the subject countries,

and has recommended imposition of an anti-dumping duty on the imports of subject goods, originating in, or exported from the subject countries and imported into India, in order to remove injury to the domestic industry.

Now, therefore, in exercise of the powers conferred by sub-sections (1) and (5) of section 9A of the Customs Tariff Act read with rules 18, 20 and 23 of the Customs Tariff (Identification, Assessment and Collection of Anti-dumping Duty on Dumped Articles and for Determination of Injury) Rules, 1995, the Central Government, after considering the aforesaid final findings of the designated authority, hereby imposes on the subject goods, the description of which is specified in column (3) of the Table below, falling under heading of the First Schedule to the Customs Tariff Act as specified in the corresponding entries in column (2), originating in the countries as specified in the corresponding entries in column (4), exported from the countries as specified in the corresponding entries in column (5), produced by the producers as specified in the corresponding entries in column (6), and imported into India, an anti-dumping duty at the rate equal to the amount as specified in the corresponding entries in column (7), in the currency as specified in the corresponding entries in column (9) and as per unit of measurement as specified in the corresponding entries in column (8), of the said Table, namely:-

S.No.	Heading	Description of subject goods	Country of Origin	Country of export	Producer	Amount	Unit	Currency
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
10.	7304	Stainless-Steel Seamless Tubes and Pipes**	China PR	Any	Any producer other than serial number 1 to 9	3801	MT	USD

** Stainless-Steel Seamless Tubes and Pipes with diameter up to and including 6NPS, or comparable thereof in other unit of measurement, whether manufactured using hot extrusion process or hot piercing process and whether sold as hot finished or cold finished pipes and tubes, including subject goods imported in the form of defectives, non-prime or secondary grades.

2. The anti-dumping duty imposed under this notification shall be effective for a period of five years (unless revoked, superseded or amended earlier) from the date of publication of this notification in the Official Gazette, and shall be payable in Indian currency.

Explanation. - For the purposes of this notification, rate of exchange applicable for the purposes of 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.

QUANTIFICATION: -

15. From the above investigation, it is clear that the Noticee have mis-used the benefit of Advanced Authorization and not paid applicable duty while importing Stainless Steel Seamless Pipe from China. Further, it also revealed that the Noticee have imported the said goods from Pipavav Port (Port Code-INPAV1), Mundra Port (Port Code-INMUN1), and ICD-Khodiyar (Port Code-INSBI6) during Oct-2020 to Dec-2024. Thus, bill of entry-wise duty calculation for the period from Oct-2020 to Dec-2024 for all the three ports has been done in Annexure-A attached to this Show cause Notice. The details of evasion as mentioned in the **Annexure-A** attached, is summarized port-wise as below: -

Port Name	Value of Import	Customs Duty	SWS	ADD	IGST	Total Duty
Pipavav	1381311651	138131166	13813116.5	706068988	403078485.8	1261091755
Mundra	3784284915	378428493	37842851	840622096	906310936	2163204375
ICD Khodiyar	152684272	15268427	1526843	119889007	52086340	188770617
Total	5,31,82,80,838	53,18,28,086	5,31,82,810	1,66,65,80,091	1,36,14,75,762	3,61,30,66,747

15.1 In view of above, M/s. Suraj Limited have short paid Customs Duty, SWS, ADD and IGST to the tune of Rs. 3,61,30,66,747/- on import of Stainless-Steel Seamless Pipe during 2020-21 (01.10.2020 onwards) to 2024-25 (up to Dec-2024) by way of claiming the duty exemption under Advanced Authorization Scheme. The demand of duties of Customs pertaining to Pipavav and ICD Khodiyar has been taken up by the respective ports of import. The subject proceedings are in respect of improper import carried out at the Mundra port. Therefore, M/s. Suraj Limited is liable to pay duty of customs amounting to Rs. 216,32,04,375/- under the provisions of Section 28(4) of the Customs Act, 1962 alongwith interest under Section 28AA of the Customs Act, 1962. For their act of evasion of duties of customs, they have rendered themselves liable for penal action under Section 114AA of the Customs Act, 1962. Further, the imported goods having assessable value as Rs. 378,42,84,915/- are liable for confiscation under Section 111(o) of the Customs Act, 1962 for violation of the conditions of the said Notification.

15.2 Further, M/s. Suraj Limited have exported Stainless-Steel Seamless Pipes and tubes (Cold Finish) under the Advanced Authorization scheme from various ports. During investigation, it was revealed that all the goods exported by the Noticee under Advanced Authorization scheme were made from domestic raw material which is established from the heat number mentioned in the MTC corresponding to the export invoice. Year-wise summary of the said export along with detail of heat number is mentioned in **Annexure-B** attached to this notice.

15.3 As per the records available, it revealed that the Noticee had exported following quantity of Stainless-Steel Seamless Pipe and Tubes (Cold Finished) during 2020-21 (01.10.2020 onwards) to 2024-25 (up to Dec-24) under Advanced Authorization: -

Table-II

F.Y.	Quantity of Export (in MTs)	Value of Export (In Rs.)
2020-21 (Oct-20 onwards)	1,106	42,97,97,631
2021-22	4,835	2,15,28,66,984
2022-23	3,557	2,17,85,04,409
2023-24	3,509	1,90,71,18,391
2024-25	1,275	54,13,94,907
Total	14,281	7,20,96,82,322

15.4 The noticee is granted Advance Authorisation for duty free import of Stainless-Steel Seamless Pipe in terms of Not. No. 21/2023-Customs (Tariff) dated 01.04.2023 read with provisions of Chapter 4 of the Foreign Trade Policy. As per provisions of Para 4.16 of the FTP, Advance Authorisation and / or material imported under Advance Authorisation shall be subject to 'Actual User' condition i.e. duty free imported Stainless-Steel Seamless Pipe, has to be used in manufacture of goods for export only. However, in the present case whereas it appears that the noticee has not used the duty-free imported goods in manufacture of goods exported by them, and instead locally purchased materials were used for manufacture of export goods, and hence provisions of Notification 21/2023-Customs dated 01.04.2023 and Para 4.16 of FTP, appear to have been violated.

Extended Period: -

16. From the investigation carried out in the instant case, it is very much clear that The Noticee have imported Stainless Steel Seamless Pipe under Advanced Authorization scheme, but not fulfil the conditions mentioned therein. The noticee while importing the subject goods from Pipavav port, claimed the benefit of Advanced Authorization scheme and get the said goods cleared without payment of duty from Customs in guise of using the said material in the manufacturing of export goods, however, during search, it was revealed that they have not used the imported material for manufacturing of export goods, instead, they have used domestic material for the said purpose and thus suppressed the facts from the department. The said facts came to notice when a simultaneous search operation has been carried out at the factory and office premises of the said noticee. If the search operations have not been carried out, the said facts never come to the notice of the department, therefore, Section 28(4) of Customs Act, 1962, invoking extended period is applicable in the instant case. Thus, the total import duty amounting to **Rs. 216,32,04,375/-** not paid by M/s Suraj Limited is required to be recovered under the provisions of Section 28(4) along with applicable interest under Section 28AA of Customs Act, 1962.

16.1. Section 28(4) of the Customs Act, 1962 prescribes that in order to recover duties, the proper officer shall within five years from the relevant date, read with section 28BB, serve show cause notice on the person chargeable with duty or interest which has not been so levied or short levied or short paid.

CONTRAVENTIONS

17. The statutory compliance has not been followed by the noticee as per Section 46(4A) of the Act while importing duty free goods under Advanced Authorization at Pipavav port by not using the said material in manufacture of goods meant for export. Further, owing to undue Import duty exemption benefit originally claimed by them under Advanced Authorization Scheme by resorting to show that the same material will be used for manufacture of export goods in order to evade import duty payable, it appears that the subject imported goods with total value of **Rs. 378,42,84,915/-** have been improperly imported and accordingly, it appears that the same are held to be liable to confiscation under the provisions of Section 111 of the Act read with Section 124 ibid, as detailed below:

- a) Section 111(o) of the Act inasmuch as the conditions for duty exemption stipulated that the said imported material must be used in manufacture of export goods and must also be followed SION norms as prescribed by DGFT vide Public Notice No. 45/2023 dated 28.02.2024 has not been fulfilled to the satisfaction of the department.
- b) Para (iv) of Not. No. 21/2023-Customs dated 01.04.2023 read with provisions of Para 4.16 of the FTP regarding actual user condition of the duty free imported materials.

18. It further appears that by their act or omission as discussed above, owing to which the subject imported goods imported during Oct-2020 (01.10.20 onwards) to Dec-2024 i.e., Stainless Steel Seamless Pipe with total declared value of **Rs. 378,42,84,915/-** as detailed in Table-I above are rendered liable to confiscation under Section 111(o) of the Act, the noticee The Noticee has accordingly rendered themselves liable to penalty under Section 112(a) of the Act.

19. It appears that the Noticee had exported goods under Advanced Authorization scheme, whereas, investigation proves that they have never used imported material

for manufacturing of exported goods. The noticee used domestic material to manufacture their finished goods and exported the same by declaring it under Advanced Authorization scheme and thus, mis-declared and mis-used Advanced Authorization scheme. In view of above, the total goods (Stainless Steel Seamless Pipe & Tubes- Cold Finished) **quantity-14,103 MTs** of value **Rs. 708,77,67,246/-** have been improperly exported under Advanced Authorization scheme during 2020-21 (01.10.2020 onwards) to 2024-25 (up to Dec-2024) and accordingly, it appears that the same are held to be liable for confiscation under the provision of Section 113(i) of the Act as detailed below: -

(i) any goods entered for exportation which do not correspond in respect of value or in any material particular with the entry made under this Act or in the case of baggage with the declaration made under section 77;]

20. It further appears that by their act or omission as discussed above, owing to which the subject goods exported during Oct-2020 (01.10.2020) to Dec-2024 i.e., **14,103 MTs** of Stainless Steel Seamless Pipe and Tubes (Cold Finish) with total declared value of **Rs. 708,77,67,246/-**, pertaining to Mundra port (as per Annexure-B) are rendered liable to confiscation under Section 113(i) of the Act, The Noticee has accordingly rendered themselves liable to penalty under Section 114(ii) of the Act.

21. It appears that the noticee is also liable to penalty under Section 114AA of the Act, for having knowingly or intentionally made, signed or used, or caused to be made or used false or incorrect declarations and documents (Export made under Advanced Authorization whereas the heat number do not correspond with import heat number) in the transaction of business with regard to subject imported goods as discussed herein above.

CHARGING SECTION-

22. Now, therefore M/s. Suraj Limited (IEC-0896005330), Suraj House, Opp. Usmanpura Garden, Ashram Road, Ahmedabad, Gujarat-380014, holders of IEC No. 0896005330, is hereby called upon to show cause to the Pr. Commissioner/Commissioner, Mundra Customs within 30 (thirty) days from the date of receipt of this notice, as to why:

- (i) the Duty exemption originally claimed by them in respect of imported goods during the period from Oct-2020 to Dec-2024 in terms of Advance authorization Scheme should not be rejected for non-compliance of the conditions of said Authorizations read with Para 4.16 of the FTP and SION norms as prescribed by DGFT for the said product and Notification No.21/2023-Cus dated 01.04.2023;
- (ii) The Customs duty amounting to Rs. 216,32,04,375 /- (Rupees Two Hundred Sixteen Crores Thirty Two Lakhs Four Thousand Three Hundred Seventy Five Only) should not be demanded and recovered from them under Section 28(4) of the Customs Act, 1962, as per "Annexure-A" attached to this notice.
- (iii) the interest at applicable rate(s) on the short paid Customs duty of Rs. 216,32,04,375/-, should not be charged and recovered from them under Section 28AA of Customs Act, 1962 read with the undertaking filed by them under Para (iv) of the Notification No. 21/2023-Customs dated 01.04.2023;
- (iv) the subject imported goods i.e. Stainless Steel Seamless Pipe with total valued of Rs. 378,42,84,915/- should not be held liable for confiscation in terms of Section 111(o) of the Customs Act, 1962 read with Section 124 ibid, however, the said goods are not available for confiscation.
- (v) the penalty under Section 112(a) and 114A of the Customs Act, 1962 should not be imposed on them as discussed supra.
- (vi) the subject exported goods i.e. Stainless Steel Seamless Pipe with total valued of Rs. 708,77,67,246/- should not be held liable for confiscation in terms of Section 113(i) of the Customs Act, 1962 read with Section 124 ibid, however, the said goods are not available for confiscation.
- (vii) the penalty under Section 114(ii) of the Customs Act, 1962 should not be imposed on them for improper exportation as discussed above.
- (viii) the penalty under Section 114AA of the Customs Act, 1962 should not be imposed on them for knowingly or intentionally made or used or caused to be made or used false or incorrect documents and

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declarations in the material particular in the transaction of business under the Act in relation to subject import goods.

23. This show cause notice is issued without prejudice to any other action that may be issued or taken against the noticee or any other persons concerned in respect of the subject imported goods or any other imported goods under the Customs Act, 1962 and/ or any other law for the time being in force. This office reserves the right to make any additions, deletions, amendments to this notice at any later date by giving due notice.

24. The above noticee(s) are further required to state specifically in their written reply as to whether they wish to be heard in person before the case is adjudicated. If no specific mention is made about this in their written submissions, it shall be presumed that they do not wish to be heard in person. They should produce at the time of showing cause, all the evidences upon which they intend to rely in support of their defence.

25. If no reply is received within 30 (Thirty) days of receipt of this notice or if the Noticee do not appear before the adjudicating authority when the case is posted for personal hearing, the case will be decided *ex-parte* on merit, on the basis of the material available on record without further reference to them.

26. The documents relied upon for the purpose of this notice are attached to this notice.

(Nitin Saini)
Commissioner
Custom House Mundra

Encl: Annexure-A & B

By REGD. POST A.D/Hand Delivery.

To,

M/s. Suraj Limited,
Suraj House, Opp. Usmanpura Garden,
Ashram Road, Ahmedabad, Gujarat-380014

Copy To-

- (i) The Commissioner, Customs (Preventive), Jamnagar for information
- (ii) The Superintendent, EDI, Mundra for uploading on the website.

REPLIED UPON DOCUMENTS

RUD No.	Document Description	Remarks
1	Panchnama dated 29/30.11.2025 drawn at factory premises of M/s. Suraj Limited situated at 779A, Thol, Kadi-Sanand Highway, Kadi, Mehsana, Gujarat	Copy available with the noticee
2	Panchnama dated 29/30.11.2025 drawn at Head office of M/s. Suraj Limited situated at Suraj House, Opp. Usmanpura Garden, Ashram Road, Ahmedabad, Gujarat-380014	Copy available with the noticee
3	Statement of Shri Alpesh Kumar Nai, Production Manager of The Noticee at Thol Plant recorded on 30.11.2024	Copy enclosed
4	Statement of Shri Sanjay Kumar Patel, Production Manager of The Noticee at Thol Plant recorded on 30.11.2024	Copy enclosed
5	Statement of Shri Kalpesh Mali, General Manager of The Noticee at Thol Plant recorded on 30.11.2024	Copy enclosed
6	Statement of Shri Ashok Shah, Chairman cum Finance Officer of M/s. Suraj Limited recorded on 30.12.2024	Copy enclosed
7	Statement of Shri Ashok Shah, Chairman cum Finance Officer of M/s. Suraj Limited recorded on 02.06.2025	Copy enclosed
8	Letter dated 02.06.2025 of M/s. Suraj Limited along with documents submitted therewith	Copy available with the noticee
9	Seizure Memo dated 30.11.2024 for mobile phones of Shri Kalpesh Mali, General Manager of The Noticee at Thol	Copy available with the noticee
10	Panchnama dated 02.06.2025 drawn at office premises of Commissioner of Customs Commissionerate, Jamnagar for opening of seized mobile phones and pen drive	Copy enclosed
11	Statement of Shri Kalpesh Mali, General Manager of The Noticee at Thol Plant recorded on 02.06.2025	Copy enclosed
12	Letter dated 20.05.2025 of M/s. Rajputana Stainless Limited	Copy enclosed
13	E-mail dated 13.06.2025 M/s. Maruti Inox (India) Private Limited	Copy enclosed
14	E-mail dated 19.06.2025 M/s. Mangalam Worldwide Limited	Copy enclosed
15	E-mail dated 16.06.2025 M/s. The Maitri Metals	Copy enclosed

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	Private Limited	
16	E-mail dated 13.06.2025 M/s. Allied Ferromet Private Limited	Copy enclosed
17	Letter dated 10.06.2025 M/s. Vishwa Stainless Private Limited	Copy enclosed
18	E-mail dated 10.06.2025 M/s. TBS Metal Private Limited	Copy enclosed
19	Letter dated 26.05.2025 M/s. Ambica Steels Limited, Ghaziabad, UP	Copy enclosed
20	E-mail dated 14.06.2025 M/s. RICO Stainless Company, Mumbai	Copy enclosed
21	Letter dated 17.05.2025 M/s. Rimjhim Ispat Limited, Kanpur, UP	Copy enclosed
22	E-mail dated 14.05.2025 M/s. Suraj Steelmet Private Limited, Ahmedabad	Copy enclosed
23	Letter dated 20.05.2025 M/s. Ganesh Steel Trading, Ahmedabad	Copy enclosed
24	Letter dated 11.06.2025 M/s. Avtar Steel Limited, Sonipat, Haryana	Copy enclosed
25	Mill Test Certificates related to imported goods downloaded from EDI	Copy available with the noticee
26	Closure of investigation letter dated 30.09.2024 issued by the European Union in case No. OC/2023/0518/B3	Copy available with the noticee
27	Purchase orders of M/s. Suraj Limited received from overseas buyers	Copy available with the noticee