	प्रधान आयुक्त का कार्यालय, सीमा शुल्क सदन, मुन्द्रा **OFFICE OF THE PRINCIPAL COMMISSIONER OF CUSTOMS, CUSTOM HOUSE: MUNDRA, KUTCH** **MUNDRA PORT & SPL ECONOMIC ZONE, MUNDRA-370421** ई-मेल/ E-Mail: group3-mundra@gov.in	
A	फा /.सं .FILE NO.	CUS/APR/4681/2026-Gr 3-O/o Pr Commr-Cus-Mundra
B	मूल आदेश सं. ORDER-IN- ORIGINAL NO.	MCH/ADC/ZDC/360/2026-27
C	द्वारा पारित किया गया PASSED BY	**Dipak Zala,** Additional Commissioner of Customs, Custom House, Mundra
D	आदेश की तिथि DATE OF ORDER	29-09-2026
E	जारी करने की तिथि DATE OF ISSUE	29-09-2026
F	कारण बताओ नोटिस संएवं तिथि . SCN NO. & DATE	Importer requested for SCN & PH Waiver
G	नोटिसीपार्टी / आयातक/ NOTICEE/PARTY/ IMPORTER	M/s. VP International (IEC: FKUPS8188E) Village Khaja Khera Road, Near Sushill Cooler Factory, Sirsa, Haryana – 125055

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

2. यदि कोई व्यक्ति इस अपील आदेश से असंतुष्ट है तो वह सीमा शुल्क अपील नियमावली 1982 के नियम 6(1) के साथ पठित सीमा शुल्क अधिनियम 1962 की धारा 128A के अंतर्गत प्रपत्र सीए3-में चार प्रतियों में नीचे बताए गए पते पर अपील कर सकता है-

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

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

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

3. उक्त अपील यह आदेश भेजने की दिनांक से तीन माह के भीतर दाखिल की जानी चाहिए।
   Appeal shall be filed within three months from the date of communication of this order.

4. उक्त अपील के पर न्यायालय शुल्क अधिनियम के तहत 5 -/रुपए का टिकट लगा होना चाहिए और इसके साथ निम्नलिखित अवश्य संलग्न किया जाए -
   Appeal should be accompanied by a fee of Rs. 5/- under Court Fee Act it must accompanied by –

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

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

8. इस आदेश के विरुद्ध अपील हेतु जहां शुल्क या शुल्क और जुर्माना विवाद में हो, अथवा दण्ड में, जहां केवल जुर्माना विवाद में हो, Commissioner (Appeals) के समक्ष मांग शुल्क का 7.5% भुगतान करना होगा।

An appeal against this order shall lie before the Commissioner (A) on payment of 7.5% of the duty demanded where duty or duty and penalty are in dispute, or penalty, where penalty alone is in dispute.

BRIEF FACTS OF THE CASE

1.1 On the basis of intelligence, the consignment covered under BE No. 2768462 (Z-Type) dated 27.07.2026 was placed on hold at the premises of M/s. OWS Warehouse Services LLP (SEZ Warehouse Unit), Mundra, for detailed scrutiny and examination by SIIB. The examination of the consignment covered under Container No. CSNU7972010 pertaining to the aforesaid Bill of Entry was conducted on 31.07.2026 in the presence of Shri Harsit Tiwari, authorised representative of the importer M/s. VP International and Shri Anil Kumar, authorised representative of M/s. OWS Warehouse Services LLP. The examination proceedings were recorded under Panchnama dated 31.07.2026.

1.2 The importer's representative produced the copy of the Bill of Entry No. 2768462 dated 27.07.2026, along with the Packing List and Bill of Lading No. OOLU2332009940 dated 28.06.2026. As per the Bill of Entry, the goods were declared as under:

Table-A

Sr. No.	CTH	Description	Declared Quantity
1.	59039090	100% Cotton Woven Fusible Interlining Fabric Width 44" (GSM190+-5%)	1,34,160 SQM

1.3 The declared value of the goods in the Bill of Entry was USD 16,099.20, equivalent to an assessable value of Rs.15,64,842/-, and the importer had self-assessed Customs duty of Rs. 4,39,720/-.

2. Action taken – Examination findings:

2.1 Container No. CSNU7972010, pertaining to BE No. 2768462 dated 27.07.2026, was identified and presented for examination. The seal was verified and found intact and matching with the declared particulars. The container was found in sound condition without any apparent external damage or tampering. The declared gross weight in the Bill of Lading was 25,824 Kgs.

2.2 Thereafter, the seal was cut in the presence of the Panch witnesses and the authorised representatives of the importer and SEZ warehouse unit. On opening the container, the cargo was found to be fully stuffed with fabric rolls wrapped with PP woven sheet of white colour. The fabric rolls were de-stuffed and stacked in the warehouse. Each PP woven sheet contained two rolls. Physical examination resulted in a total of 1,200 fabric rolls, with an approximate total weight of 25,560 Kgs, as inventoried below:

Table-B

Sr. No.	Description	No. of Rolls	Average Weight of Roll (in Kgs)	Total Weight (in Kgs)
1	Fabric Roll	1,200	21.30	25,560

2.3 As the exact nature, composition and other characteristics of the fabric could not be conclusively ascertained by visual examination alone, representative samples were drawn in triplicate from the fabric rolls and forwarded to the CRCL, Kandla for testing. The samples were properly packed, marked and sealed in the presence of the authorised representative of the importer.

3. Investigations Conducted:

3.1 The representative samples were forwarded to the Customs House Laboratory, Kandla vide Test Memo No. 150 dated 03.08.2026. The laboratory report received in respect of the sample is summarised below:

Table-C

Sr. No.	Test Memo No.	Lab Report No.	Colour	Laboratory finding	GSM
1	150 dated 03.08.2026	SIIB-2713	White	White (undyed) woven fabric with cotton yarn base, polymeric coating based on polyethylene on one side and sizing material; cotton 73.62%, coating 19.93%, sizing material balance; azo dye could not be ascertained.	194.25

3.1.1 The laboratory report pertaining to Lab No. SIIB-2713 records the sample in the form of a cut piece of white (undyed) woven fabric treated with sizing material (cellulosic based) having coating with polymeric material on one side. The base woven fabric is composed of cotton yarn and the coating is composed of polymeric material based on polyethylene. The GSM (as such) was reported as 194.25 and the width (selvedge to selvedge) as 110 cm. The composition was reported as cotton 73.62%, coating 19.93% and sizing material – balance. As the sample was white in colour, azo dye could not be ascertained.

3.1.2. Correlation of declared description with examination and test report:

On comparison of the declared particulars with the physical examination and laboratory findings, it is observed that the basic nature of the goods declared as woven cotton fusible interlining fabric is broadly in conformity with the laboratory findings. The laboratory has confirmed that the base fabric is a woven fabric composed of cotton yarn, having a polymeric coating based on polyethylene on one side. The nature of the goods is therefore consistent with the declared description of woven fusible interlining fabric.

It is, however, noted that the laboratory has reported the overall composition as 73.62% cotton, 19.93% polymeric coating and balance sizing material. Thus, while the base fabric is cotton, the expression "100% Cotton" in the commercial description should be understood with reference to the base textile fabric and not as the composition of the complete coated article.

3.2 Classification:

The declared classification of the goods is **CTH 59039090**. The heading 5903 covers:

5903 - TEXTILE FABRICS, IMPREGNATED, COATED, COVERED OR LAMINATED WITH PLASTICS, OTHER

THAN THOSE OF HEADING 5902

5903 10 - With polyvinyl chloride:
5903 10 10 --- Imitation leather fabrics of cotton
5903 10 90 --- Other
5903 20 - With polyurethane:
5903 20 10 --- Imitation leather fabrics, of cotton
5903 20 90 --- Other
5903 90 - Other:
5903 90 10 --- Of cotton
5903 90 20 --- Polyethylene laminated jute fabrics
5903 90 90 --- Other

In the present case, the laboratory has established that the base woven fabric is composed of cotton yarn and that the coating is of polymeric material based on polyethylene. As the base fabric has been identified as cotton, the specific tariff entry CTH 59039010 ("Of cotton") appears more appropriate than the residuary entry CTH 59039090 ("Other") declared by the importer. Therefore, the goods are appears to be mis-classified and required to appropriately classified under 59039010.

3.3 Verification of quantity:

3.3.1 The importer has declared the quantity of 1,34,160 SQM in the Bill of Entry. During physical examination, 1200 fabric rolls having an approximate total weight of 25,560 Kgs were found. As the exact nature, composition and other characteristics of the fabric could not be conclusively ascertained by visual examination alone, representative samples were drawn in triplicate from the fabric rolls and forwarded to the CRCL, Kandla vide Test Memo No.150 dated 03.08.2026 for testing. The Test Report pertaining to Lab No. SIIB-2713 records that the declared width of 44 inches corresponds approximately to 111.76 cm, whereas the laboratory has reported the width as 110 cm, which is broadly consistent with the declared specification.

3.3.2. Further, the declared GSM is 190 ± 5%, i.e. the acceptable range is 180.50 to 199.50 GSM. The laboratory has reported GSM of 194.25, which falls well within the declared tolerance. Accordingly, no discrepancy is noticed in respect of the declared GSM. The Bill of Entry itself records the declared description and GSM as 100% cotton woven fusible interlining fabric, width 44", GSM 190 ± 5%.

3.3.3 Therefore, the quantity of the goods is found as declared and no excess quantity was found during examination.

3.4 Rejection of declared value and re-determination of Assessable Value:

3.4.1. The Rule 3 of the Customs Valuation (Determination of Price of Imported Goods) Rules, 2007 (hereinafter referred to as "the CVR, 2007") provides the method of valuation. The Rule 3(1) of the CVR, 2007 provides that "Subject to Rule 12, the value of imported goods shall be the transaction value adjusted in accordance with provisions of Rule 10." The Rule 3(4) ibid states that "if the value cannot be determined under the provisions of sub-rule (1), the value shall be determined by proceeding sequentially through Rule 4 to 9 of CVR, 2007". In the present case, the declared description of the goods is not fully corroborated by the

laboratory findings and the Chartered Engineer has assessed a substantially higher CIF value for the goods. Accordingly, it appears that there is reasonable doubt regarding the truth and accuracy of the value declared by the importer and the same is liable to be dealt with in terms of Rule 12 of the CVR, 2007.

3.4.2. Whereas, it appears that, if actual transaction value which means price paid or payable cannot be ascertained on the basis of Rule 3 of the CVR, 2007, the value shall be decided proceeding to subsequent rules. Thus, recourse is to be taken sequentially to the succeeding rules of the CVR, 2007 as applicable.

3.4.3. Whereas, in the instant case, the declared particulars did not fully correspond with the goods actually examined and the declared value does not reflect the value indicated by the Chartered Engineer for the goods. In the absence of requisite contemporaneous data enabling determination under the preceding rules, the residual method under Rule 9 of the CVR, 2007 is proposed to be adopted on the basis of data available in India and reasonable means consistent with the principles of the said Rules.

3.4.4. Whereas, the provisions of Rule 9 of the CVR, 2007 provide for the residual method where the value of imported goods cannot be determined under the preceding rules. Accordingly, the value of the goods actually found during examination is required to be re-determined under Rule 9 of the CVR, 2007.

> "Rule 9: Residual method – (1) Subject to the provisions of Rule 3, where the value of the imported goods cannot be determined under the provisions of any of the preceding rules, the value shall be determined using reasonable means consistent with the principles and general provisions of these rules and on the basis of data available in India:"

3.4.5. Whereas, as per the provisions of Rule 9 *ibid*, the assessable value of the goods actually found during examination is required to be re-determined under Rule 9 *ibid,* i.e. as per the residual method. The impugned goods were inspected by Shri Anwar Y. Kukad, Chartered Engineer and Government Approved Valuer, who submitted his valuation report vide Reference No. AYK:VAL:03029:2026 dated 24.08.2026 (digitally signed on 08.09.2026). The Chartered Engineer inspected the goods at OWS Warehouse Services LLP, APSEZ, Mundra on 24.08.2026 and assessed the value of the fabric rolls covered under the aforesaid Bill of Entry on the basis of the inventory, market analysis, market survey, supply-demand analysis and documents submitted by the importer/CHA.

As per the Chartered Engineer's report, the value assessed is as follows (Custom Conv. Ex. Rate 97.20):

Table-D

Sr. No.	Description	Quantity / UQC	Unit CIF Value (USD)	Total CIF Value (USD)	CIF Value in INR
1	Fabric Roll	134,160 SQM	0.22	29,515.20	28,68,877.44

3.4.6. The Chartered Engineer has assessed the total CIF value of the imported

goods at USD 29,515.20, equivalent to Rs. 28,68,877.44/- at the Customs exchange rate of 1 USD = Rs. 97.20.

3.4.7. Accordingly, the declared assessable value of Rs. 15,64,842/- appears liable to be rejected and the assessable value appears liable to be re-determined at **Rs.28,68,877/-** under Rule 9 of the Customs Valuation (Determination of Value of Imported Goods) Rules, 2007 read with Section 14 of the Customs Act, 1962.

3.5 Re-determination of Customs Duty:

Whereas, the importer has declared the assessable value of Rs. 15,64,842/- in the Bill of Entry and self-assessed the Customs duty at Rs. 4,39,720/-. On the basis of the re-determined assessable value of Rs. 28,68,877/- under Rule 9 of the Customs Valuation (Determination of Value of Imported Goods) Rules, 2007 read with Section 14 of the Customs Act, 1962, and the applicable rates of duty under CTH 59039010, the Customs Duty has been worked out as under:

Particulars	**Amount (Rs.)**
Re-determined Assessable Value	28,68,877
BCD @ 20%	5,73,776
SWS @ 10% of BCD	57,378
IGST @ 5%	1,75,002
Total Re-determined Duty	8,06,156
Duty self-assessed	4,39,720
Short levy / differential duty	3,66,436

Accordingly, after adjusting the duty of Rs. 4,39,720/- already self-assessed by the importer, the differential duty/short-levied duty amounts to Rs. 3,66,436/-. Thus, in view of the above re-determination of assessable value and consequent recomputation of Customs duty, the differential Customs duty payable by the importer amounts to Rs. 3,66,436/- (Rupees Three Lakh Sixty-Six Thousand Four Hundred Thirty-Six only).

3.6 Importability of Goods:

The goods declared in the Bill of Entry and found during examination are freely importable in India.

4. Outcome of the Investigation:

The investigation conducted in respect of the import consignment of M/s. VP International (IEC: FKUPS8188E) covered under Z-Bill of Entry No. 2768462 dated 27.07.2026, pertaining to Container No. CSNU7972010, revealed discrepancies in the declared CTH and declared value of the imported goods. The findings arising from the investigation are summarised below:

4.1 Examination of the Goods:

4.1.1 The officers of the SIIB Section, Customs House, Mundra, conducted a detailed examination of the goods stuffed in Container No. CSNU7972010, covered under Z-Bill of Entry No. 2768462 dated 27.07.2026, under Panchnama dated 31.07.2026. During the course of examination, the container was opened and de-stuffed. The cargo was found to comprise fabric rolls wrapped with PP woven sheets. A total of 1,200 fabric rolls were found during examination, having an approximate total inventoried weight of 25,560 Kgs.

4.1.2 The goods covered under the subject Bill of Entry were declared as "100% Cotton Woven Fusible Interlining Fabric Width 44" (GSM190+-5%)" under CTH 59039090, with a declared quantity of 134,160 SQM. Since the exact nature, composition and characteristics of the imported fabric could not be conclusively ascertained through visual examination alone, representative samples were drawn in triplicate and forwarded to the Customs House Laboratory, Kandla for detailed examination and analysis. The laboratory examination reports corroborates the description of the goods as declared.

4.2 Valuation of the Goods:

4.2.1 Whereas, as per the provisions of Rule 12 of the Customs Valuation (Determination of Value of Imported Goods) Rules, 2007, where the proper officer has reasonable doubt regarding the truth or accuracy of the value declared, the declared value may be rejected and the value is required to be determined in accordance with the provisions of the said Rules. Further, where the value cannot be determined under the preceding rules, the same is required to be determined under Rule 9 *ibid*, i.e. by the residual method.

4.2.2 In the instant case, the imported fabric rolls were inspected by Shri Anwar Y. Kukad, Chartered Engineer and Government Approved Valuer, who submitted his valuation report vide Reference No. AYK:VAL:03029:2026 dated 24.08.2026 (Digitally signed on 08.09.2026). The Chartered Engineer inspected the goods at OWS Warehouse Services, APSEZ, Mundra on 24.08.2026 and assessed the value of the fabric rolls on the basis of the inventory, market analysis, market survey, supply-demand analysis and documents furnished by the importer/CHA. As per the Chartered Engineer's report, the total CIF value of the goods has been assessed at USD 29,515.20, equivalent to Rs. 28,68,877/-, calculated at the Customs exchange rate of Rs. 97.20 per USD.

4.2.3 Accordingly, the assessable value of the goods declared by the importer in Z-Bill of Entry No. 2768462 dated 27.07.2026 is liable to be re-determined as Rs.28,68,877/- in terms of the provisions of the Customs Valuation Rules, 2007, on the basis of the valuation report of the Chartered Engineer.

4.3 Re-determination of Duty:

The total value of the imported goods, as assessed by the Chartered Engineer, comes to Rs. 28,68,877/- as against the declared assessable value of Rs. 15,64,842/- in the Bill of Entry. Accordingly, the Customs duty liability is required to be re-determined on the basis of the re-determined assessable value and the applicable rate of duty. Accordingly, the Customs Duty has been redetermined as Rs.8,06,156/- and after adjusting the duty of Rs. 4,39,720/- already self-assessed by the importer, the differential duty comes to Rs. 3,66,436/-.

4.4 Classification:

The declared classification of the goods is **CTH 59039090**. The heading 5903 covers:

5903 - TEXTILE FABRICS, IMPREGNATED, COATED, COVERED OR LAMINATED WITH PLASTICS, OTHER THAN THOSE OF HEADING 5902

5903 10 - With polyvinyl chloride:
5903 10 10 --- Imitation leather fabrics of cotton
5903 10 90 --- Other
5903 20 - With polyurethane:
5903 20 10 --- Imitation leather fabrics, of cotton
5903 20 90 --- Other
5903 90 - Other:
5903 90 10 --- Of cotton
5903 90 20 --- Polyethylene laminated jute fabrics
5903 90 90 --- Other

In the present case, the laboratory has established that the base woven fabric is composed of cotton yarn and that the coating is of polymeric material based on polyethylene. As the base fabric has been identified as cotton, the specific tariff entry CTH 59039010 ("Of cotton") appears more appropriate than the residuary entry CTH 59039090 ("Other") declared by the importer. Therefore, the goods are appears to be mis-classified and required to appropriately classified under 59039010.

4.5 Confiscation of Goods and Penal Action:

4.5.1 Whereas, the goods declared in the Bill of Entry and found during examination are freely importable in India. However, the goods found during examination were found to be mis-declared in terms of value and declared CTH. The declared assessable value of Rs.15,64,842/- is substantially lower than the value assessed by the Chartered Engineer at Rs. 28,68,877/-. Accordingly, the goods appear liable for confiscation under Section 111(m) of the Customs Act, 1962.

4.5.2. In view of the above, it appears that by such acts of omission and commission, the importer has rendered the said goods liable to confiscation under Section 111(m) of the Customs Act, 1962.

4.5.3. The aforesaid acts and omissions on the part of the importer indicate mis-declaration of the imported goods in terms of value and proper classification, in contravention of the requirements of Section 46(4) and 46(4A) of the Customs Act, 1962. Accordingly, the importer appears liable for penal action under Sections 112(a)(ii) and 114AA of the Customs Act, 1962.

5. <u>RELEVANT LEGAL PROVISIONS</u>:

(A) RELEVANT PROVISIONS OF SEZ ACT, 2005:

2. Definitions. — In this Act, unless the context otherwise requires, —

……..

(o) **"import"** means—

(i) bringing goods or receiving services, in a Special Economic Zone, by a Unit or Developer from a place outside India by land, sea or air or by any other mode, whether physical or otherwise; or

(ii) receiving goods, or services by a Unit or Developer from another Unit or Developer of the same Special Economic Zone or a different Special Economic Zone;

Section 21: Single enforcement officer or agency for notified offences. —

1. The Central Government may, by notification, specify any act or omission made punishable under any Central Act, as notified offence for the purposes of this Act.
2. The Central Government may, by general or special order, authorise any officer or agency to be the enforcement officer or agency in respect of any notified offence or offences committed in a Special Economic Zone.
3. Every officer or agency authorised under sub-section (2) shall have all the corresponding powers of investigation, inspection, search or seizure as is provided under the relevant Central Act in respect of the notified offences.

Section 22: Investigation, inspection, search or seizure. —

The agency or officer, specified under section 20 or section 21, may, with prior intimation to the Development Commissioner concerned, carry out the investigation, inspection, search or seizure in the Special Economic Zone or in a Unit if such agency or officer has reasons to believe (reasons to be recorded in writing) that a notified offence has been committed or is likely to be committed in the Special Economic Zone:

Provided that no investigation, inspection, search or seizure shall be carried out in a Special Economic Zone by any agency or officer other than those referred to in sub- section (2) or sub-section (3) of section 21 without prior approval of the Development Commissioner concerned:

Provided further that any officer or agency, if so authorised by the Central Government, may carry out the investigation, inspection, search or seizure in the Special Economic Zone or Unit without prior intimation or approval of the Development Commissioner

Notification Nos. 2665(E) and 2667(E) dated 05.08.2016:

1. In exercise of the powers conferred by section 22 of the Special Economic Zones Act, 2005 (28 of 2005), the Central Government by Notification No. 2667(E) dated 05.08.2016 issued by the Ministry of Commerce & Industry, has authorized the jurisdictional Customs Commissioner, in respect of offences under the Customs Act, 1962 (52 of 1962) to be the enforcement officer(s) in respect of any notified offence or offences committed or likely to be committed in a Special Economic Zone. The enforcement officer(s), for the reasons to be recorded in writing, may carry out the investigation, inspection, search or seizure in a Special Economic Zone or Unit with prior intimation to the Development Commissioner, concerned. Under Section 21(1) of the SEZ

Act, 2005, the Central Government may, by notification, specify any act or omission made punishable under any Central Act, as notified offence for the purposes of this Act.

2. The Central Government, by the Notification 2665(E) dated 05.08.2016 has notified offences contained in Sections 28, 28AA, 28AAA, 74, 75, 111, 113, 115, 124, 135 and 104 of the Customs Act, 1962 (52 of 1962) as offences under the SEZ Act, 2005.

47 (5) Refund, Demand, Adjudication, Review and Appeal with regard to matters relating to authorise operations under Special Economic Zones Act, 2005, transactions, and goods and services related thereto, shall be made by the Jurisdictional Customs and Central Excise Authorities in accordance with the relevant provisions contained in the Customs Act, 1962, Central Excise Act, 1944, and the Finance Act, 1994 and the rules made thereunder or the notifications issued thereunder.

(B) RELEVANT PROVISIONS OF CUSTOMS ACT, 1962:

Section 2(22): "goods" includes (a) vessels, aircrafts and vehicles; (b) stores; (c) baggage; (d) currency and negotiable instruments; and (e) any other kind of movable property;

Section 2(23): "import", with its grammatical variations and cognate expressions, means bringing into India from a place outside India;

Section 2(25): "imported goods", means any goods brought into India from a place outside India but does not include goods which have been cleared for home consumption;

Section 2(26): "importer", in relation to any goods at any time between their importation and the time when they are cleared for home consumption, includes [any owner, beneficial owner] or any person holding himself out to be the importer;

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 11A: "illegal import" means the import of any goods in contravention of the provisions of this Act or any other law for the time being in force.

Section 17. Assessment of duty. –

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

..

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

Section 46. Entry of goods on importation:

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

(4A) the importer 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: -

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(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 transhipment, with the declaration for transhipment referred to in the proviso to sub-section (1) of section 54;*

Section 112. *Penalty for improper importation of goods, etc. –*

Any person,-

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

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

shall be liable,-

i. ……..
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:*

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.

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

*"**Rule 4. Transaction value of identical goods. -** (1) (a) Subject to the*

provisions of rule 3, the value of imported goods shall be the transaction value of identical goods sold for export to India and imported at or about the same time as the goods being valued;

……..

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

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

Provided that ……..

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

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

6. WAIVER OF NOTICE AND PERSONAL HEARING: -

The importer has, vide email dated 15.09.2026, accepted the value suggested by the Chartered Engineer as per the CE report and stated that they do not want any Show Cause Notice (SCN) or Personal Hearing (PH) in this regard, requesting that the case may be decided on merit.

7. In view of the above facts, it appears that:

(i) The declared assessable value of the imported goods covered under BE No. 2768462 (Z-Type) dated 27.07.2026 is liable to be rejected and re-determined under Rule 9 of the Customs Valuation (Determination of Value of Imported Goods) Rules, 2007 read with Section 14 of the Customs Act, 1962, as under:

BE No. & Date	Declared Value	Re-determined Value
2768462 dated 27.07.2026	Rs. 15,64,842/-	Rs. 28,68,877/-

(i i) The Customs duty involved in the imported goods is liable to be re-determined as under:

Particulars	Duty Declared in BE	Duty Re-determined
Total Duty	Rs. 4,39,720/-	Rs. 8,06,156/-
Differential Duty		Rs. 3,66,436/-

(i i i) The said BE No. 2768462 dated 27.07.2026 is liable to be re-assessed accordingly under Section 17(4) of the Customs Act, 1962.

(iv) The imported goods have been found to be mis-declared in terms of value and proper classification, therefore are appear to be liable for confiscation under Section 111(m) of the Customs Act, 1962.

(v) The importer, M/s. VP International, appears liable for penalty under Section 112(a)(ii) of the Customs Act, 1962.

(v i) The importer, M/s. VP International, appears liable for penalty under Section 114AA of the Customs Act, 1962.

PERSONAL HEARING AND SUBMISSIONS

8. The importer, M/s. VP International, vide letter dated 23.09.2026 submitted the following:

> *"We have accepted test report and value suggested by CE, we do not want any SCN or PH in this regard, we are ready to pay differential duty, fine and penalty if any, kindly decide the case on merit."*

DISCUSSION AND FINDINGS

9. I have carefully gone through the records of the case, Investigation Report No. 173/2026-27 dated 18.09.2026, and the applicable provisions of law. The importer vide letter dated 23.09.2026 has requested waiver of show cause notice and personal hearing. Thus, the principles of natural justice as provided in Section 122A of the Customs Act, 1962 have been complied with, and I proceed to decide the case on the basis of documentary evidence available on record. The issues to be decided by me are:

(i) Whether the goods imported vide Z-Bill of Entry No. 2768462 dated 27.07.2026, declared under CTH 59039090, are correctly classifiable under CTH 59039010;

(ii) Whether the declared assessable value of **Rs. 15,64,842/-** is liable to be rejected and re-determined as **Rs. 28,68,877/-** under Rule 9 of the CVR, 2007 read with Section 14 of the Customs Act, 1962;

(iii) Whether the self-assessment is liable to be rejected and the said Bill of Entry re-assessed under Section 17(4) of the Customs Act, 1962;

(iv) Whether the goods are liable for confiscation under Section 111(m) of the Customs Act, 1962;

(v) Whether penalty under Section 112(a)(ii) and Section 114AA of the Customs Act, 1962 is imposable upon the importer.

10. CLASSIFICATION

10.1 Regarding the first issue, I find that the goods were declared as "100% Cotton Woven Fusible Interlining Fabric Width 44" (GSM 190±5%)" under CTH 59039090. Representative samples drawn under Panchnama dated 31.07.2026 were forwarded to the Customs House Laboratory, Kandla vide Test Memo No. 150

dated 03.08.2026. The laboratory, vide Report No. SIIB-2713 dated 05.08.2026, reported the sample to be a white woven fabric composed of cotton, coated on one side with a polymeric material based on polyethylene, with composition cotton 73.62%, coating 19.93% and sizing material balance, GSM 194.25 and width 110 cm.

10.2 I find that heading 5903 covers textile fabrics impregnated, coated, covered or laminated with plastics. Sub-heading 5903 90 ("Other") provides a specific tariff item 5903 90 10 for fabrics "Of cotton", while 5903 90 90 is residuary. Since the base woven fabric is established to be of cotton and the coating is polyethylene (neither PVC nor PU), I hold that the goods are correctly classifiable under CTH 59039010 and not under CTH 59039090 as declared. I find that the importer has accepted the test report vide letter dated 23.09.2026. I further find that the rates of duty applicable under CTH 59039010 and CTH 59039090 are identical, so the change in classification has no duty implication. It is, however, a mis-declaration of a particular in the Bill of Entry.

11. VALUATION

11.1 Regarding the second issue, I find that the goods were inspected by Shri Anwar Y. Kukad, Chartered Engineer and Government Approved Valuer, who vide Valuation Report Ref. No. AYK:VAL:03029:2026 dated 24.08.2026 assessed the CIF value of the goods at USD 0.22 per SQM, as against the declared USD 0.12 per SQM. The declared value is thus about 45% below the value assessed by the Chartered Engineer, which gives reason to doubt the truth and accuracy of the declared value. I also find that the importer, vide letter dated 23.09.2026, has accepted the value suggested by the Chartered Engineer and has not produced any evidence in support of the declared value. I therefore hold that the declared assessable value of **Rs. 15,64,842/-** is liable to be rejected under Rule 12 of the CVR, 2007.

11.2 I find that, as per Rule 3(4) of the CVR, 2007, where the value cannot be determined under sub-rule (1), it is to be determined by proceeding sequentially through Rules 4 to 9. In the absence of contemporaneous import data of identical or similar goods, the value could not be determined under Rules 4 and 5. Rules 7 and 8 could not be applied, as no data on sale price in India or cost of production was available on record. I therefore hold that application of Rule 9 (residual method) of the CVR, 2007 is appropriate in the facts of the present case.

11.3 The value assessed by the Chartered Engineer is as under:

Sr. No.	Description	Quantity (SQM)	Unit CIF Value (USD)	Total CIF Value (USD)	CIF Value in INR (@ Rs. 97.20/USD)
1	Fabric Roll	1,34,160	0.22	29,515.20	28,68,877.44

11.4 I find that the quantity was declared as 1,34,160 SQM. The laboratory reported GSM 194.25, within the declared range of 180.50–199.50, and width 110 cm, corresponding to the declared 44". I therefore find the quantity as declared.

11.5 In view of the above, I hold that the declared assessable value of **Rs. 15,64,842/-** is rejected under Rule 12 of the CVR, 2007 and is re-determined at **Rs. 28,68,877/-** under Rule 9 of the CVR, 2007 read with Section 14 of the Customs Act, 1962.

12. RE-ASSESSMENT UNDER SECTION 17(4)

12.1 Regarding the third issue, I find that Section 17 of the Customs Act, 1962 deals with assessment of duty. The relevant provisions are as follows:

> *"17. Assessment of duty– (1) An importer entering any imported goods under section 46, or an exporter entering any export goods under section 50, shall, save as otherwise provided in section 85, self-assess the duty, if any, leviable on such goods.*
> *… (4) Where it is found on verification, examination or testing of the goods or otherwise that the self-assessment is not done correctly, the proper officer may, without prejudice to any other action which may be taken under this Act, re-assess the duty leviable on such goods."*

12.2 In view of the findings on classification and valuation above, I find that the self-assessment was not done correctly. The duty is re-determined as under:

Particulars	**Self-assessed (Rs.)**	**Re-determined (Rs.)**
CTH	59039090	59039010
Assessable Value	15,64,842	28,68,877
BCD @ 20%	3,12,968	5,73,776
SWS @ 10% of BCD	31,297	57,378
IGST @ 5%	95,455	1,75,002
Total Duty	4,39,720	8,06,156
Differential Duty		**3,66,436**

12.3 Therefore, I hold that the self-assessment done by the importer under Section 17(1) of the Customs Act, 1962 is liable to be rejected. The said Z-Bill of Entry No. 2768462 dated 27.07.2026 is re-assessed under Section 17(4) of the Customs Act, 1962 under CTH 59039010, with a re-determined assessable value of **Rs. 28,68,877/-** and re-determined duty of **Rs. 8,06,156/-.** The differential duty is **Rs. 3,66,436/-** (Rupees Three Lakh Sixty-Six Thousand Four Hundred Thirty-Six Only).

13. CONFISCATION

13.1 Regarding the fourth issue, I find that Section 111(m) of the Customs Act, 1962 provides for confiscation of "*any goods which do not correspond in respect of value or in any other particular with the entry made under this Act…*". In the present case, the goods do not correspond with the entry made in the Bill of Entry in respect of value and classification, as discussed above. I find that the importer has contravened Section 46(4) of the Customs Act, 1962 by not making a true declaration of the contents of the Bill of Entry. The importer has also contravened Section 46(4A) by not ensuring the accuracy and completeness of the information given therein. I therefore hold that the goods, having a re-determined assessable value of **Rs. 28,68,877/-,** are liable for confiscation under **Section 111(m)** of the Customs Act, 1962.

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

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

13.3 In the present case, since the goods declared in the Bill of Entry and found during examination are freely importable in India and are not prohibited goods, I find it appropriate to give the importer an option to redeem the confiscated goods on payment of appropriate redemption fine under Section 125 of the Customs Act, 1962 for clearance for home consumption.

14. PENALTIES

14.1 Regarding the fifth issue, I find that Section 112 of the Customs Act, 1962 provides for penalty for improper importation of goods. Clause (a) of Section 112 applies to 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 111, or abets the doing or omission of such an act. Sub-clause (ii) of Section 112 provides that such person shall be liable, "*in the case of dutiable goods, other than prohibited goods, subject to the provisions of section 114A,….*" I find that the goods in the present case, having re-determined value of **Rs. 28,68,877/-**, are dutiable goods, other than prohibited goods, and have a differential duty liability of **Rs. 3,66,436/-**. I find that the importer, by mis-declaring the value and classification of the goods, has done acts which have rendered the goods liable to confiscation under Section 111(m) of the Customs Act, 1962, thereby attracting Section 112(a). Accordingly, I hold that the importer is liable for penalty under Section 112(a)(ii) of the Customs Act, 1962.

14.2 I find that Section 114AA of the Customs Act, 1962 provides that "*if a person knowingly or intentionally makes, signs or uses, or causes to be made, signed or used, any declaration, statement or document which is false or incorrect in any material particular, in the transaction of any business for the purposes of this Act …...*". I find that the importer declared the value of the goods in the Bill of Entry at USD 0.12 per SQM, whereas the value re-determined on the basis of the Chartered Engineer's report is USD 0.22 per SQM. The declared value was thus about 45% lower than the re-determined value. Further, the goods were declared under CTH 59039090 whereas, on the basis of the test report, they are correctly classifiable under CTH 59039010. The importer has accepted both the test report and the re-determined value, and has not offered any explanation for the declared value. I find that classification and value are material particulars for the assessment of Customs duty. Had the true value been declared, a higher duty of **Rs. 3,66,436/-** would have been payable. I find that such a declaration could not have been made without the knowledge of the importer, who is responsible under Section 46(4) and 46(4A) of the Customs Act, 1962 for the truth, accuracy and completeness of the Bill of Entry. This constitutes the knowing use of a false and incorrect declaration in material particulars in the transaction of business under the Customs Act, 1962. Therefore, I hold that penalty under Section 114AA of the Customs Act, 1962 is also imposable upon the importer.

14.3 Therefore, I hold that penalty under Sections 112(a)(ii) and 114AA of the

Customs Act, 1962 is imposable upon the importer, M/s. VP International.

ORDER

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

(i) I reject the declared classification of the goods imported vide Z-Bill of Entry No. 2768462 dated 27.07.2026 under CTH 59039090 and order that the goods be classified under CTH 59039010 of the First Schedule to the Customs Tariff Act, 1975;

(ii) I reject the declared assessable value of **Rs. 15,64,842/-** under Rule 12 of the CVR, 2007 and order that the value be re-determined at **Rs. 28,68,877/-** (Rupees Twenty-Eight Lakh Sixty-Eight Thousand Eight Hundred Seventy-Seven Only) under Rule 9 of the CVR, 2007 read with Section 14 of the Customs Act, 1962;

(iii) I order re-assessment of the said Z-Bill of Entry under Section 17(4) of the Customs Act, 1962, with re-determined duty of **Rs. 8,06,156/-.** The differential duty of **Rs. 3,66,436/-** (Rupees Three Lakh Sixty-Six Thousand Four Hundred Thirty-Six Only) is required to be paid in addition to the duty already self-assessed;

(iv) I order confiscation of the said goods, having a re-determined value of **Rs. 28,68,877/-**, under Section 111(m) of the Customs Act, 1962. However, I give the importer an option to redeem the goods under Section 125 of the Customs Act, 1962 on payment of a Redemption Fine of **Rs. 2,85,000/-** (Rupees Two Lakh Eighty Five Thousand Only);

(v) I impose a penalty of **Rs. 35,000/-** (Rupees Thirty Five Thousand Only) under Section 112(a)(ii) of the Customs Act, 1962 upon the importer, M/s. VP International;

(vi) I impose a penalty of **Rs. 25,000/-** (Rupees Twenty Five Thousand Only) under Section 114AA of the Customs Act, 1962 upon the importer, M/s. VP International.

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

Digitally signed by Dipakbhai Zala
Date: 29-09-2026 13:50:27

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

To,

M/s. VP International (IEC: FKUPS8188E)
Village Khaja Khera Road, Near Sushill Cooler Factory,
Sirsa, Haryana – 125 055

Copy to:

1. The Deputy Commissioner, SIIB, Customs House, Mundra
2. The Deputy Commissioner, Review, Customs House, Mundra
3. The Deputy Commissioner, TRC, Custom House, Mundra
4. The Deputy Commissioner, EDI, Custom House, Mundra
5. Guard File