

	<p>कार्यालय: प्रधान आयुक्त सीमाशुल्क, मुन्द्रा, सीमाशुल्क भवन, मुन्द्रा बंदरगाह, कच्छ, गुजरात- 370421 OFFICE OF THE PRINCIPAL COMMISSIONER OF CUSTOMS: CUSTOM HOUSE, MUNDRA PORT, KUTCH, GUJARAT- 370421. PHONE : 02838-271426/271163 FAX :02838-271425 E-mail id- adj-mundra@gov.in</p>	
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A. File No.	: GEN.ADJ/ADC/60/2026-Adjn-O/o Pr. Commr-Cus-Mundra
B. SCN No.	: 176/2025-26/ADC/ZDC/MCH dated 19.01.2026
C. Passed by	: Dipak Zala, Additional Commissioner of Customs, Customs House, AP&SEZ, Mundra.
D. Noticess(s)/Importer:	: M/s. S K TRADING (IEC: GWHPK0103D)
E. DIN	: 20260171MO000061186C

(Show Cause Notice under Section 124 of the Customs Act, 1962)

Whereas it appears that:

1.1. M/s. S K TRADING, located at Pocket B-2, Flat No. 46-C, Sai Apartment, Sector 71, Noida-201307, and holding IEC No. GWHPK0103D [hereinafter referred as “importer” for the sake of brevity] is engaged in the import of fabrics through Mundra SEZ.

1.2. The Directorate of Revenue Intelligence, Ahmedabad Zonal Unit (hereinafter referred to as “DRI” for the sake of brevity) received an intelligence that some importers are mis-declaring the nature, and composition of imported synthetic fabrics at Mundra SEZ and wrongfully claiming their classification under CTI 59039090 with import goods declared as “*Polyester Laminated Fabrics (Width 56 inch +/- 10%)*”. The said mis-declaration was intended to evade the applicable anti-dumping duty and/or other customs duties.

1.3. Based on the above intelligence, the following import consignment of one M/s. S K TRADING was intercepted, and the officers of DRI examined the goods:

Table “1”

SEZ BE No. & Date	Bill of Lading No.	Container No.	Description of goods as per BE
7757552 dated 13.01.2025	HDMU NBOZ22091900 dated 20.12.2024	KOCU5243226	Polyester Laminated Fabrics (Width 56 inch +/- 10%)
7896868 dated 20.01.2025	WTLNGB24120025 dated 29.12.2024	HLHU8311746	Polyester Laminated Fabrics (Width 56 inch +/- 10%)
7896861 dated 20.01.2025	WTLNGB24120026 dated 29.12.2024	SKHU8425746	Polyester Laminated Fabrics (Width 56 inch +/- 10%)

1.4. The above consignments were imported from China with import goods declared as “**Polyester Laminated Fabrics (Width 56 inch +/- 10%)**” under CTI 59039090, attracting BCD @ 20% and no Anti-Dumping Duty.

2. Examination of Goods

2.1. Consequently, physical examination of the goods mentioned under the above BEs No. 7757552 dated 13.01.2025, 7896868 dated 20.01.2025 and 7896861 dated 20.01.2025 filed at Mundra SEZ was conducted under Panchanama dated 28.01.2025 (**RUD-1**).

2.2. During the examination of goods, copies of documents such as Bill of Entry, Bill of Lading, Packing List, Invoice, etc., were obtained. Based on such documents, the following details are found:

Table – “2”

S. N.	Particulars	Details		
1.	Name of Importer	M/s. S K TRADING , Pocket B-2, Flat No. 46-C, Sai Apartment, Sector 71, Noida-201307 (IEC: GWHPK0103D)		
2.	GST No.	09GWHPK0103D1ZZ		
3.	Email ID	Tradingsk1983@gmail.com		
2.	Bill of Entry No. & Date	7757552 dated 13.01.2025	7896868 dated 20.01.2025	7896861 dated 20.01.2025
5.	Bill of Lading No.	HDMU NBOZ22091900 dated 20.12.2024	WTLNGB24120025 dated 29.12.2024	WTLNGB24120026 dated 29.12.2024
6.	Name of Exporter	M/s. BLUEMOON IMPORT & EXPORT CO. LTD.	M/s. BLUEMOON IMPORT & EXPORT CO. LTD.	M/s. BLUEMOON IMPORT & EXPORT CO. LTD.
7.	Sales Invoice No.	22213 dated 17.12.2024	AF240645 dated 18.12.2024	AF240640 dated 18.12.2024
8.	Description of goods	Polyester Laminated Fabric (width 56	Polyester Laminated Fabric (width 56	Polyester Laminated Fabric (width 56

		Inch +/-10%)	Inch +/-10%),	Inch +/-10%),
9.	Declared CTI	59039090	59039090	59039090
10.	Total Roll declared	848	1442	1397
11.	Quantity of Goods declared	73945.60 SQM	77147 SQM	74739.5 SQM
12.	Unit Price USD/SQM	0.12	0.12	0.12
13.	Total Declared Price	8873.47 USD	9257.64 USD	8968.74 USD
14.	Country of consignment	China	China	China

2.3. During the examination, it was observed that goods stuffed in the said containers were fabric rolls wrapped in plastic sheets. All the imported goods under the said container were de-stuffed, and a systematic examination was conducted. During the examination of goods of each container, one type of fabric was found. Subsequently, total rolls of each container were counted separately, and a random check of the length & width of a few rolls of each container was undertaken separately. The same are mentioned as under:

Table - “3”

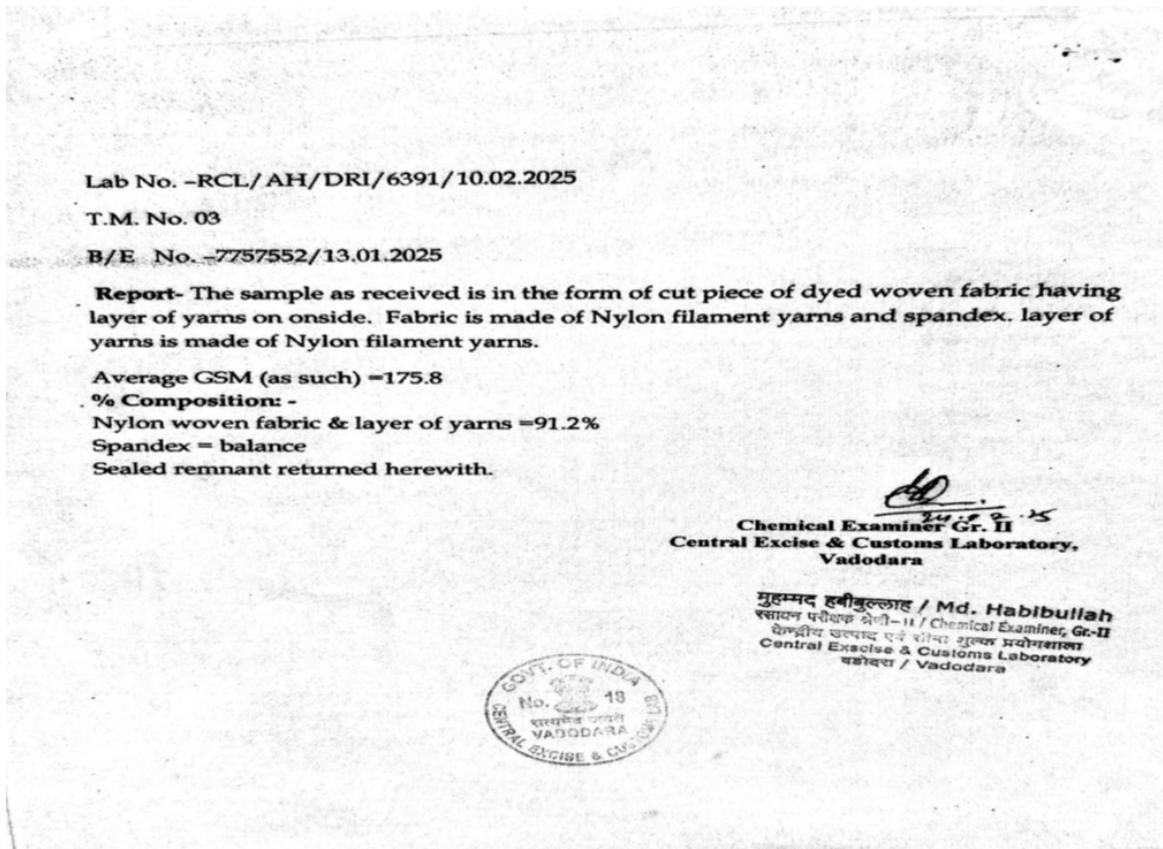
B.E No. & Date	No. of types of goods	Total No. of Rolls	Length of each roll	Width of each roll
7757552 dated 13.01.2025	Type – 1	861	80 Mtr	1.524 Mtr
7896868 dated 20.01.2025	Type – 1	1442	100 Mtr	1.524 Mtr
7896861 dated 20.01.2025	Type – 1	1392	100 Mtr	1.524 Mtr

2.4. Further, representative samples of each type of imported fabrics were drawn under the said Panchnama dated 28.01.2025 for laboratory testing and analysis to ascertain their exact identity. The samples were duly sealed and forwarded to the CRCL Vadodara vide Test Memo's No. 03/S.K /7757552, 04/S.K/7896868, 05/S.K/7896861 (**RUD-2**) for testing.

3. Sample Test Reports

3.1. In respect of Fabric under Test Memo No. 03/S.K /7757552, CRCL

Vadodara vide their Test Report No. RCL/AH/DRI/6391/10.02.2025 dated 24.02.2025 reported that “*the sample as received is in the form of cut piece of dyed woven fabric having layer of yarns on onside. Fabric is made of Nylon filament yarns and spandex. Layer of yarns is made of Nylon filament yarns.*” The image of the report received from CRCL Vadodara is extracted below for reference:



3.2. In respect of Fabric under Test Memo No. 04/S.K/7896868, CRCL Vadodara vide their Test Report No. RCL/AH/DRI/IMP/6392/10.02.2025 dated 03.03.2025 reported that “*the sample as received is in form of cut piece of dyed woven fabric. It is composed of polyester filament yarns along with spandex on both side.*” The image of the report received from CRCL Vadodara is appended below for reference:

Lab No. -RCL/AH/DRI/IMP/6392/10.02.2025

T.M. No. 04

B/E No. -7896868/20.01.2025

Report- The sample as received is in the form of cut piece of dyed woven fabric. It is composed of polyester filament yarns along with spandex on both side.

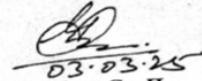
Average GSM (as such) =127.5

% Composition:

Polyester woven fabric =96.2 %

Spandex = balance

Sealed remnant returned herewith.


03.03.25

Chemical Examiner Gr. II
Central Excise & Customs Laboratory,
Vadodara

મુહમ્મદ હ૆બીબુલ્લાહ / Md. Habibullah
સાધુવા મંત્રી - II / Chemical Examiner Gr-II
સાધુવા મંત્રી કાર્યાલાય
Central Excise & Customs Laboratory
Vadodara, Vadodara



3.3 In respect of Fabric under Test Memo No. 05/S.K/7896861, CRCL Vadodara vide their Test Report No. RCL/AH/DRI/IMP/6393/10.02.2025 dated 25.02.2025 reported that "*The sample as received is in the form of cut piece of dyed woven fabric coating on one side. Base fabric is made of Polyester filament yarn on both side and coating layer is made of polyurethane.*" The image of the report received from CRCL Vadodara is extracted below for reference:

Lab No. -RCL/AH/DRI/IMP/6393/10.02.2025

T.M. No. 05

B/E No. -7896861/20.01.2025

Report- The sample as received is in the form of cut piece of dyed woven fabric coating on one side. Base fabric is made of polyester filament yarns on both sides and coating layer is made of polyurethane.

Average GSM (as such) = 133.04

% Composition:

Polyester woven fabric = 96.3 %

Coating layer (PU) = balance

Sealed remnant returned herewith.

25.02.2025
 Chemical Examiner Gr. II
 Central Excise & Customs Laboratory,
 Vadodara



মুহাম্মদ হীবুল্লাহ / Md. Habibullah
 রসায়ন পরীক্ষক স্লেটি-II / Chemical Examiner, Gr-II
 সেন্ট্রাল এক্সেজ এন্ড কুস্টুম্স ল্যাবরেটরি
 Central Excise & Customs Laboratory
 বাদোড়া / Vadodara

3.4 From the above, it is evident that the goods declared as "Polyester Laminated Fabric (width 56 Inch +/-10%)," under CTI 59039090 vide BEs No. 7757552 dated 13.01.2025, 7896868 dated 20.01.2025 and 7896861 dated 20.01.2025 have been mis-declared. The test reports have confirmed that the goods are different from the declared "Polyester Laminated Fabric (width 56 Inch +/-10%)", thereby rendering them liable to confiscation under Section 111 of the Customs Act, 1962.

3.5 By mis-declaring the nature of the imported goods, the importer has evaded customs duty amounting to ₹ 2,61,89,010/- (Rupees Two Crore Sixty-one Lakh Eighty Nine Thousand Ten only), comprising Basic Customs Duty of ₹ 1,43,58,181 /- (Rupees One Crore Forty Three Lakhs Fifty Eight Thousand One Hundred Eighty One only), Social Welfare Surcharge (SWS) of ₹ 2,66,776/- (Rupees Two Lakh Sixty Six Thousand Seven Hundred Seventy Six only), Anti-Dumping Duty of ₹ 55,77,187/- (Rupees Fifty-Five Lakh Seventy Seven Thousand One Hundred and Eighty Seven only), and Integrated Goods and Services Tax (IGST) of ₹ 59,86,866 /- (Rupees Fifty Nine Lakhs Eighty Six Thousand Eight Hundred Sixty Six only). The detailed calculation indicating the above quantum of evasion is brought out in the subsequent part of this SCN.

4. Seizure of Goods

4.1. The above ascertained mis-declaration and misclassification appeared to be a deliberate attempt to evade applicable duties. Accordingly, the imported goods covered by Bill of Entry No. 7757552 dated 13.01.2025, 7896868 dated 20.01.2025 and 7896861 dated 20.01.2025 were placed under seizure vide Seizure Memo F. No. DRI/AZU/CI-1/Misc-1/2025 dated 13.03.2025(**RUD-3**), as they were found to be liable for confiscation under Section 111 of the Customs Act, 1962. The details of seized goods is as under:

Table – “4”

B.E No. & Date	No. of types of goods	Total No. of Rolls	Length of each roll	Width of each roll
7757552 dated 13.01.2025	Type – 1	861	80 Mtr	1.524 Mtr
7896868 dated 20.01.2025	Type – 1	1442	100 Mtr	1.524 Mtr
7896861 dated 20.01.2025	Type – 1	1392	100 Mtr	1.524 Mtr

4.2. Vide the above Seizure Memo dated 13.03.2025, M/s. S K TRADING was also given an option to approach the Jurisdictional Customs Authority for provisional release of the seized goods under the provisions of Section 110A of the Customs Act, 1962. However, no such option has been availed by M/s. S K TRADING.

4.3 In accordance with the provisions of Section 110(2) of the Customs Act, 1962, where goods are seized under sub-section (1) and no notice under clause (a) of Section 124 is issued within six months from the date of seizure, the goods are required to be returned to the person from whose possession they were seized; however, the proviso to the said section empowers the Principal Commissioner or Commissioner of Customs to extend this period by a further six months, provided reasons are recorded in writing and the concerned person is informed before the expiry of the initial period—accordingly, in the present case, the competent authority has granted extension up to 27.01.2026 and the same was duly communicated to the importer, M/s. S K TRADING , vide letter dated 25.07.2025.(**RUD-4**)

5. Statements Recorded

5.1. Summons (CBIC-DIN-202503DDZ10000999F84) dated 20.03.2025, Summons (CBIC-DIN-202504DDZ10000222222) dated 04.04.2025, Summons (CBIC-DIN-202504DDZ10000555D44) dated 17.04.2025 and Summons (CBIC-DIN-202505DDZ1000000D2DA) dated 28.10.2025 were issued to record statement of representative of M/s. S K TRADING , however he didn't honor the Summons issued by the department. **(RUD-5)**

5.2 Consequent to the Summons (CBIC-DIN-202505DDZ10000111A4C) dated 21.05.2025, a statement of **Shri Chandan Kumar, Authorized person of M/s. S K TRADING** (IEC: GWHPK0103D)**(RUD-6)** was recorded under Section 108 of the Customs Act, 1962 on 29.05.2025, wherein, he inter-alia stated that M/s. S K TRADING is engaged in the business of trading of fabric; He looks after imports, purchase sale, customs related work , tax matters and he directly report to his cousin Shri Santosh Kumar proprietor of M/s. S K Trading; During the statement, a copy of the panchanama dated 28.01.2025 **(Refer RUD 1)**, Copies of & copies of CRCL's test reports were confronted. Shri Chandan Kumar admitted that, considering CRCL's test reports, goods imported were Polyurethane-coated fabric, fabric made of Nylon filament yarns with spandex, and polyester filament yarns along with spandex on both side which are other than the goods declared under Bill of Entry No. 7757552 dated 13.01.2025, 7896868 dated 20.01.2025 and 7896861 dated 20.01.2025. During the statement he perused the seizure Memo F.No. DRI/AZU/CI-1/Misc-1/2025/2568 dated 13.03.2025. He inter alia admitted that the above said Bill of Entry No. 7757552 dated 13.01.2025, 7896868 dated 20.01.2025 and 7896861 dated 20.01.2025 has been grossly mis-declared and further assured that he would discharge all his liabilities of Customs duty along with applicable interest and penalty. However, the importer has not voluntarily paid any differential duty till date.

5.3 Summons (CBIC-DIN-202509DDZ1000000D4D1) dated 14.11.2025 was issued to M/s. S K TRADING for recording of statement on 27.11.2025. **Shri Chandan Kumar Authorized person in the firm M/s. S K Trading** presented himself for the recording of statement on 27.11.2025**(RUD-7)** and during the statement, Shri Chandan Kumar stated that:

i. M/s. S K Trading is a proprietorship firm incorporated in 2023 with its office at Pocket B-2, Flat No. 46-C, Sai Apartment, Sector 71, Noida-201307. It is engaged in the trading of fabric and imports bag material fabric as per customer requirements. The imported goods are dispatched from CFS to various customers.

ii. He and Shri Santosh Kumar proprietor of M/s. S K Trading collectively handle the business-related work of the firm. He personally manages all

operations, including imports, exports, buying, and selling of goods.

iii. M/s. S K Trading started importing Polyester Laminated Fabric in 2023 and has imported around 150 containers under various Bills of Entry at Mundra SEZ.

iv. He places orders via phone and WhatsApp and does not maintain records of purchase orders placed by M/s. S K Trading.

v. He fully agrees with the contents of the panchnama dated 28.01.2025.

vi. The average length of fabric in each roll vary from 70-100 Mtr and average width in maximum cases is 56 to 60 inches.

vii. He has perused the test report for the goods imported under B.E. No. 7896861 dated 20.01.2025 and verified that the PU-coated fabric is classifiable under CTI 59032090. He agrees that PU-coated fabric attracts anti-dumping duty as per Notification No. 14/2022 dated 20.05.2022; However, upon contacting the supplier for verification, the supplier stated that the fabric was PA-coated and manufactured using the same chemicals as those used in PA-coated fabric.

viii. They were unaware of the timeframe for re-testing samples if the same results are obtained upon re-testing. They will export the goods back to the supplier if they are confirmed to be PU-coated fabric.

ix. He has perused the test report for the goods imported under B.E. No. 7757552 dated 13.01.2025 and verified that the classification of the “dyed woven fabric made of nylon filament yarns and spandex” as CTI 54074290 is correct.

x. He has perused the test report for the goods imported under B.E. No. 7896868 dated 20.01.2025 and verified that the classification of the “dyed woven fabric composed of polyester filament yarns along with spandex on both sides” as CTI 54076900 is correct.

xi. He had perused the Customs Valuation Rules and Annexure-A which is regarding valuation of all types of fabrics found during panchnama. He stated that the valuation appears to be fair and as per the Valuation Rules.

xii. He had perused the Annexure-B regarding duty calculation of good imported by him and, having understood the same, has affixed his dated signature on it.

xiii. He agreed to the mis-declaration in respect to nature and quantity of the imported goods and agreed that the same has made goods liable for confiscation.

6. Re-classification of Goods:

6.1. Based on the CRCL's Test Reports and an analysis of the Customs Tariff Act, 1975, it is evident that the declared description of imported goods as "Polyester laminated fabrics (Width 56 inch +/- 10%)" and its claimed classification under CTI 59039090 in the subject Bill of Entry No. 7757552 dated 13.01.2025, 7896868 dated 20.01.2025 and 7896861 dated 20.01.2025 are incorrect.

6.2. Based on the nature, composition, etc. as reported vide CRCL Test reports and Explanatory Notes of the Chapters 54, 59, these goods merit classification as per details mentioned below:

Table – “5”

Sample Name	B.E No. and date	Declared Description of Goods	Actual Description of goods as per test report	Applicable Classification
1 A	7757552 dated 13.01.2025	Polyester laminated fabrics under (Width 56 inch +/- 10%) CTI 59039090	<i>"dyed woven fabric having layer of yarns on onside, fabric is made of Nylon filament yarns and spandex. Layer of yarns is made of Nylon filament yarns, GSM-175.8, Nylon woven fabric & layer of yarns=91.2%, Spandex=Balance"</i>	54074290
1A	7896868 dated 20.01.2025	Polyester laminated fabrics under (Width 56 inch +/- 10%) CTI 59039090	<i>"dyed woven fabric. It is composed of polyester filament yarns along with spandex on both side. Average GSM=127.5 % Composition: Polyester Woven fabric=96.2%, Spandex= Balance"</i>	54076900

1A	7896861 dated 20.01.2025	Polyester laminated fabrics under (Width inch 10%) 59039090	"dyed woven fabric having coating on one side. Base fabric is made of Polyester filament yarn on both side and coating layer is made of polyurethane." Average GSM (as such)= 133.04, % composition: Polyester woven fabric=96.3% , Coating layer (PU)=balance"	59032090
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6.2.1. Classification of Fabrics imported under B.E No. 7757552 dated 13.01.2025

- CRCL, Vadodara, vide their test report, stated that the imported fabrics under B.E No. 7757552 dated 13.01.2025 in the above table were "dyed woven fabric having layer of yarns on one side, Fabric is made of Nylon filament yarns and spandex. Layer of yarns is made of Nylon filament yarns, GSM-175.8, Nylon woven fabric & layer of yarns=91.2%, Spandex=Balance" Hence, the goods are correctly classifiable under CTH 54074290, which specifically covers *dyed woven fabrics of synthetic filament yarn, including woven fabrics obtained from materials of heading 5404 other woven fabrics, containing 85% or more by weight of filaments of nylon or other polyamides*"

6.2.2. Classification of Fabrics imported under B.E 7896868 dated 20.01.2025

- CRCL, Vadodara, vide their test report stated that the imported fabrics under B.E 7896868 dated 20.01.2025, in the above table were "of dyed woven fabric. It is composed of polyester filament yarns along with spandex on both sides. Average GSM=127.5 % Composition: Polyester Woven fabric=96.2%, Spandex=Balance". The report specified that the fabric is polyester filament yarn with spandex on both sides. The correct classification for " polyester filament yarn with spandex on both side " is Customs Tariff Item 54076900, which specifically covers "Woven Fabrics Of Synthetic Filament Yarn, Including Woven Fabrics Obtained From Materials Of Heading 5404 Other Woven Fabrics, Containing 85 Percent Or More By Weight Of Polyester Filaments : Other". As per Chapter Note to Chapter 54 and Explanatory Notes to the HSN, the correct classification of woven fabrics of synthetic filament yarn containing 85 % or more by weight of Polyester Filament is under CTI 54076900.

6.2.3. Classification of Fabrics imported under B.E No. 7896861 dated

20.01.2025

CRCL, Vadodara, vide their test report stated that the imported fabrics under Bills of Entry No. 7896861 dated 20.01.2025, in the above table were "Polyurethane (PU) Coated Fabrics". The report specified that the coating is composed of polymeric material based on Polyurethane (PU). The correct classification for "Polyurethane Coated Fabrics" is Customs Tariff Item 59032090, which specifically covers "Textile fabrics impregnated, coated, covered or laminated with plastics, other than those of heading 59.02.". As per Chapter Note 2 to Chapter 59 and Explanatory Notes to the HSN, the correct classification of polyurethane-coated fabric is under CTI 59032090.

Furthermore, "Polyurethane (PU) Coated Fabric" originating from China PR is subject to Anti-Dumping Duty (ADD) as per Notification No. 14/2022-Customs (ADD) dated 20.05.2022, which imposes ADD at the rate of 0.46 USD per meter. From the said facts, it is evident that the Importer deliberately misclassified the goods under CTI 59039090, without declaring the PU coating, to evade the applicable Anti-Dumping duty.

7. Undervaluation and revised valuation as per Customs Valuation Rules:

7.1. On scrutiny of the invoice and Bill of Entry No. 7757552 dated 13.01.2025, 7896868 dated 20.01.2025 and 7896861 dated 20.01.2025, it was observed that quantities of goods declared in the above mentioned Bills of Entry are found to be lesser than actual quantities ascertained during examination under panchanama dated 28.01.2025 (**Refer RUD-1**). The comparison of the quantities of goods declared and the actual quantity of goods found is hereunder:

Table – “6”

Particulars	B.E . No . and Date	No. of type of the goods	Total No. of Roll s	Length of each roll (Mts)	Width of each roll (Mts)	Total Quantities in SQ M	Total No. of Rolls declared in B.E	Total Quantity Declared in B.E	Difference in Qn t
		A	B	C	D	$E=B*C^D$	F	G	$H=(E-G)$
	7757552 dated 13.01.2020	Type -1	861	80	1.524	104973	848	73945.6	31.02

AS PE	25								7.4
R PAN CHAN AMA	7896868 dated 2 0.01.20 25	Type-1	1442	100	1.524	219761	1442	77147	14 26 14
	7896861 dated 2 0.01.20 25	Type-1	1392	100	1.524	212141	1397	74739.5	13 74 02
		Total	369 5			53687 5	3687	225832	31 10 43

7.2. Valuation of goods for assessment of Customs duties is governed by the provisions of Section 14 of the Customs Act, 1962, which provides that the value of imported goods shall be the transaction value of such goods, when sold for export to India for delivery at the time and place of importation, 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. Further, the Customs Valuation Rules (Determination of Value of imported goods) 2007 (hereinafter referred to as the 'CVR, 2007'), having been framed under the provisions of Section 14, provide for the determination of value in a variety of situations. More specifically, Rule 3 of the CVR, 2007 provides that, subject to Rule 12, the value of the goods shall be the Transaction Value adjusted in accordance with Rule 10.

7.3. From the above, it is apparent that in the instant case, fabrics found in actual during the examination are not the fabrics as declared in the BEs & as mentioned in the corresponding supplier's invoices. Accordingly, the value declared to the Customs in the respective Bill of Entries does not represent the true Transaction Value of the imported goods. Moreover, the importer has not only grossly misclassified the types of fabrics, but also under-declared the quantities of fabrics, creating reasonable doubt on the truth or accuracy of the declared value of the imported fabrics. It is further observed that the CIF value of the declared fabric was 0.12 USD/SQM, which is significantly lower than the prevailing international price for similar goods (fabrics found in actual) as per the contemporaneous imports of similar goods. The declared transaction value in the BE is made for Polyester laminated fabrics under (Width 56 inch +/- 10%) CTI 59039090; however, actual goods were found to be PU Coated Fabrics/other woven fabrics. Hence, the said transactional value declared in Bill of Entries as mentioned in Table-5 above, appears to have failed the test of acceptability under Rule 3(2) of the Customs Valuation (Determination of Value

of Imported Goods) Rules, 2007, which mandates that the declared price must reflect the actual price paid or payable. Accordingly, the declared value is liable to be rejected under Rule 12 read with Rule 3(2) due to the absence of genuine, valid commercial documentation.

7.4. Further, Shri Santosh Kumar, Proprietor of M/s. S K TRADING , the importer of the impugned goods, although imported PU Coated (CTI 59032090)/ other woven fabrics (CTH 54074290/54076900) by mis-declaring it as Polyester Laminated Fabric (CTI 59039090), but did not provide any documents evidencing the true Transaction Value of the imported goods.

7.5. Rule 3 (4) of the CVR 2007 prescribes that, "If the value cannot be determined under the provisions of sub-rule (1), the value shall be determined by proceeding sequentially through rules 4 to 9 of CVR 2007.

7.6. As per Rule 4 of the CVR, 2007, 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, subject to certain conditions and parameters. To arrive at the value of the goods under Rule 4, the import data of PU Coated (CTI 59032090)/other woven fabrics (CTH 54074290/54076900) imported at or about the same time as the impugned goods, obtained from the ICES, was examined. However, in the absence of the Brand or other details of the impugned goods, identical goods for comparison could not be obtained.

7.7. It was, however, found that there have been several contemporaneous imports of impugned goods of Chinese origin and in comparable quantities during the relevant period. Further, Rule 5 of the CVR, 2007 stipulates that, 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. It, therefore, appeared that in terms of Rule 5 of the CVR 2007, the value of the impugned goods was liable to be re-determined at the lowest value at which such contemporaneous imports of similar goods were noticed. However, in the subject case, the details of contemporary imports (Jan 2025 in this case) of seaports and ICDs were taken into consideration, wherein similar goods, as per description, imported from China were found. However, since a similar quantity of the goods was not found, hence weighted average of the bills was taken into consideration. Details of such imports of similar goods are enclosed as Annexure A (**RUD-8**) to this notice.

7.8. Therefore, in terms of the provisions of Rule 5 of the CVR, 2007, value of PU Coated (CTI 59032090)/ other woven fabrics (CTH 54074290/54076900) imported under the Bill of Entry no. 7896861 dated 20.01.2025, 7757552

dated 13.01.2025 & 7896868 dated 20.01.2025 as mentioned in the Table-5 above was re-determined by considering the contemporaneous imports of similar goods.

7.9 In his statement dated 27.11.2025, Shri Chandan Kumar the Authorized person of M/s. SK Enterprises stated that he had perused Annexure-A regarding the valuation of all types of fabrics imported via the said container and had understood the Customs Valuation Rules. He further affirmed that the valuation appeared to have been carried out in accordance with the said Rules.

8. Revised Quantification of Assessable Value and duties/taxes thereon:-

8.1. Revised Quantification under Rule 4 & Rule 5

Considering the above, liabilities in respect of the imported goods have been quantified, as below:

Table - “7 A”

TOTAL DUTY CALCULATION FOR GOODS IMPORTED UNDER B.E No.			
7757552			
	Total Applicable Duty	Duty Paid in B.E	Duty Difference
Assessable Value	16366254	768443	15597811
BCD	3779032	153689	3625344
SWS	0	15369	-15369
Anti-Dumping Duty	0	0	0
Ass. Value (for IGST)	20145286	0	0
IGST	1007264	112500	894764
Total Duty	4786296	281558	4504739

Table- “7 B”

TOTAL DUTY CALCULATION FOR GOODS IMPORTED UNDER B.E No.			
7896868 dated 20.01.2025			
	Total Applicable Duty	Duty Paid in B.E	Duty Difference
Assessable Value	39239390	806340	38433050

BCD	7911389	161268	7750121
SWS	0	16127	-16127
Anti-Dumping Duty	0	0	
Ass. Value (for IGST)	47150779		-
IGST	2357539	118048	2239491
Total Duty	10268928	295443	9973485

Table- “7 C”

TOTAL DUTY CALCULATION FOR GOODS IMPORTED UNDER B.E No. 7896861			
	Total Applicable Duty	Duty Paid in B.E no. 7896861 DATED 20.01.2025	Duty Difference
Assessable Value	15694758	781177	14913580
BCD	3138952	156236	2982716
SWS	313895	15624	298272
Anti-Dumping Duty	5577187		5577187
Ass. Value (for IGST)	24724792		
IGST	2966975	114364	2852611
Total Duty	11997009	286224	11710785

The detailed duty calculation is enclosed as Annexure-B (**RUD-9**).

8.2. This undervaluation, in tandem with misclassification and concealment of PU coating, clearly points to the fraudulent intent of the importer to evade Basic Customs Duties, including Anti-Dumping Duty, thereby causing loss to Government Revenue.

9. Legal Provisions

9.1. Section 17 of the Customs Act, 1962

17. *Assessment of duty.* — (1) An importer entering any imported goods

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

.....

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

9.2. Section 46 of the Customs Act, 1962:

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

9.3. Section 110 of the Customs Act, 1962

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

9.4. Section 111 of the Customs Act, 1962

111. Confiscation of improperly imported goods, etc.— The following goods brought from a place outside India shall be liable to confiscation: —

.....

(m) any goods which do not correspond in respect of value or in any other particular] with the entry made under this Act or in the case of baggage with the declaration made under section 77 3[in respect thereof, or in the case of goods under transshipment, with the declaration for transshipment referred to in the proviso to sub-section (1) of section 54;

9.5. Section 112 of the Customs Act, 1962

112. Penalty for improper importation of goods, etc. — Any person, — (a) who, in relation to any goods, does or omits to do any act which act or omission would render such goods liable to confiscation under section 111,

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

shall be liable, —

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

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

(iii) in the case of goods in respect of which the value stated in the entry made under this Act or in the case of baggage, in the declaration made under section 77 (in either case hereafter in this section referred to as the declared value) is higher than the value thereof, to a penalty 3[not exceeding the difference between the declared value and the value thereof or five thousand rupees], whichever is the greater;

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

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

9.6. **Section 114AA of the Customs Act, 1962**

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

9.7. **Section 124 of the Customs Act, 1962**

124. *Issue of show cause notice before confiscation of goods, etc.*—No order confiscating any goods or imposing any penalty on any person shall be made under this Chapter unless the owner of the goods or such person—
(a) is given a notice in writing with the prior approval of the officer of Customs not below the rank of 2[an Assistant Commissioner of Customs], informing] him of the grounds on which it is proposed to confiscate the goods or to impose a penalty;
(b) is given an opportunity of making a representation in writing within such reasonable time as may be specified in the notice against the grounds of confiscation or imposition of penalty mentioned therein; and
(c) is given a reasonable opportunity of being heard in the matter:

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

9.8. **Section 125 of the Customs Act, 1962**

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

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

or restricted, the provisions of this section shall not apply:

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

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

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

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

10. From the foregoing investigation,

10.1. In terms of Section 17 of the Customs Act 1962, an importer entering any imported goods under Section 46 shall self-assess the duty leviable on such goods. Whereas the importer, M/s. S K TRADING , in the instant case, has failed to assess the true duty leviable on PU Coated Fabrics/other woven fabrics Classifiable under different CTIs and has resorted to mis-declaration and misclassification of the import goods as Polyester laminated fabrics under (Width 56 inch +/- 10%) under CTI 59039090.

10.2. The Importer, by declaring the goods as "Polyester laminated fabrics under (Width 56 inch +/- 10%)" and classifying them under CTI 59039090, knowingly and deliberately misrepresented the true nature of the imported Fabrics. This mis-declaration of goods in the Bill of Entries is a contravention of Section 46 of the Customs Act, 1962. The consequent willful misclassification of fabrics under CTI 59039090 was not merely an error but a conscious act to avoid the higher rate of Basic Customs Duty applicable to the actual imported fabrics and, crucially, to also evade the Anti-Dumping Duty imposed vide

Notification No. 14/2022-Customs (ADD) dated 20.05.2022 on PU Coated Fabrics originating from China. This demonstrates an intent to evade legally applicable duties. The pattern of mis-declaration and misclassification across the said consignment, coupled with the substantial duty difference, including ADD, indicates a clear mens rea and an active intention on the part of the Importer to defraud the revenue. The importer, as an experienced entity in the import trade, is expected to exercise due diligence in ascertaining the correct description and classification of their imports. The willful act of the importer has resulted in short/non-levy of applicable customs duties/ADD/other taxes, which appear to be liable for recovery from the importer.

10.3. By mis declaring both the quantity and description of the goods with the intent to conceal the import of PU coated fabric/Other fabric and misclassifying the PU Coated fabric and other fabrics as Polyester Laminated Fabric, importer has tried to evade applicable customs duty. This act of the importer is contrary to the provisions of the Customs Act-1962 and has made the imported goods liable for confiscation under Section 111(m) of the Customs Act, 1962,

10.4 M/s. S K TRADING imported fabrics from China by intentionally mis-declaring the description of the goods as “Polyester laminated fabrics under (Width 56 inch +/- 10% ”. Such acts of omission and commission appeared to have rendered the goods liable for confiscation under Section 111(m) of the Customs Act 1962. Hence, they are liable for a penalty under Section 112(a) & (b) of the Customs Act, 1962. The actions of the Importer amount to deliberate mis-statement and suppression of facts with intent to evade duty, making them liable for penalty under Section 112(a) & (b) of the Customs Act, 1962, for doing any act which renders the goods liable to confiscation.

10.5 Consequent upon the amendment to Section 17 of the Customs Act, 1962 vide Finance Act, 2011, ‘Self-Assessment’ has been introduced in Customs. Section 17 of the Customs Act, effective from 8.4.2011, provides for self-assessment of duty on imported goods by the importer himself by filing a Bill of Entry in electronic form. Section 46 of the Customs Act, 1962, makes it mandatory for the importer to make an entry for the imported goods by presenting a Bill of Entry electronically to the proper officer. As per Regulation 4 of the Bill of Entry (Electronic Declaration) Regulation, 2011 (issued under Section 157 read with Section 46 of the Customs Act, 1962) the Bill of Entry shall be deemed to have been filed and self-assessment of duty completed when, after entry of the electronic declaration (which is defined as particulars relating to the imported goods that are entered in the Indian Customs Electronic Data Interchange System) in the Indian Customs Electronic Data

Interchange System either through ICEGATE or by way of data entry through the service center, a Bill of Entry number is generated by the Indian Customs Electronic Data Interchange System for the said declaration. Thus, under self-assessment, it is the importer who must ensure that he declares the correct classification, applicable rate of duty, value, benefit of exemption notifications claimed, if any, in respect of the imported goods while presenting the Bill of Entry. Thus, with the introduction of self-assessment by amendments to Section 17, since 8th April, 2011, it is the added and enhanced responsibility of the importer to declare the correct description, value, notification, etc. and to correctly classify, determine and pay the duty applicable in respect of the imported goods.

In the instant case, M/s. S K TRADING imported fabrics from China by intentionally mis-declaring the description of the goods as "Polyester laminated fabrics (Width 56 inch +/- 10%)" , has also resorted to mis-declaration of facts with intent to evade duty of Customs, as discussed in this SCN. This act of mis-declaration has led imported goods liable for confiscation and hence, he is liable for penalty under Section 112(a) & (b) of the Customs Act, 1962.

10.6. In view of the foregoing facts and evidences on record, it is observed that M/s S K TRADING is a proprietary concern in which Shri Santosh Kumar is proprietor and the key person who handles entire business of M/s. S K Trading with assistance of Shri Chandan Kumar, as categorically stated by Shri Chandan Kumar, Authorized representative of the firm, in his voluntary statements dated 29.05.2025 and 27.11.2025. Therefore, it is evident that Shri Santosh Kumar, being the importer and person in charge of the affairs of M/s. S K TRADING, has submitted incorrect and false declarations to Customs authorities at the time of import, having full knowledge that the imported goods were "PU Coated Fabrics" imported in guise of Polyester Laminated Fabric. Shri Santosh Kumar, Proprietor of M/s. S K TRADING (IEC No. GWHPK0103D) appears to have indulged in presenting documents falsifying the identity of the goods, before the Customs authorities for import of the goods. Thus, Shri Santosh Kumar has knowingly and intentionally made a declaration under the Bill of Entry filed under Section 46 of the Customs Act 1962, which is false and incorrect. Hence, he has rendered himself liable to penalty under the said Section 114AA of the Customs Act 1962.

11. Now, therefore, M/s. S K TRADING , having its address at Pocket B-2, Flat No. 46-C, Sai Apartment, Sector 71, Noida-201307 (IEC No. GWHPK0103D), are hereby called upon to show cause in writing to the **Additional Commissioner of Customs, Customs House, Mundra** having office

situated at office of the Pr. Commissioner of Customs, 5B, Port User Building, Adani Ports & SEZ, Mundra, Kutch, Gujarat – 370421 within 30 (thirty) days from the date of receipt of the notice, as to why:-

- i. The goods imported vide Bills of Entry No.7757552 dated 13.01.2025, 7896868 dated 20.01.2025 and 7896861 dated 20.01.2025—namely PU Coated Fabrics, other woven fabrics (total quantity **5,36,875** SQM (comprising 3695 rolls)) with declared value of Rs. 23,55,960/- (Twenty Three Lakhs Fifty Five thousand Nine hundred and Sixty only) as detailed at Table 6 and Table 7, which were found to have been mis-declared as " Polyester laminated fabrics under (Width 56 inch +/- 10%)" in the said Bills of Entry and which were seized vide Seizure Memo dated 13.03.2025, should not be reassessed under section 17 of the Customs Act, 1962 by re-classifying the same under the correct CTI/CTH: 54074290/54076900/59032090 instead of the declared Customs Tariff Item 59039090.
- ii. The declared assessable value of Rs. 23,55,960/- (Twenty Three Lakhs Fifty Five thousand Nine hundred and Sixty only) should not be rejected and goods be reassessed at ₹7,13,00,401/- (Rupees Seven Crore Thirteen Lakh Four Hundred and One only), as per the provisions laid down in the Rule 5 of the Customs Valuation Rules 2007. The same is covered under para 7 of this notice and is detailed in Annexure-A attached to this SCN.
- iii. The differential duty amounting to Rs. 2,61,89,010/- (Rupees Two Crore Sixty-one Lakh Eighty Nine Thousand Ten only), as detailed in Annexure-B and arrived at after re-determination of value as given in Annexure-A and reclassification of goods based on test reports, should not be demanded from the importer.
- iv. The seized goods, i.e., PU Coated Fabrics/Other woven fabric having a total quantity of 5,36,875 SQM (Total 3695 Rolls) valued at ₹7,13,00,401/- (Rupees Seven Crore Thirteen Lakh Four Hundred and One only), seized vide Seizure Memo dated 13.03.2025, should not be confiscated under Section 111(m) of the Customs Act, 1962.
- v. Penalty should not be imposed on them under Section 112 (a) and (b) of the Customs Act, 1962;

11.2 Now therefore, Shri Santosh Kumar, Proprietor of M/s. S K TRADING is hereby called upon to show cause in writing to the **Additional Commissioner of Customs, Customs House, Mundra** having office situated at office of the Pr. Commissioner of Customs, 5B, Port User Building, Adani Ports & SEZ, Mundra, Kutch, Gujarat – 370421 within 30 (thirty) days from the date of receipt of the notice, as to why penalty under Section 114AA of the Customs Act, 1962 should not be imposed upon him for submission of incorrect/false declarations to the Customs at the time of import, knowing fully that the items under import were "PU Coated Fabrics/other woven fabrics", by intentionally

mis-declaring the description of the goods as "Polyester laminated fabrics under (Width 56 inch +/- 10%

)" and also submitted forged and fabricated import documents to the Customs authority to suppress their description and true value so as to avoid payment of appropriate/leviable Duty.

12. Noticees are required to submit a written reply to the Adjudicating Authority within 30 days from the date of receipt of this notice. In their written reply, the noticees may also indicate as to whether they would like to be heard in person. In case, no reply is received within the time limit stipulated above or any further time which may be granted and/or if nobody appears for personal hearing when the case is posted for the same, the case will be decided ex-parte on the basis of evidence on record and without any further reference to the noticee.

13. All the relied upon documents as enlisted in '**Annexure-R**' to this notice are enclosed.

14. This Show Cause Notice is issued without prejudice to any other actions that may be taken against the persons involved in the subject case, under the provisions of the Customs Act, 1962 or any other Allied Acts for the time being in force. The department reserves its right to issue addendum/ corrigendum to show cause notice or to make any additions, deletions amendments or supplements to this notice, if any, at a later stage. The department also reserves its right to issue separate Notice/s for other Noticees, offences etc. related to the above case, if warranted.

Zala Dipakbhai Chimanbhai
ADDITIONAL COMMISSIONER
ADC/JC-III-O/o Pr Commissioner-customs-mundra

GEN-ADJ/ADC/60/2026-Adjn-O/o Pr. Commr-Cus-Mundra

To,

i) **M/s. S K TRADING,**
Pocket B-2, Flat No. 46-C,
Sai Apartment, Sector 71,
Noida-201307,

ii) Shri Santosh Kumar, Proprietor of M/s. S K TRADING
 Pocket B-2, Flat No. 46-C,
 Sai Apartment, Sector 71,
 Noida-201307,

Copy to:

1. The Additional Director General, DRI, Ahmedabad
2. The Assistant Commissioner, EDI, Customs Mundra (For uploading on Mundra Customs Website).

Annexure-R
Relied Upon Documents:

Sr no.	Document	Page no.
RUD-1	Copy of Panchanama dated 28.01.2025.	1-48
RUD-2	Copy of Test Reports	1-6
RUD-3	Copy of Seizure Memo F. No. DRI/AZU/CI-1/Misc-1/2025 dated 13.03.2025	1-2
RUD-4	Copy of Letter dated 25.07.2025 informing M/s. S K TRADING regarding extension of Time period for issuance of SCN.	1
RUD-5	Copy of Summons (CBIC-DIN- DIN-202505DDZ10000111A4C) dated 21.05.2025 and Summons (CBIC-DIN-202509DDZ1000000D4D1) dated 14.11.2025 issued to importer	1-3
RUD-6	Copy of Statement of Shri Chandan Kumar, Authorized Person of M/s. S K TRADING (IEC: GWHPK0103D) recorded on 29.05.2025	1-52
RUD-7	Copy of Statement of Shri Chandan Kumar Authorized Person of M/s. S K TRADING recorded on 27.11.2025.	1-6
RUD-8	Details of imports of similar goods as Annexure A	1-3
RUD-9	Detailed duty calculation as Annexure-B	1-3