प्रधान आयुक्त का कार्यालय, सीमा शुल्क सदन, मुन्द्रा
OFFICE OF THE PRINCIPAL COMMISSIONER,
CUSTOM HOUSE, MUNDRA
Port User Building (PUB), Mundra (Gujarat – 370421)
ई-मेल/ E-Mail: group5-mundra@gov.in

A	फा. सं./ FILE NO.	CUS/APR/BE/MISC/1607/2023-Gr 5-6-O/o Pr Commr-Cus-Mundra-Part(1)
B	मूल आदेश सं. ORDER-IN-ORIGINAL NO.	MCH/ADC/ZDC/164/2026-27
C	द्वारा पारित किया गया PASSED BY	Dipak Zala Additional Commissioner of Customs, Custom House, Mundra
D	आदेश की तिथि DATE OF ORDER	01-06-2026
E	जारी करने की तिथि DATE OF ISSUE	01-06-2026
F	कारण बताओ नोटिस सं. एवं तिथि SCN NUMBER & DATE	SCN no. 32/2025-26/ADC/ZDC/Gr-V/MCH dated 09.06.2025 and Corrigendum dated 13.05.2026
G	नोटिसी/पार्टी / आयातक NOTICEE/ PARTY/ IMPORTER	M/s. Sat International (IEC: ADOFS7241Q), Prayag Industries Park Plot No.2 Nr. Jalaram Industries, B/H. Ruda Transport Nagar, Ahmedabad Road Rajkot , Rajkot, Gujarat-360003
H	डिन/ DIN	20260671MO00008378ED

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 128 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 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, 4 TH 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: -

M/s. Sat International (IEC: ADOFS7241Q), Prayag Industries Park Plot No.2 Nr. Jalaram Industries, B/H. Ruda Transport Nagar, Ahmedabad Road Rajkot, Rajkot,Gujarat-360003 (hereinafter also referred to as "the Importer'' for the sake of brevity") had filed the Bills of Entry for importation of the item mentioned below in Table-A, through their CB M/s.Saanch Logistics, by paying the IGST 12% (Schedule-II Sr. No.195B). The details of said goods are as under:

Table-A

S.No.	BE No.	BE Date	Item No.	Description of goods	Classification	Assessable value (in Rs.)	IGST Sr. No. (@ 12%)
1	7881838	11-06-2020	1	AGRICULTURAL SPRAYER 16 L	84248200	1531829.54	II195B
2	8489230	17-08-2020	1	AGRICULTURAL SPRAYER 16L	84248200	1431128.48	II195B
3	3785457	01-05-2021	2	AGRICULTURAL PORTABLE PUMP	84244100	135172.98	II195B
4	4215465	05-06-2021	1	AGRICULTURAL SPRAYER 16 L	84248200	1424086.74	II195B
5	4427865	23-06-2021	1	AGRICULTURE SPRAYER 16L	84248200	1638192.57	II195B
6	4428132	23-06-2021	1	AGRICULTURE SPRAYER 16L	84248200	1399595.31	II195B

7	4428020	23-06-2021	1	AGRICULTURE SPRAYER 16L	84248200	1806394.51	II195B
8	4803934	24-07-2021	1	AGRICULTURAL SPRAYER 16L	84248200	1639665.55	II195B
9	4801719	24-07-2021	1	AGRICULTURAL SPRAYER 16L	84248200	1720474.57	II195B
10	8336562	19-04-2022	1	AGRICULTURAL SPRAYER 16L	84248200	1444094.66	II195B
11	8503791	30-04-2022	2	AGRICULTURAL PORTABLE PUMP	84244100	103200.65	II195B
12	9321387	28-06-2022	2	AGRICULTURAL PORTABLE PUMP	84248200	100500.42	II195B
13	9558546	15-07-2022	1	AGRICULTURAL SPRAYER 16L	84248200	1641610.29	II195B
14	9558546	15-07-2022	2	AGRICULTURAL PORTABLE PUMP	84244100	67915.32	II195B
15	9573178	15-07-2022	1	AGRICULTURE SPRAYER 16L	84248200	1830915.31	II195B
16	9629477	20-07-2022	1	AGRICULTURAL SPRAYER 16L	84248200	1641769.94	II195B
17	9682137	23-07-2022	1	AGRICULTURAL SPRAYER 16L	84248200	1761573.14	II195B

2. An analysis of data (ANALYTICS REPORT – 25/2022-23) in respect of Import of goods classified under the heading 8424 with regard to wrong claim of IGST rate @ 12% (Schedule-II, 195B) instead of IGST rate @ 18% applicable for such goods under Schedule-III, Sr. No. 325 of Notification No.01/2017- Integrated Tax (Rate) dated 28.06.2017, resulting in short levy of IGST, was carried out by the NCTC, Mumbai.

3. The said Importer had filed the Bills of Entry for home clearance of the goods (as mentioned in Table-A) under Heading 8424 of the first schedule of the Customs Tariff Act, 1975. The Importer discharged the tax of IGST @ 12% in terms of Serial No. 195B of Schedule-II of IGST Notification 01/2017- IGST(Rate).

4. The relevant entries of the rate of IGST under Schedule-II and Schedule- III of IGST Notification 01/2017-IGST(Rate) dated 28.06.2017 for Sub-heading 84 are reproduced here under:

Table-B

Sr. No. of Schedule of IGST Notification 01/2017	IGST Rate	Chapter/Tariff item as per Schedule-I	Description of goods
II-195B	II (12%)	8424	Sprinklers; drip irrigation system including laterals; mechanical sprayers
III-325	III(18%)	8424	Mechanical appliances (whether or not hand operated) for projecting, dispersing or spraying liquids or powders; fire extinguishers, whether or not charged; spray guns and similar appliances; steam or sand blasting machines and

			similar jet projecting machines (other than sprinklers; drip irrigation systems including laterals; mechanical sprayer; nozzles for drip irrigation equipment or nozzles for sprinklers)

5. From the above tables, it is amply clear that Sr. No. 325 of Schedule-III (III-325) levying IGST rate of 18%, excludes the description of goods "other than sprinklers; drip irrigation systems including laterals; mechanical sprayer; nozzles for drip irrigation equipment or nozzles for sprinklers)". The said goods are covered under Schedule-II, 195B of Notification No.01/2017-Integrated Tax (Rate) dated 28.06.2017(as amended).

6. Accordingly, it is noted that goods covered under Schedule-II, 195B of Notification No.01/2017-Integrated Tax (Rate) dated 28.06.2017 (as amended), are specifically meant for "Sprinklers; drip irrigation system including laterals; mechanical sprayers". It appeared that the importer has wrongly claimed a lower IGST rate @ 12% for goods other than mentioned under Schedule-II, Sr. No. 195B, instead of paying a higher IGST rate @ 18% applicable for such goods under Schedule-III, Sr. No. 325 of Notification No.01/2017-Integrated Tax (Rate) dated 28.06.2017.

7. The description of said items of Bills of Entry claiming the benefit of IGST rate @ 12% under Sr. No. 195B of Schedule II of Notification No.01/2017- Integrated Tax (Rate) dated 28.06.2017 (as amended) have been further examined. From the analysis it appeared that none of the goods are Sprinklers; drip irrigation system including laterals; mechanical sprayers, as per the description mentioned in the said Bills of Entry, though they have been cleared at a lower IGST @ 12% under the aforementioned serial numbers of Schedule II, instead of paying a higher IGST rate @ 18% applicable for such goods under Schedule-III, Sr. No. 325 of Notification No.01/2017-Integrated Tax (Rate) dated 28.06.2017 (as amended).

8. In context of above provisions, items of Bills of Entry mentioned in Table-A that were cleared at @12% IGST rate against Sr. No. 195B of Schedule-II, instead of the applicable IGST rate 18% of Sr. No. 325 of Schedule- III, and short-levy of IGST @ 6% (i.e. 18% minus 12%), are calculated as below:

Table-C

S. no.	Bill of Entry No.	BOE date	Inv .no.	Item No.	ASSESSABLE VALUE	BCD@7.5% (Rs)	SWS @10% (Rs)	IGST@18%	IGST @12%	Short levy IGST Amou @6%
1	7881838	11-06-2020	1	1	1531829.54	114887.2	11488.7	298477.0	198984.66	99492.
2	8489230	17-08-2020	1	1	1431128.48	107334.6	10733.5	278855.4	185903.59	92951.
3	3785457	01-05-2021	1	2	135172.98	10138.0	1013.8	26338.5	17558.97	8779.

4	4215465	05-06-2021	1	1	1424086.74	106806.5	10680.7	277483.3	184988.87	92494.
5	4427865	23-06-2021	1	1	1638192.57	122864.4	12286.4	319201.8	212801.21	106400.
6	4428132	23-06-2021	1	1	1399595.31	104969.6	10497.0	272711.1	181807.43	90903.
7	4428020	23-06-2021	1	1	1806394.51	135479.6	13548.0	351976.0	234650.65	117325.
8	4803934	24-07-2021	1	1	1750507.98	131288.1	13128.8	341086.5	227390.99	113695.
9	4801719	24-07-2021	1	1	1720474.57	129035.6	12903.6	335234.5	223489.65	111744.
10	8336562	19-04-2022	1	1	1444094.66	108307.1	10830.7	281381.8	187587.90	93793.
11	8503791	30-04-2022	1	2	103200.65	7740.0	774.0	20108.6	13405.76	6702.
12	9321387	28-06-2022	1	2	100500.42	7537.5	753.8	19582.5	13055.00	6527.
13	9558546	15-07-2022	1	1	1641610.29	123120.8	12312.1	319867.8	213245.18	106622.
14	9558546	15-07-2022	1	2	67915.32	5093.6	509.4	13233.3	8822.20	4411.
15	9573178	15-07-2022	1	1	1830915.31	137318.6	13731.9	356753.8	237835.90	118917.
16	9629477	20-07-2022	1	1	1641769.94	123132.7	12313.3	319898.9	213265.92	106632.
17	9682137	23-07-2022	1	1	1761573.14	132118.0	13211.8	343242.5	228828.35	114414.
	Total				**2,14,28,962.41**					**13,91,811.**

The total amount of short paid IGST is Rs. **13,91,811/-**

9. In view of the above, it appeared that the subject goods have claimed wrong IGST @ 12% rate under Sr. No. 195B of Schedule-II of IGST levy Notification No.01/2017-Integrated Tax (Rate) dated 28.06.2017 instead of right IGST rate @18% under S.No.325 of Schedule-III.

10. Relevant Legal provisions, in so far as they relate to the facts of the case:-

A. Section 46 of the Customs Act, 1962 provides for filing of Bills of Entry upon importation of goods, which casts a responsibility on the importer

to declare truthfully, all contents in the Bills of Entry. Relevant portion of Section 46 (4) is reproduced below:-

"(i) The importer while presenting a Bills of Entry shall make and subscribe to a declaration as to the truth of the contents of such Bills of Entry and shall, in support of such declaration, produce to the proper officer the invoice, if any, and such other documents relating to the imported goods as may be prescribed".

B. Section 28 (4) of the Customs Act, 1962 provides that *"Where any duty has not been levied or not paid or has been short-levied or short-paid or erroneously refunded, or interest payable has not been paid, part-paid or erroneously refunded, by reason of,-*

a. *collusion; or*
b. *any willful mis-statement; or*
c. *suppression of facts,*

by the importer or the exporter or the agent or employee of the importer or exporter, the proper officer shall, within five years from the relevant date, serve notice on the person chargeable with duty or interest which has not been [so levied or not paid] or which has been so short-levied or short-paid or to whom the refund has erroneously been made, requiring him to show cause why he should not pay the amount specified in the notice".

C . Section 28 (AA) of Customs Act, 1962 provides interest on delayed payment of duty-

(1) Where any duty has not been levied or paid or has been short-levied or short-paid or erroneously refunded, the person who is liable to pay the duty as determined under sub-Section (2), or has paid the duty under sub-Section (2B), of Section 28, shall, in addition to the duty, be liable to pay interest at such rate not below ten percent and not exceeding thirty-six per cent per annum, as is for the time being fixed by the Central Government, by notification in the Official Gazette, from the first day of the month succeeding the month in which the duty ought to have been paid under this Act, or from the date of such erroneous refund, as the case may be, but for the provisions contained in sub-Section (2), or sub-Section (2B), of Section 28, till the date of payment of such duty:

D. Section 114A of the Customs Act, 1962 deals with the penalty by reason of collusion or any willful mis-statement or suppression of facts. The relevant provision is reproduced below:-

114A - Penalty for short-levy or non-levy of duty in certain cases - Where the duty has not been levied or has been short-levied or the interest has not been charged or paid or has been part paid or the duty or interest has been erroneously refunded by reason of collusion or any willful mis-statement or suppression of facts, the person who is liable to pay the duty or interest, as the case may be, as determined under sub-Section (8) of Section 28 shall also be liable to pay a penalty equal to the duty or interest so determined: Provided that where such duty or interest, as the case may be, 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 the 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 duty or interest, as the case may be, so determined: Provided further that the benefit of reduced penalty under the first proviso shall be available subject to the condition that the amount of penalty so determined has also been paid within the period of thirty days referred to in that proviso:

11. It appeared that the importer has willfully mis-stated the facts & wrongly paid IGST on lower side by categorizing its goods under Serial No. 195B of Schedule-II of IGST Notification 01/2017-IGST(Rate) which prescribes IGST duty @ 12% whereas the goods attracts IGST @ 18% under Serial No. 325 of Schedule-III of Notification No. 01/2017 – Integrated Tax (Rate).

12. In the light of the documentary evidences, as brought out above and the legal position, it appeared that a well thought out conspiracy was hatched by the importer to defraud the exchequer by adopting the modus operandi of mis- declaring the IGST Serial No. 195B of Schedule-II of IGST Notification 01/2017- IGST(Rate) of the goods imported.

13. Whereas, it is apparent that the importer/noticee was in complete knowledge of the correct nature of the goods nevertheless, the importer claimed undue notification benefit for the said goods in order to clear the goods by wrongly availed Customs duty i.e. IGST on a lower side under Serial No. 195B of Schedule-II of IGST Notification 01/2017-IGST(Rate) which prescribes IGST @ 12%. With the introduction of self-assessment under Section 17, more faith is bestowed on the importer, as the practices of routine assessment, concurrent audit etc. have been dispensed with. As a part of self-assessment, the importer has been entrusted with the responsibility to correctly self-assess the duty. Therefore, it appears that the importer has wilfully violated the provisions of Section 17(1) of the Act in as much as importer has failed to correctly self- assessed the impugned goods and has also wilfully violated the provisions of Sub-section (4) and (4A) of Section 46 of the Act. Therefore, the goods having assessable value of Rs. 2,14,28,962/- as detailed in above table, appears to liable for confiscation under Section 111(m) of the Customs Act, 1962.

14. It appeared that the importer wilfully claimed undue notifications benefit for the impugned goods resulting into short levy of duty. Further, it appeared that in respect of the Bills of Entry as detailed in above Table-A, such wrong claim of notifications benefit on the part of the importer has resulted into short levy of duty i.e. IGST of Rs. 13,91,811/- (Rupees Thirteen Lac Ninety One Thousand Eight Hundred Eleven only) which is recoverable from the importer under the provisions of Section 28(4) of the Customs Act, 1962 along with interest as applicable under Section 28AA of the Act. For such act of omission and commission, the importer also appears to have rendered themselves liable to penalty under Section 114A of the Customs Act, 1962.

15. Accordingly, M/s. Sat International (IEC: ADOFS7241Q), located at Prayag Industries Park Plot No.2 Nr. Jalaram Industries, B/H. Ruda Transport Nagar, Ahmedabad Road Rajkot , Rajkot,Gujarat-360003 was called upon to show cause, vide SCN no. 32/2025-26/ADC/ZDC/Gr-V/MCH dated 09.06.2025 and corrigendum dated 13.05.2026, to the Additional Commissioner of Customs, Group-V, Custom House, Mundra, having office at Room No. 12 PUB Building, Mundra (Kutch) Gujarat 370 421, as to why:-

i. The goods having assessable value of Rs. 2,14,28,962/- covered under Bill of Entry as detailed in above Table-A, should not be held liable for confiscation under Section

111(m) of the Customs Act, 1962;

ii. the Serial No. 195B of Schedule-II of IGST Notification 01/2017 -IGST(Rate) on the goods should not be denied and the same should not be re-assessed at correct rate of IGST @18% under Sr. No. 325 of Schedule III of IGST Notification No. 01/2017;

iii. The differential duty i.e. IGST worked out to 13,91,811/- (Rupees Thirteen Lac Ninety One Thousand Eight Hundred Eleven only) in respect of Bills of Entry as detailed in above table, should not be recovered under Section 28 (4) of the Customs Act, 1962 along with applicable interest thereon as per Section 28AA of the Customs Act, 1962, as applicable.

iv. Penalty should not be imposed upon them under Section 114A of the Customs Act, 1962.

PERSONAL HEARING AND WRITTEN SUBMISSIONS:

16.1 A personal hearing was initially scheduled on 07.04.2026 by the Additional Commissioner of Customs and the same was intimated to the importer vide letter dated 30.03.2026 and 16.05.2026 respectively. In response, the importer, vide email dated 30.03.2026 :

> *" With reference to the letter for Personal Hearing dated 12.03.2026 issued in connection with Show Cause Notice No. 32/2025-26/ADC/ZDC/Gr-V/MCH dated 09.06.2025, we hereby submit that we do not wish to pursue any further proceedings in the matter and do not require any further Show Cause Notice or Personal Hearing in this regard.*
>
> *We submit that a detailed written reply to the said SCN had already been filed earlier, which was duly received and acknowledged by your office. A copy of the same along with inward acknowledgment is enclosed herewith for your ready reference.*
>
> *In the said submission, it was clearly explained that the goods in question i.e. Mechanical Sprayers are correctly classifiable under HS Code 8424 and attract GST @12% in terms of Entry No.195B of Schedule II of Notification No.1/2017–Central Tax (Rate) dated 28.06.2017, as amended by Notification No.6/2018–Central Tax (Rate)*
>
> *dated 25.01.2018.*
>
> *Further, reliance was also placed on Circular No. 113/32/2019-GST issued by the Ministry of Finance, which clearly clarifies the applicability of GST @12% on mechanical sprayers of all types.*
>
> *It is therefore submitted that the classification and applicable GST rate are already settled and there remains no ambiguity on the issue.*
>
> *In view of the above, we request your good office to kindly take our earlier submission on record and decide the matter accordingly. "*

16.2 The importer filed their earlier reply vide letter dated 18.06.2025, wherein they stated that: -

> *" With reference to your letter dated – 09.06.2025 regarding personal hearing against subject mentioned SCN. we analysis that our bill of entry filled with correct*

IGST, Below justification as per our knowledge.

Request you please kindly refer circular No.113/32/2019-GST F.No.354/131/2019-TRU from ministry of finance clearly states applicable GST rate on mechanical sprayer Representation have received seeking clarification on the scope and applicable GST rate on Mechanical Sprayer of GST notification Sr. No. II195B of the schedule II to Notification No. 1/2017 -Central Tax (Rate) date 28.06.2017. The Sr. No. II 195B inserted vide notification no. 6/2018-Central Tax (Rate) Date 25th January 2018.

All goods falling under 8424 i.e. (Mechanical appliances (whether or not hand-operated) for projection dispersing or spraying liquids or powder, spray guns and similar appliances steam of sand blasting machines and similar jet projection machines (other than fire extinguishers, whether or not charged) attracted GST @18% (S.No.325 of Schedule III) till 25th January 2018 Subsequently keeping in view various request/representations, the GST counsel in its 25th Meeting recommended 12% GST on mechanical sprayers.

Accordingly, vide amending notification no. 6/2018-Central Tax (Rate)Date. 25th January 2018, Gst at the rate 12% was prescribed (entry no. 195B of schedule II of notification no.1/2017-Central Tax (Rate) dated 28.06.2017) simultaneously, mechanical sprayers were excluded from ambit the said S.No. 325 of schedule III.

Accordingly, it is clarified that S.NO. 195B of the schedule II to notification no.1/2017-Central Tax (Rate) date 28.06.2017 covers" Mechanical Sprayers of all types whether or not hand opcrated (like hand operated sprayer, power operated sprayers, battery operated sprayers, footsprayers, rocker etc.

In view of the above details discussion. it is clear that we, the lmporter, have not violated any of provisional of the customs Act, 1962 and acted as per bond file belief and filed bill of entreis, thus, the demand of interest (under section 28aa) and imposition of penalties (Under section 122(a), 114A & 114AA) proposed vide impugned SCN are not atracted in this case, Since we acted on bona fide belief and furnished the correct particular in the bill of entry as per documents received from our overseas supplier and therefore we request you honour to drop the same since we have correctly classified our products during importation& filled proper bill of entry of which assessment have been accepted by the proper officer without raising any query the material time.

The goods rightfully fall under HS Code 8424 82 00 and qualify for concessional IGST @12% (6% CGST + 6% IGST) under SI. No. 195B.

We further request that please look into the matter and close this SCN as per above facts."

17. Further, after the issuance of the Corrigendum dated 13.05.2026, a PH was scheduled on 20.05.2026. However, the importer did not attend the same. Accordingly, the matter is being decided on the basis of importer's previous reply and the facts available on records.

DISCUSSIONS AND FINDINGS:

18. I have carefully gone through the facts of the case, the SCN no. 32/2025-26/ADC/ZDC/Gr-V/MCH dated 09.06.2025 and corrigendum dated 13.05.2026, and the importer's submission dated 18.06.2025, 30.03.2026 .I find that the principles of natural justice as envisaged under Section 122A of the Customs Act, 1962, which provides for granting an opportunity of personal hearing before passing any adjudication order, have been duly complied with in the present case. After considering the records of the case and

the submissions made by the importer, I find that the following main issues are involved in the subject Show Cause Notice which are required to be decided in the present adjudication, as below:

(i) Whether the goods mentioned in Table-A are correctly eligible for concessional IGST rate @12% under Sr. No. 195B of Schedule-II of Notification No. 01/2017-Integrated Tax (Rate), or are liable to IGST @18% under Sr. No. 325 of Schedule-III.

(ii) Whether the differential duty i.e. IGST worked out to 13,91,811/- (Rupees Thirteen Lac Ninety One Thousand Eight Hundred Eleven only) in respect of Bill of Entry as detailed in above tables, should not be recovered under Section 28 (4) of the Customs Act, 1962 along with applicable interest thereon as per Section 28AA of the Customs Act, 1962, as applicable;

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

(iv) Whether penalty is imposable upon the importer under Section 114A of the Customs Act, 1962.

19.1 Regarding the first issue, I find that the goods mentioned at Sr. No. other than 3, 11, 12, and 14 in Table-A are described as "AGRICULTURAL SPRAYER 16 L". I further find from the relevant entry at Sr. No. 195B of Schedule-II of Notification No. 01/2017-Integrated Tax (Rate) that "mechanical sprayers" are specifically covered under IGST @12%, and the exclusion carved out in Sr. No. 325 of Schedule-III also separately recognizes "mechanical sprayer" as excluded from the 18% entry. Therefore, the said item being a mechanical sprayer is rightly covered under the concessional rate of 12% and the proposal to demand differential IGST in respect of this item is not sustainable .

19.2 I also note that the importer, in the written reply dated 18.06.2025 as well as the subsequent communication dated 30.03.2026, has specifically contended that mechanical sprayers of all types, including battery-operated sprayers, are covered under Sr. No. 195B and has relied upon the clarification issued in this regard. This contention merits acceptance insofar as Item described as "AGRICULTURAL SPRAYER 16 L" at Sr.no. 1,2,4,5,6,7,8,9,10,13,15,16 and 17 of table-A, is concerned, since the description itself identifies the goods as a mechanical sprayer and there is no contrary material on record to dislodge such coverage.

19.3 However, I find that the other items, namely "AGRICULTURAL PORTABLE PUMP" (mentioned at Sr. no. 3, 11, 12, and 14 in Table-A), do not answer to the description of "sprinklers; drip irrigation systems including laterals; mechanical sprayers" appearing in Sr. No. 195B of Schedule-II. Mere classification under heading 8424 cannot, by itself, make all goods eligible for the concessional entry when the notification restricts the benefit to specified goods only.

19.4 I observe that Sr. No. 325 of Schedule-III covers mechanical appliances for projecting, dispersing or spraying liquids or powders under heading 8424, other than the specifically excluded goods such as sprinklers, drip irrigation systems including laterals, mechanical sprayers, and specified nozzles. I further note that, in their submissions dated 18.06.2025 and 30.03.2026, the importer has only asserted the coverage of "mechanical sprayers" under Sr. No. 195B and has not advanced any specific argument or produced any evidence to show that the items "AGRICULTURAL PORTABLE PUMP" at Sr.no 3,11,12

and 14 of Table-A, are either mechanical sprayers or otherwise fall within the scope of the excluded goods. In the absence of any such material, these four items cannot be treated as excluded from Sr. No. 325 and therefore attract IGST @18%.

19.5 In view of the above discussion, I hold that the benefit of Sr. No. 195B of Schedule-II is admissible only in respect of Items described as, i.e. "AGRICULTURAL SPRAYER 16 L" at Sr.no. 1,2,4,5,6,7,8,9,10,13,15,16 and 17 of table-A, and accordingly the proposed differential IGST demand of Rs. 13,65,390 /- relatable to this item is liable to be dropped. At the same time, I hold that the benefit of the said entry is not admissible in respect of the remaining items, namely Items at Sr.no 3,11,12 and 14 of Table-A, i.e., "AGRICULTURAL PORTABLE PUMP", and therefore the cumulative differential IGST demand of Rs. 26,421/- (Twenty Six Thousand Four Hundred Twenty One Only) relatable to these four items is sustainable and requires to be confirmed.

20.1 Coming to the second issue regarding the demand of differential IGST under Section 28(4) of the Customs Act, 1962 along with interest under Section 28AA, I find that once Items at Sr.no. 1,2,4,5,6,7,8,9,10,13,15,16 and 17 of Table-A is held correctly assessable at IGST @12%, the differential duty demand requires to be restricted only to the remaining four items. Accordingly, the assessable value relatable to the sustainable demand works out to Rs. 4,06,789/- (Rs. 135172.98 + Rs. 103200.65+ Rs. 100500.42+ Rs. 67915.32), and the differential IGST @6% thereon works out to Rs. 26,421/- .

20.2 I further find that the importer, at the time of filing the Bills of Entry, was required to correctly self-assess the applicable rate of duty in terms of Section 17(1) of the Customs Act, 1962. In respect of Items at Sr.no 3,11,12 and 14 of Table-A, the importer nevertheless claimed the benefit of Sr. No. 195B despite the goods not being covered by the specific description contained therein, and this incorrect availment of the concessional notification benefit has resulted in short-levy of duty on these four items. Under the scheme of self-assessment, the responsibility of correct declaration and proper assessment lies with the importer, and failure to do so, resulting in short payment of duty on these items, amounts to wilful suppression/mis-statement of facts with intent to evade payment of duty to that extent. Such incorrect self-assessment, leading to non-payment of appropriate duty on Items at Sr.no 3,11,12 and 14 of Table-A, therefore attracts the provisions of Section 28(4) of the Customs Act, 1962, and I hold that differential IGST amounting to Rs. 26,421/- is recoverable under the said section along with applicable interest under Section 28AA of the Act.

20.3 However, I also find that the demand to the extent of Rs. 13,65,390/- relatable to Item Sr.no. 1,2,4,5,6,7,8,9,10,13,15,16 and 17 of Table-A is unsustainable, since the said items are correctly covered by the description "mechanical sprayers" under Sr. No. 195B of Schedule-II. Accordingly, the proposal for recovery of differential duty is liable to be confirmed only to the limited extent of Rs. 26,421/- related to items at Sr.no 3,11,12 and 14 of Table-A and is liable to be dropped for the balance amount.

21.1 As regards the third issue relating to confiscation under Section 111(m) of the Customs Act, 1962, I find that the proposal in the Show Cause Notice is founded on wrongful claim of the concessional notification benefit in respect of the goods covered under Table-A. Since Items at Sr.no. 1,2,4,5,6,7,8,9,10,13,15,16 and 17 of Table-A has been found correctly assessable under Sr. No. 195B, no case of mis-declaration survives in respect of that item.

21.2 However, in respect of Items at Sr.no 3,11,12 and 14 of Table-A, I find that the

importer claimed the benefit of the concessional IGST entry although the goods were not covered by the specific description of goods enumerated therein. I find that Section 111(m) of the Customs Act, 1962 provides that goods which do not correspond in respect of value or any other particular with the declaration made in the Bill of Entry are liable for confiscation. Therefore, to the extent of the incorrect claim of the notification benefit resulting in short levy of duty on those four items, the goods having assessable value of Rs. 4,06,789/- are liable for confiscation under Section 111(m) of the Customs Act, 1962.

21.3 Once the goods are held liable for confiscation, the next question before me is whether to allow the release of the impugned goods on Redemption Fine. I find sub-section (1) of Section 125 of the Customs Act, 1962 prescribes 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."*

21.4. Further, I find that the Hon'ble courts in various judicial pronouncements have held that the physical availability of the goods does not have any significance for imposition of redemption fine under Section 125 of the Act. In this regard, I place my reliance on the following judgments:

> *(i) In case of M/s Visteon Automotive Systems India Limited reported in 2018 (9) G.S.T.L. 142 (Mad.) regarding imposition of Redemption Fine in absence of goods liable for confiscation, after observing decision of Hon'ble Bombay High Court in case of M/s Finesse Creations Inc. reported vide 2009 (248) ELT 122 (Bom)-upheld by Hon'ble Supreme Court in 2010(255) ELT A.120(SC), the Hon'ble Madras High Court held in para 23 of the judgment that "The penalty directed against the importer under Section 112 and the fine payable under Section 125 operate in two different fields. The fine under Section 125 is in lieu of confiscation of the goods. The payment of fine followed up by payment of duty and other charges leviable, as per sub-section (2) of Section 125, fetches relief for the goods from getting confiscated. By subjecting the goods to payment of duty and other charges, the improper and irregular importation is sought to be regularised, whereas, by subjecting the goods to payment of fine under sub-section (1) of Section 125, the goods are saved from getting confiscated. Hence, the availability of the goods is not necessary for imposing the redemption fine. The opening words of Section 125, "Whenever confiscation of any goods is authorised by this Act....", brings out the point clearly. The power to impose redemption fine springs from the authorisation of confiscation of goods provided for under Section 111 of the Act. When once power of authorisation for confiscation of goods gets traced to the said Section 111 of the Act, we are of the opinion that the physical availability of goods is not so much relevant. The redemption fine is in fact to avoid such consequences flowing from Section 111 only. Hence, the payment of redemption fine saves the goods from getting confiscated. Hence, their physical availability does not have any significance for imposition of redemption fine under Section 125 of the Act."*
>
> *(ii) In the case of Synergy Fertichem Pvt. Ltd. Vs State of Gujarat as reported in*

2019(12) TMI 1213, the Hon'ble High Court of Gujarat, relying on the judgement of the Apex Court in the case of Weston Components Ltd. vs. Commissioner of Customs, New Delhi, has observed that "The per-requisite for making an offer of fine under Section 130 of the Act is pursuant to the finding that the goods are liable to be confiscated. In other words, if there is no authorisation for confiscation of such goods, the question of making an offer by the proper officer to pay the "redemption fine", would not arise. Therefore, the basic premise upon which the citadel of Section 130 of the Act rests is that the goods in question are liable to be confiscated under the Act. It, therefore, follows that what is sought to be offered to be redeemed, are the goods, but not the improper conduct of the owner to transport the goods in contravention of the provisions of the Act or the Rules."

21.5 It is amply clear from the said section that, where the confiscated goods are not prohibited for import, discretion has been vested in the adjudicating authority to decide the issue on the basis of the facts and circumstances involved. Accordingly, even though the goods are not physically available for confiscation as they have already been cleared for home consumption, I am empowered to impose redemption fine in lieu of confiscation.

22.1 Regarding the fourth issue, I find that Section 114A of the Customs Act, 1962 provides for penalty where duty has been short-levied by reason of collusion or any willful mis-statement or suppression of facts. In the present case, to the extent of Items at Sr.no 3,11,12 and 14 of Table-A, i.e., "AGRICULTURAL PORTABLE PUMP", I find that the importer has wrongly claimed the concessional IGST rate under Sr. No. II-195B (12%) instead of the correct Sr. No. III-325 (18%) of Notification No. 01/2017-IGST (Rate), and has thereby paid IGST at 12% when the applicable rate was 18%, resulting in short payment of IGST amounting to Rs. 26,421/- .

22.2 The mis-classification amounts to a willful mis-statement of facts in the Bills of Entry. Considering the nature and gravity of the violation, the quantum of duty evaded and the deliberate nature of the mis-classification, I find it appropriate to impose a penalty under Section 114A of the Customs Act, 1962.

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

ORDER

(i) I order that the benefit of IGST @12% under Sr. No. 195B of Schedule-II of Notification No. 01/2017-Integrated Tax (Rate) dated 28.06.2017, as amended, shall b e **allowed** in respect of "AGRICULTURAL SPRAYER 16 L" at Sr.no. 1,2,4,5,6,7,8,9,10,13,15,16,and 17 of table-A, and accordingly the proposed differential IGST demand of Rs. 13,65,390/- relatable to this item shall stand dropped.

(ii) I order that the benefit of IGST @12% under Sr. No. 195B of Schedule-II sh all **not** be allowed in respect of Items at Sr.no 3,11,12 and 14 of Table-A, i.e., "AGRICULTURAL PORTABLE PUMP" of Table-A, and that these four items shall be assessed to IGST @18% under Sr. No. III-325 of Schedule-III of Notification No. 01/2017-Integrated Tax (Rate).

(iii) I confirm the differential IGST amount of Rs. 26,421/- (Twenty Six Thousand Four Hundred Twenty One Only) in respect of Sr.no 3, 11, 12, and 14 of Table-A, i.e.,

"AGRICULTURAL PORTABLE PUMP" of Table-A and order to recover it from M/s. Sat International (IEC: ADOFS7241Q) under Section 28(4) of the Customs Act, 1962, along with applicable interest thereon under Section 28AA of the Customs Act, 1962.

(iv) I order that the balance differential IGST demand proposed in the Show Cause Notice, to the extent relatable to Items at Sr.no. 1,2,4,5,6,7,8,9,10,13,15,16 and 17 of Table-A, shall stand dropped.

(v) I order that the goods covered under Items at Sr.no 3,11,12 and 14 of Table-A, i.e., "AGRICULTURAL PORTABLE PUMP" having assessable value Rs. 4,06,789/-, shall be held liable to confiscation under Section 111(m) of the Customs Act, 1962 for incorrect availment of concessional IGST rate. However, I impose a Redemption Fine of Rs.40,000/- (Rupees Forty Thousand only) under Section 125 of the Customs Act, 1962, in lieu of confiscation;

(vi) I order that a penalty of Rs. 26,421/- (Twenty Six Thousand Four Hundred Twenty One Only) shall be imposed on M/s. Sat International (IEC: ADOFS7241Q) under Section 114A of the Customs Act, 1962. The importer shall, however, be eligible for the benefit of reduced penalty of 25% of the duty, subject to payment of such reduced penalty within 30 days from the date of communication of this order, in terms of the proviso to Section114A of the Customs Act, 1962.

24. 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 rules/regulations framed thereunder or any other law for the time being in force in the Republic of India.

25. Show Cause Notice No. 32/2025-26/ADC/ZDC/Gr-V/MCH dated 09.06.2025 stands disposed in above terms.

Digitally signed by Dipakbhai Zala
Date: 01-06-2026 18:37:31

Zala Dipakbhai Shrimalbhai
Additional Commissioner of Customs
Custom House, Mundra

To,
M/s. Sat International (IEC: ADOFS7241Q),

Prayag Industries Park Plot No.2 Nr. Jalaram Industries, B/H. Ruda Transport Nagar, Ahmedabad Road Rajkot , Rajkot,Gujarat-360003

Copy to:

1. The Deputy Commissioner of Customs , Review Section, Custom House, Mundra.

2. The Deputy Commissioner of Customs, TRC, Custom House, Mundra.
3. The Deputy Commissioner of Customs, EDI, Custom House, Mundra
4. Office copy.