

		<p>प्रधान आयुक्त का कार्यालय, सीमा शुल्क सदन, एमपी और एसईजेड, मुंद्रा, कच्छ-गुजरात - 370421</p> <p>OFFICE OF THE PRINCIPAL COMMISSIONER OF CUSTOMS, CUSTOMS HOUSE, MP & SEZ MUNDRA, KUTCH-GUJARAT EMAIL: group1-mundra@gov.in</p>	
A	File No.	CUS/APR/1619/2026-Gr 3-O/o Pr Commr-Cus-Mundra	
B	Order-in-Original No.	MCH/ADC/ZDC/39/2026-27	
C	Passed by	Dipak Zala Additional Commissioner of Customs, Custom House, Mundra.	
D	Date of order	21.04.2026	
E	Noticee/Party/Importer	M/s. Gurunanak Textiles (IEC: AAWFG0154B)	
F	DIN No.	20260471MO000000FB9A	

1. यह अपील आदेश संबन्धित को निःशुल्क 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 3 के साथ पठित सीमा शुल्क अधिनियम 1962 की धारा 128 A के अंतर्गत प्रपत्र सीए- 1- 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-380 009”
“**THE COMMISSIONER OF CUSTOMS (APPEALS), MUNDRA**
**Having his office at 4th Floor, HUDCO Building, Ishwar Bhuvan Road,
Navrangpura, Ahmedabad-380 009.”**

3. उक्त अपील यह आदेश भेजने की दिनांक से 60 दिन के भीतर दाखिल की जानी चाहिए ।

Appeal shall be filed within sixty days 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 –

(i) उक्त अपील की एक प्रति और

A copy of the appeal, and

- (ii) इस आदेश की यह प्रति अथवा कोई अन्य प्रति जिस पर अनुसूची-1 के अनुसार न्यायालय शुल्क अधिनियम-1870 के मद सं०-6 में निर्धारित 5/- रुपये का न्यायालय शुल्क टिकट अवश्य लगा होना चाहिए ।

This copy of the order or any other copy of this order, which must bear a Court Fee Stamp of Rs. 5/- (Rupees Five only) as prescribed under Schedule – I, Item 6 of the Court Fees Act, 1870.

5. अपील ज्ञापन के साथ ड्यूटी/ ब्याज/ दण्ड/ जुर्माना आदि के भुगतान का प्रमाण संलग्न किया जाना चाहिये ।

Proof of payment of duty / interest / fine / penalty etc. should be attached with the appeal memo.

6. अपील प्रस्तुत करते समय, सीमा शुल्क (अपील) नियम, 1982 और सीमा शुल्क अधिनियम, 1962 के अन्य सभी प्रावधानों के तहत सभी मामलों का पालन किया जाना चाहिए ।

While submitting the appeal, the Customs (Appeals) Rules, 1982 and other provisions of the Customs Act, 1962 should be adhered to in all respects.

7. 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 (A) 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

On the basis of Specific information received to this office, the goods imported by M/s. Gurunanak Textiles (IEC AAWFG0154B, 215, 2nd Floor, Milan Shopping Centre, Milan Subway Road, Santacruz (west), Mumbai-400054, Maharashtra, (herein after referred as “the importer” for brevity) under Bill of Entry No. Z-5992629 dated 29.11.2025, filed at APSEZ (INAJM6), identified as high risk for mis-declaration/ mis-classification and/or concealment of prohibited/restricted goods. The goods were destined to M/s Shoolin Trade Link LLP, APSEZ, Mundra (Kutch) Port-INAJM6. The details of the goods declared in the Bill of entry no. Z-5992629 dated 29.11.2025 are detailed below:

Table-I

Sr. No	CTH	Description	Quantity	UQC
1	59039090	PA Coated Fabrics	98080	SQM

Examination of the Goods:

2. Whereas, the examination of the goods pertaining to Bill of Entry No. Z-5992629 dated 29.11.2025, received in container no. EGSU6016628 was conducted on 02.01.2026 under Panchnama in the presence of Authorized Representative of the importer and SEZ unit M/s Shoolin Trade Link LLP by the officers of SIIB and CIU. The details of weightment verified from weightment slip is as below:

Table-II

Sr. No	Container no.	Description	Declared weight in BE (in Kgs.)	Cargo Weigh as per weightment slip (in Kgs.)
1	EGSU6016628	PA Coated Fabrics	26968	27370

During the inspection, the container's seal was found intact and matched the details present in the Bill of Lading. The seal was then cut, and upon opening the container doors, it was observed that the container was is stuffed with rolls of fabric packed in white pp bags. All fabric rolls were subsequently unloaded with the help of laborer and stacked in open area in yard. During examination a total of 1724 fabric rolls of same lengths were found. Further, the details of the Goods found during examination are as mentioned as below:

Table-III

Goods found during examination	No. of fabric rolls found during the examination	Avg Gross weight of one bale (in Kgs)	Total weight of rolls (in Kgs)	Remarks
Fabric Rolls (Type-I)	936 Rolls (468 Bales consisting two rolls in each bale)	29.190 Kgs	13,660	Marking on Paper Band at the end of each roll-“ Urban Cotton ”
Fabric Rolls (Type-II)	788 rolls (788 bales consisting one roll in each bale)	17.30 kgs	13,632	Marking on Paper Band at the end of each roll-“ SAGAR ”
Total	1724 rolls in 1256 bales		27,293	

Further, representative samples were drawn and sent for lab test to the CRCL, Kandla to ascertain/confirm the nature and description of the material used for the said imported items. The test reports received from the CRCL, Kandla, in the instant case, are found as under:

Table-IV

Sr No (as per Test Report)	Query as per Test Memo	Test Memo No /CRCL Lab Report No	
		460/2025-26/ 9037-SIIB	461/2025-26/ 9038-SIIB

1	Description of the sample as received	Sample as received is in the form of a cut piece of dyed (green Colour) woven fabric	Sample as received is in the form of a cut piece of dyed (brownish Colour) woven fabric yarns.
2	Composition	It is composed of polyester filament yarn (texturized) alongwith small amount of Lycra on one side.	It is composed of blended spurn yarn of polyester and viscose
4	%age composition	% of polyester=96.75 % by wt % of Lycra=balance	% of polyester=70.96 % by wt % of Viscose=balance
5	Width (selvedge to selvedge)	148.0	150.0 cm
6	GSM	131.86	173.6

3. Classification of the Goods:

In view of the above test reports, it appears that Sample does not merit the declared classification under (CTH 59039090). However, the sample appears as more appropriately covered under Chapter-5407. The details of the goods with declared/re-determined CTH is as follows.

Table-V

Test Memo No /CRCL Lab Report No	CTH declared in Bill of Entry No. dated	Description as per Test Report from CRCL, new Delhi	Appropriate CTH as per Test Reports
460/2025-26/9037-SIIB	59039090	polyester filament yarn (texturized) along-with small amount of Lycra on one side	54075290 wherein the applicable duty structure is BCD-*20% or Rs.23 per sq.m -whichever is higher, SWS-0.005, IGST-5%)
461/2025-26/9038-SIIB		blended spurn yarn of polyester and viscose	55151130, wherein the applicable duty structure is BCD-*20% or Rs.40 per sq.m -whichever is higher, SWS-0.00%, IGST-5%)

4. **Re-determination of Quantity of the Goods:**

The importer has declared the total no. of packages as 1256 with total quantity of 98080 SQM in the said Bill of Entry. However, total 1724 rolls in 1256 bales rolls were found on examination. Quantity of Fabric of all types come as per below

Table VI

<i>Test Memo No /CRCL Lab Report No</i>	Description as per Test Report from CRCL, new Delhi	Total Weight (in Kgs)	GSM as per Test Report	Total Quantity (in Sqm)
460/2025-26/9037-SIIB	polyester filament yarn (texturized) along-with small amount of Lycra on one side	13,660	131.86	103595
461/2025-26/9038-SIIB	blended spurn yarn of polyester and viscose	13,632	173.6	78525

5. **Rejection and Determination of Valuation:**

5.1. The inconsistency observed in filing of the Bill of Entry suggests deliberate Undervaluation, mis-declaration of quantity and mis-classification. In the Bill of Entry No. Z- 5992629 dated 29.11.2025, submitted by the importer consist of 01 item were listed for import as detailed in Table-I above.

5.2. As imported items were found to be undervalued, mis-declared and mis-classified in the Bill of Entry No. Z-5992629 dated 29.11.2025, hence they were liable to be re-assessed under section 17(4) of the Customs Act, 1962. Since, mis-declaration of the goods, in parameters such as valuation and mis-classification, was noticed, the declared value of the goods is liable to be determined in terms of Rule 12, explanation 1 (i), of the said Rules, by going sequentially from Rule 2 to 9 thereof.

Determination of valuation:

- a) Efforts were made to find out the correct assessable value of the imported goods found undeclared. It was observed that the imported goods were found in different variety, description, specification and quality, so, it was not possible to find and compare the same with other goods having identical/similar description, brand, make, model, quantity and

Country of Origin. As the import data extracted with respect to contemporaneous imports was general in nature and contemporaneous data for imports of identical/similar goods was not available/found, therefore, the value could not be determined under Rules 4 and 5 of CVR, 2007.

- b) As per Rule 6 *ibid*, if the value cannot be determined under Rules 3, 4 and 5 same shall be determined under the provisions of Rule 7 or when same cannot be determined under that rule then under Rule 8.
- c) As the imported goods were found to be non-standard, the sale price of identical or similar goods was not available in the domestic market as the goods are miscellaneous in nature and found in different variety, description, specification, model, brand, make, sizes and quality, therefore, determination of transaction value under Rule 7 of CVR, 2007 was not possible.
- d) As substantial data related to the cost or value of materials and fabrication or other processing employed in producing the imported goods required to compute the value under Rule 8 is also not available. Therefore, valuation of the impugned goods could not be ascertained under Rule 8 of CVR, 2007.
- e) Hence, valuation of the goods is to be determined under residual method of valuation provided under Rule 9 of the CV Rules *ibid*.

Accordingly, the Chartered Engineer was appointed for valuation of the goods. The Chartered Engineer vide his CE Report No. ABJ:INSP:CE:MUN:SIIB:SH:25-26:47 dated 19.02.2026 has suggested the valuation of the imported goods as under:

Table-VII

S r . N o .	Descri ption (as per Test Report)	Appro priate CTH as per Test Report s/ rate of Duty	No. of rolls on exa min atio n	Quan tity in KGS on exami natio n (gross)	GSM as per test repor t	Net Quan tity of goods on exami natio n (in Sqm)	Per unit avg sugge stive CIF value of goods in bulk quant ity in USD	Tot al Ave rage sug gest ive CIF valu e of goo ds in bul k	Asses sable Value (in INR) as per CE valua tion	Duty payable as per assessable value ascertained by CE			
										BCD (@ Rs 23/sq m and Rs 40/sq	S W S @ 0.0 0 %	IGS T @ 5 %	TOTAL

								qua ntit y in		m)			
1	polyester filament yarn (texturized)	54075290 (BCD-Rs.23 per sqm, SWS-0.00, IGST-5%)	936	13,660	131.86	103595	0.18	18647	1668911	2382679	0	202579	2585258
	blended spurn yarn of polyester	55151130 (BCD- * Rs.40 per sq. metre, SWS-0.00, IGST-5%)	788	13,632	173.6	78525	0.25	19631	1757005	3141014	0	244901	3385915
	Total		1724	27292				38278.39	3425916		0		5971173

The chartered engineer, empanelled by the government, determined the fair value of the goods to be **Rs. 34,25,916/-** in contrast to the declared assessable value as **Rs. 10,53,379/-**.

5.3. With the introduction of self-assessment under Section 17(1) of the Customs Act, 1962, the responsibility lies squarely on the importer to accurately self-assess the Bill of Entry and declare the correct amount of leviable duty. By failing to declare dutiable goods correctly in the Bill of Entry, the importer's actions indicate an intent to evade payment of the correct duties on the imported goods. This deliberate omission raises reasonable grounds to believe that the importer wilfully and intentionally concealed dutiable goods, thereby causing a loss to government revenue.

6. **Re-determination of Duty:**

6.1. Based on the foregoing paragraphs, it is evident that the importer has undervalued/misclassified/mis-declared the imported goods to evade payment of duties and taxes by. From the **Table VII above**, it appears that the total duty liability of the importer is Rs. 59,71,173/-.

6.2. The importer in the BE no. Z- 5992629 dated 29.11.2025, has declared the value of the goods as Rs. **10,53,379/-** and calculated the applicable duties and taxes on the good declared, based on the declared value and classification in the Bill of Entry as **Rs. 2,96,000/-**.

6.3. Based on the calculations from Table-VII above, the importer is liable to pay/levy a differential liability of Rs. 56,75,173/- on the mis-declared/undervalued goods after adjustment. This amount represents the additional duty and tax liability that the importer must pay due to the misdeclaration/undervaluation of goods.

7. LEGAL PROVISIONS:

7.1. **Section 2 (14)** of the Customs Act, 1962, "**dutiable goods**" means any goods which are chargeable to duty and on which duty has not been paid;

7.2. **SECTION 46(4)** of the Customs Act, 1962, prescribes that 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, and such other documents relating to the imported goods as may be prescribed.

7.3. **Section 111** of the of the Customs Act, 1962- **Confiscation of improperly imported goods, etc. as under**

The following goods brought from a place outside India shall be liable for confiscation:

...

(l) any dutiable or prohibited goods which are not included or are in excess of those included in the entry made under this Act, or in the case of baggage in the declaration made under section 77;

(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 transshipment, with the declaration for transshipment referred to in the proviso to sub-section (1) of section 54.

...

7.4. **Section 112** of the Customs Act, 1962, penal provisions for improper importation of goods, etc. which read as under:

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, -

(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 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 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 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.

7.5. **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.

7.6. **SECTION 124** prescribes the mandatory issuance of show cause notice before confiscation of goods, which read as under:

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 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.

Provided further that notwithstanding 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.

7.7. **SECTION 125** provides the Option to pay fine in lieu of confiscation as under:

(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 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, 3 [no such fine shall be imposed]:

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.*

7.8. 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 7. Deductive value.-

(1) *Subject to the provisions of rule 3, if the goods being valued or identical or similar imported goods are sold in India, in the condition as imported at or about the time at which the declaration for determination of value is presented, the value of imported goods shall be based on the unit price at which the imported goods or identical or similar imported goods are sold in the greatest aggregate quantity to persons who are not related to the sellers in India, subject to the following deductions : -*

(i) either the commission usually paid or agreed to be paid or the additions usually made for profits and general expenses in connection with sales in India of imported goods of the same class or kind;

(ii) the usual costs of transport and insurance and associated costs incurred within India;

(iii) the customs duties and other taxes payable in India by reason of importation or sale of the goods.

(2) If neither the imported goods nor identical nor similar imported goods are sold at or about the same time of importation of the goods being valued, the value of imported goods shall, subject otherwise to the provisions of sub-rule (1), be based on the unit price at which the imported goods or identical or similar imported goods are sold in India, at the earliest date after importation but before the expiry of ninety days after such importation.

(3) (a) If neither the imported goods nor identical nor similar imported goods are sold in India in the condition as imported, then, the value shall be based on the unit price at which the imported goods, after further processing, are sold in the greatest aggregate quantity to persons who are not related to the seller in India.

(b) In such determination, due allowance shall be made for the value added by processing and the deductions provided for in items (i) to (iii) of sub-rule (1).

Rule 8. Computed value.-

Subject to the provisions of rule 3, the value of imported goods shall be based on a computed value, which shall consist of the sum of:-

(a) the cost or value of materials and fabrication or other processing employed in producing the imported goods;

(b) an amount for profit and general expenses equal to that usually reflected in sales of goods of the same class or kind as the goods being valued which are made by producers in the country of exportation for export to India;

(c) the cost or value of all other expenses under sub-rule (2) of rule 10.

Rule 9. Residual method:-

(1) Subject to the provisions of rule 3, where the value of 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;

Provided that the value so determined shall not exceed the price at which such or like goods are ordinarily sold or offered for sale for delivery at the time and place of importation in the course of international trade, when the seller or buyer has no interest in the business of other and price is the sole consideration for the sale or offer for sale.

(2) No value shall be determined under the provisions of" this rule on the basis of –

(i) the selling price in India of the goods produced in India;

(ii) a system which provides for the acceptance for customs purposes of the highest of the two alternative values;

(iii) the price of the goods on the domestic market of the country of exportation; (iv) the cost of production other than computed values which have been determined for identical or similar goods in accordance with the provisions of rule 8;

(v) the price of the goods for the export to a country other than India;

(vi) minimum customs values; or

(vii) arbitrary or fictitious values.

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.

8. **Outcome of Investigation:**

On the basis of specific information for risk of mis-declaration/ mis-classification and/or concealment of prohibited/restricted goods in the import consignment of M/s. M/s. Gurunanak Textiles (IEC AAWFG0154B), 215, 2nd Floor, Milan Shopping Centre, Milan Subway Road, Santacruz (west), Mumbai-400054, Maharashtra, under Bill of Entry No. Z-5992629 dated 29.11.2025, filed at APSEZ (INAJM6), an investigation was initiated by the Special Intelligence and Investigation Branch (SIIB), Customs House, Mundra. The investigation revealed significant irregularities in the import consignment of M/s. M/s. Gurunanak Textiles under Bill of Entry No. Z-5992629 dated 29.11.2025. The examination uncovered deliberate mis-declaration in quantity, packages, mis-classification and undervaluation of goods, indicating intent to evade Customs duties. The outcomes of the investigation are as follows:

8.1. **Examination and Findings:**

- The examination of container no. EGSU6016628, conducted on 02.01.2026 under Panchnama in the presence of authorized representative of importer and SEZ unit, revealed discrepancies in the goods imported by M/s. Gurunanak Textiles under Bill of Entry No. Z-5992629 dated 29.11.2025:
- Samples were drawn and sent to CRCL, Kandla, for testing, which confirmed the goods as polyester filament yarn (texturized) and blended spurn yarn of polyester and viscose.
- **Declared goods:** PA Coated Fabrics under the CTH 59039090.
- **Found goods:** polyester filament yarn (texturized) (103595 Sqm) that merit classification under the CTH 54075290 and blended spurn yarn of polyester and viscose (78525 Sqm) that merit classification under the CTH 55151130, indicating mis-declaration and mis-classification.

- The goods were found to be grossly undervalued and mis-declared in quantity in the declared CIF value.

8.2. **Valuation of the Goods:**

- **Declared Value:** The importer declared an assessable value of INR 10,53,379/-.
- **Redetermined Value:** The Chartered Engineer's report (ref no. ABJ:INSP:CE:MUN:SIIB:SH:25-26:47 dated 19.02.2026 determined the fair CIF value at USD 38278.39/-, equivalent to INR 34,25,916/- (at INR 89.50/USD).
- **Valuation Method:** The declared value was rejected under Rule 12 of CVR Rules, 2007, due to undervaluation/mis-declaration and mis-classification. Valuation was determined under Rule 9 of the Customs Valuation Rules (CVR), 2007 (residual method), as values under Rules 4-8 could not be established due to lack of comparable data, non-standard nature of goods, and absence of domestic market sale prices.

8.3. **Duty Evasion:**

- The importer's deliberate undervaluation resulted in a differential duty liability of INR 56,75,173/- (total duty liability of INR 59,71,173/- as per Table VII minus declared duty of INR 2,96,000/-).

8.5. **Conclusion:**

The importer has, by their acts of omission and commission, rendered the goods found mis-classified/undervalued/mis-declared in quantity, with a re-determined assessable value of INR 34,25,916/- under Bill of Entry No. Z-5992629 dated 29.11.2025, liable for confiscation under Section 111(l) and 111(m) of the Customs Act, 1962, and is therefore also liable for penalty under Section 112(a)(ii) of the Customs Act, 1962. As the importer has mis-declared the quantity of the goods, they are also liable for penalty under Section 114AA of the Customs Act, 1962.

Waiver of Notice and Personal Hearing: -

9. The importer M/s. Gurunanak Textiles (IEC AAWFG0154B), 215, 2nd Floor, Milan Shopping Centre, Milan Subway Road, Santacruz (west), Mumbai-400054, Maharashtra, has accepted the CE Report and requested for waiver of the Show Cause Notice and personal hearing in the matter, necessary adjudication proceeding/action may be initiated in respect of the said Bill of Entry as per the Customs Act, 1962. The CRCL Kandla lab report was shared with the importer via email. The importer reviewed and agreed with the test report vide their email dated 06.02.2026.

10. **In view of the above, it appears that:**

- a) The declared description, classification, quantity, No. of Packages, Weight of the goods in the Bill of Entry No. 5992629 dated 29.11.2025 is liable to be rejected and need to be re-determined as per above discussion in para 8.1 above.
- b) The declared total assessable value of the goods, i.e., Rs. 10,53,379/-, is liable to be rejected and the same needs to be re-determined as Rs. 34,25,916/- under Rule 9 of the Customs Valuation Rules, 2007.
- c) The self-assessment done by the importer is liable to be rejected and the BE needs to be re-assessed with differential duty of Rs. 56,75,173/- under Section 17(4) of the Customs Act, 1962.
- d) The goods imported vide Bill of Entry No. 5992629 dated 29.11.2025 having re-determined value of Rs. 34,25,916/-, are liable for confiscation under Section 111(l) & 111(m) of the Customs Act, 1962.
- e) The importer is liable for penalty under Section 112(a)(ii) and 114AA of the Customs Act, 1962.

11. As the Importer vide email dated 06.02.2026 has already requested for waiver of the show cause notice and personal hearing in the matter, necessary adjudication proceeding/action may be initiated in respect of the said Bill of Entry as per the Customs Act, 1962. Outcome of the recoveries made may please be intimated to this office.

DISCUSSION AND FINDINGS

12. I have carefully gone through the facts of the case and Investigation report. I observed that the Importer during the investigation already waived the right of Show Cause Notice and personal hearing. Further, the Importer vide mail dated 20.04.2026 has requested for re-export of the subject goods. I find that the condition of Principles of Natural Justice under Section 122A of the Customs Act, 1962 has been complied. Considering this scenario, I find it appropriate to proceed with the adjudication proceedings in terms of merit of the case. I find that the following issues needed to be decided in the present proceedings:

- (i) Whether the declared Description, Quantity, Weighment and classification of the goods in the Bill of Entry No. 5992629 dated 29.11.2025 is liable to be rejected and needs to be re-determined or otherwise.
- (ii) Whether the declared value of the goods is liable to be rejected and the same is required to be re-determined as Rs. 34,25,916/- or otherwise;
- (iii) Whether the subject Bill of Entry is liable to be re-assessed accordingly under Section 17(4) of the Customs Act, 1962 or otherwise;
- (iv) Whether the impugned goods are liable for confiscation under Section 111(l) and 111(m) of the Customs Act, 1962 or otherwise.
- (v) Whether the importer is liable for Penalty under Section 112(a)(ii) and 114AA of the Customs Act, 1962 or otherwise.

13. I find that M/s. Gurunanak Textiles filed Bill of Entry No. Z-5992629 dated 29.11.2025 by declaring the goods as “PA Coated Fabrics” classifiable under CTH 59039090. However, the detailed examination conducted by SIIB and CIU officers revealed discrepancies between the declared particulars and the actual goods imported. During examination of the container, total 1724 rolls contained in 1256 bales were found. The physical characteristics, packaging pattern and markings clearly indicated that the goods were not of a uniform type as declared, thus, raised doubt regarding the correctness of the declaration made in the Bill of Entry. Representative samples were drawn and sent to CRCL, Kandla for testing. The CRCL reported that the goods are not “PA Coated Fabrics” as declared, but are (i) polyester filament yarn (texturized) with Lycra content and (ii) blended spun yarn made of polyester and viscose. Thus, the actual nature of the goods is entirely different from the declared description. This establishes clear mis-declaration of description and mis-classification of the imported goods.

14. I find that there is significant mis-declaration in quantity. While the importer declared the quantity as 98080 SQM, the actual quantity, works out to 103595 SQM and 78525 SQM for the respective categories of goods. This difference clearly establishes that the importer has not correctly declared the quantity of the goods, which has a direct impact on duty liability. The Importer at the time of investigation has not disputed the findings and test report, hence, the charges proposed under the investigation report leave no scope to doubt.

15. Classification of the goods:

15.1 I find that the importer has declared the goods as “PA Coated Fabrics” under CTH 59039090 in the Bill of Entry. However, the CRCL test reports clearly establish that the goods are (i) composed of polyester filament yarn (texturized) along with small amount of Lycra and (ii) composed of blended spun yarn of polyester and viscose. I find that these findings determine the true nature of the goods and override the declared description. There is no evidence on record to show that the goods are coated fabrics falling under Chapter 59. On the contrary, the test reports indicate that the goods are textile fabrics classifiable based on their constituent yarn and composition. I therefore find that the goods merit classification under Chapter 54 and Chapter 55 of the Customs Tariff Act, 1975. Specifically, I find that the goods composed of polyester filament yarn (texturized) are appropriately classifiable under CTH 54075290, which covers woven fabrics of synthetic filament yarn. Similarly, I find that the goods composed of blended polyester and viscose yarn are appropriately classifiable under CTH 55151130, which covers woven fabrics of synthetic staple fibres mixed with artificial staple fibres.

15.2 I also note that classification under the Customs Tariff is governed by the General Rules for Interpretation (GRI). Applying Rule 1 of the GRI, classification is to be determined according to the terms of the headings and relevant Section and Chapter Notes. In the present case, the goods clearly answer the description of fabrics under Chapters 54 and 55 based on their composition, and therefore cannot be classified under Chapter 59, which covers impregnated, coated or laminated textile fabrics. I hold that the classification declared by the importer under CTH 59039090 is incorrect and liable to be rejected. I further hold that the goods are correctly classifiable under CTH 54075290 and 55151130 respectively, as determined on the basis of CRCL test reports.

16. Quantity of the goods: I find that the importer has declared the total quantity of the imported goods as 98080 SQM in the Bill of Entry. However, I note that during detailed examination of the consignment, total 1724 fabric rolls contained in 1256 bales were physically found, and the weight of the goods was also verified through weighment. I further note that the actual quantity of the goods has been derived on the basis of verified gross weight and GSM ascertained from CRCL test reports.

Accordingly, I find that the quantity of polyester filament yarn (texturized) fabric works out to 103595 SQM and the quantity of blended polyester-viscose fabric works out to 78525 SQM. The quantity of the goods are as per table-VI above.

17. Valuation the goods:

17.1 I find that the goods were found to be mis-declared in respect of description, quantity and classification. Thus, the value of goods declared by the importer in the subject Bill of Entry does not appear to be true transaction value under the provisions of Section 14 of the Customs Act, 1962 read with the provisions of the Customs Valuation (determination of Value of Imported Goods) Rules, 2007. Thus, the declared value appeared to be not acceptable as transaction value and merits rejection in terms of Section 14 of Customs Act, 1962 read with Rule 12 of Customs Valuation (Determination of Value of Imported Goods) Rules, 2007. The value is required to be re-determined by sequentially proceeding in terms of Rules 4 to 9 of Customs Valuation (Determination of Value of Imported Goods) Rules, 2007. I find that Rule 3(1) of Rules 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*”. 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 Custom Valuation Rules, 2007*”.

17.2 I find that Rule 4 (1) (a) of Rules 2007 stipulates determination of value of goods on the basis of value of identical goods. Rule 5, providing for transaction value of similar goods. I observed that the imported goods were found in different variety, description, specification and quality, so, it was not possible to find and compare the same with other goods having identical/similar description, brand, make, model, quantity and Country of Origin. As the import data with respect to contemporaneous imports was general in nature and contemporaneous data for imports of identical/similar goods was not available/found, therefore, the value cannot be determined under Rules 4 and 5 of CVR, 2007. As per Rule 6 *ibid*, if the value cannot be determined under Rules 3, 4 and 5 same shall be determined under the provisions of Rule 7 or when same cannot be determined under that rule then under Rule 8. I also noticed that no exact sales values and data required for quantification of the deductions was available, hence, rule 7 cannot be invoked. Further, computed value, as provided under Rule 8, cannot be calculated in the absence of quantifiable data relating to cost of production, manufacture or processing of import goods. In such scenario, I find it appropriate to invoke the provisions of Rule 9 i.e. residual method for determining the value of the impugned import goods. Rule 9 provides for determination of value using reasonable means consistent with the principles and general provisions of these rules.

17.3 I find that in absence of credible data of import of similar goods and other constraints the value of these goods cannot be determined in terms of Rule 4, 5, 6, 7, 8 of Customs Valuation Rules 2007. Hence, the value is to be determined in terms of Rule 9 of said rules. For the purpose of valuation, the Chartered Engineer submitted his report having ref no. ABJ:INSP:CE:MUN:SIIB:SH:25-26:47 dated 19.02.2026. I find that the market price as provided by the Chartered Engineer has to be considered as the basis for arriving at the assessable value of these goods. I hold that the declared value in respect to aforementioned goods is liable to be rejected under Rule 12 of the CVR, 2007 and the same is liable to be re-determined under Section 14 of the Customs Act, 1962 read with Rule 9 of the CVR, 2007. Thus, I find it appropriate to consider the value suggested by the Chartered Engineer/valuer for the present shipments as Rs. **34,25,916/-** as shown in Table-II above. Accordingly, I find that the importer is liable to pay differential duty of Rs. **56,75,173/-** through re-assessment under Section 17(4) of the Customs Act, 1962.

18. I find that the Show Cause Notice proposes confiscation of the imported goods under the provisions of Section 111 (l) and 111(m) of the Customs Act, 1962. From the above, it is clear that the goods are found to be mis-declared in respect of description, quantity, classification and valuation. The importer has not declared correct description and classification of the goods at the time of filing of bill of entry and value was also mis-declared. Upon testing, goods were found to be mis-classified. These acts were done to defraud the government exchequer by deliberately mis-declaring the same at the time of their importation. I find that these act on the part of the importer made the goods liable for confiscation under Section 111(l) and 111(m) of the Customs Act, 1962 which was done to evade Customs Duties. Accordingly, I find that the goods are liable to confiscation under the provisions of Section 111(l) and 111(m) of the Customs Act, 1962.

19. As the impugned goods are found to be liable for confiscation under Section 111 of the Customs Act, 1962, I find it necessary to consider as to whether redemption fine under Section 125 of Customs Act, 1962, is liable to be imposed in lieu of confiscation in respect of the impugned goods. The Section 125 ibid reads as under:-

“Section 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 I[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.”

A plain reading of the above provision shows that imposition of redemption fine is an option in lieu of confiscation. It provides for an opportunity to owner of confiscated goods for release of confiscated goods by paying redemption fine where there is no restriction on policy provision for domestic clearance. I find that there is no post clearance policy restriction on the imported goods, hence, an option to the Importer may be given for clearance of the goods for home consumption on payment of redemption fine. However, the importer vide mail dated 20.04.2026 has requested for re-export of the subject goods. Hence, the goods can also be redeemed by the importer for re-export purpose.

20. From the above, it is evident that the importer has mis-declared the goods in respect of classification, description and value. The charges have been agreed by the Importer during the investigation period. These acts on the part of the Importer rendered the goods liable for confiscation under the provisions of the Section 111 of the Customs Act and also made them liable for penalty under **Section 112(a)(ii)** of the Customs Act, 1962.

21. I find that after introduction of self-assessment vide Finance Act, 2011, the onus lies on the importer for making true and correct declaration in all aspects in the Bill of Entry and to pay the correct amount of Duty. In terms of Section 17 & 46 (4) of the Customs Act, 1962, the importers are required to make a declaration as to the truth of the contents of the Bill of Entry submitted for assessment of Customs duty. I find that the importer has filed bill of entry with the documents which were later on found false/incorrect in respect of classification, description and value. These documents were submitted before the Customs Authority for clearance of goods. Importer knowingly and intentionally made/signed/used and/or caused to be made/signed/used the documents of their company for import of the offending goods having false and incorrect material particular, therefore I hold that the Importer is liable for penalty under **Section 114AA** of the Customs Act, 1962

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

ORDER

- i. I reject the declared quantity and order to re-determine the same as per Table-VI above. Further, I reject the declared description & classification of the goods imported vide Bill of Entry No. 5992629 dated 29.11.2025 and order to re-classify the same under CTH 54075290 & 55151130, with the descriptions as per Table-VII.
- ii. I order to reject the declared assessable value of Rs. 10,53,379/- goods imported vide Bill of Entry No. 5992629 dated 29.11.2025 and order to re-determination the same at **Rs. 34,25,916/-** under Rule 9 of the CVR, 2007 as illustrated in Table-VII above of the said order. Further, I also order for re-assessment of the subject Bill of Entry under Section 17(4) of the Customs Act, 1962, as discussed under foregoing paras.
- iii. I order for confiscation of the subject goods having re-determined assessable value of Rs. 34,25,916/- under Section 111(l) & 111(m) of the Customs Act, 1962. However, considering facts of the case and provisions of the Section 125 of the Customs Act, 1962, I give an option to the Importer to redeem the goods for re-export purpose on payment of redemption fine of **Rs. 3,45,000/- (Rupees Three Lakhs Forty-Five Thousand only)**.
- iv. I impose a penalty of **Rs 1,75,000/- (Rupees One Lakh Seventy-Five Thousand only)** upon the importer under Section 112(a)(ii) of the Customs Act, 1962.
- v. I impose a penalty of **Rs 50,000/- (Rupees Fifty Thousand only)** upon the importer under Section 114AA of the Customs Act, 1962.

22. This order is issued without prejudice to any other action that may be taken against the claimant under the provisions of the Customs Act, 1962 or rules made there under or under any other law for the time being in force.

Additional Commissioner,
Customs House, Mundra.

To,

M/s. Gurunanak Textiles (IEC AAWFG0154B),

215, 2nd Floor, Milan Shopping Centre, Milan Subway Road, Santacruz (west), Mumbai-400054,
Maharashtra.

Copy to:

1. The Deputy Commissioner (SIIB), Custom House, Mundra
2. The Deputy Commissioner (Review Section/TRC/EDI), Custom House, Mundra.