

		<b>प्रधान आयुक्त का कार्यालय, सीमा शुल्क सदन, मुन्द्रा</b> <b>OFFICE OF THE PRINCIPAL COMMISSIONER OF CUSTOMS,</b> <b>CUSTOM HOUSE: MUNDRA, KUTCH</b> <b>MUNDRA PORT &amp; SPL ECONOMIC ZONE, MUNDRA-370421</b> ई-मेल/ E-Mail: adj-mundra@gov.in
A	फा /सं .FILE NO.	GEN/ADJ/ADC/1532/2025-Adjn-O/o Pr Commr-Cus-Mundra
B	मूल आदेश सं. ORDER-IN- ORIGINAL NO.	MCH/ADC/ZDC/733/2025-26
C	द्वारा पारित किया गया PASSED BY	<b>Dipak Zala,</b> Additional Commissioner of Customs, Custom House, Mundra
D	आदेश की तिथि DATE OF ORDER	26-03-2026
E	जारी करने की तिथि DATE OF ISSUE	26-03-2026
F	कारण बताओ नोटिस सएवं तिथि . SCN NO. & DATE	180/2025-26/ADC/ZDC/MCH dated 27.01.2026
G	नोटिसीपार्टी / आयातक/ NOTICEE/PARTY/ IMPORTER	M/s Chaitanya Coating Private Limited, (IEC: AAJCC6169L) Gut No. 13, Vitava Gangapur, Waluj MIDC, Chhatrapati Sambhaji Nagar, Maharashtra - 431 136
H	डिन DIN	20260371MO0000333A28

- यह अपील आदेश संबन्धित को निःशुल्क प्रदान किया जाता है।  
This Order - in - Original is granted to the concerned free of charge.
- 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 129A(1) के अंतर्गत प्रपत्र सीए3-में चार प्रतियों में नीचे बताए गए पते पर अपील कर सकता है-  
Any person aggrieved by this Order - in - Original may file an appeal under Section 128 A of Customs Act, 1962 read with Rule 3 of the Customs (Appeals) Rules, 1982 in quadruplicate in Form C. A. -1 to:  
"सीमा शुल्क आयुक्त) अपील(, चौथी मंजिल, हुडको बिल्डिंग, ईश्वर भुवन रोड, नवरंगपुरा, अहमदाबाद 380009"  
"The Commissioner of Customs (Appeals), Mundra, 4<sup>TH</sup> Floor, Hudco Building, Ishwar Bhuvan Road, Navrangpura, Ahmedabad-380009."
- 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.
- 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 -
- उक्त अपील पर न्यायालय शुल्क अधिनियम के तहत 5/- रुपये 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.
- अपील ज्ञापन के साथ ड्यूटी/ 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.
- 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 Chaitanya Coating Private Limited, (IEC-AAJCC6169L), (hereinafter referred to as 'the Importer' or 'Chaitanya' for sake of brevity) having address at Gut No. 3, Belacha Mala, Muaje Vitava, Behind Verroc Plant-5, Waluj, MIDC, Aurangabad - 431133, had filed the following Home Consumption (H) Bills of Entry for import of goods declared as detailed in Table-A below:-

**Table-A**

BE No	BE Date	CTH	Item Desc	Qty in PCS	Declared Assessable Value
6656242	13-11-2024	73181500	Part of The Solar Tracker System 3/8" x 16 x 6.50" Long, Square Head Bolt, Grade 8, Magni, 0.96" OD, 2.50" Threaded BSQ3	1229.46	2,70,52,094
7361045	20-12-2024	73181500	Part of The Solar Tracker System Long, Square Head Bolt, Grade 8, Magni, 0.96" OD, 1.50" Threaded 3/8" x 16 x 5.50" BSQ38	720	1,42,16,500
7361045	20-12-2024	73181500	Part of The Solar Tracker System Long, Serrated Flange Hex Bolt, Grade 5, Magni, 0.65" OD BSF14-20x0.75-G5-MOD.65	2304	39,34,732
7361045	20-12-2024	73181500	Part of The Solar Tracker System Long, Carriage Bolt, Grade 5, Magni 1/2" - 13 X 1.25" BCA12-13x1.25-G5-M	496.8	43,96,074
7361045	20-12-2024	73181500	Part of The Solar Tracker System Long, Square Head Bolt, Grade 8, Magni, 0.96" OD, 1.50" Threaded 3/8" x 16 x 5.50" BSQ38	720	1,42,16,500
7361045	20-12-2024	73181500	Part of The Solar Tracker System Long, Carriage Bolt, Grade 5, Magni 1/2" - 13 X 1.25" BCA12-13x1.25-G5-M	496.8	43,96,074
7361045	20-12-2024	73181500	Part of The Solar Tracker System Serrated Flange Nyloc Hex Nut, Grade 5, Magni, 0.65" OD NSF14-20-G5-M-Y-OD.65	4752	65,71,788
7416172	23-12-2024	73181600	Part of The Solar Tracker System Serrated Flange Nyloc Hex Nut, Grade 5, Magni, 0.65" OD 1/4" - 20 NSF14-20-G5-M-Y-OD.65	13608	1,87,34,032
7416172	23-12-2024	73181600	Part of The Solar Tracker System Serrated Flange Hex Nut, Grade 8, Magni 1/2" - 13 NSF12-13-G8-M	1056	49,55,462
7416172	23-12-2024	73181500	Part of The Solar Tracker System GC4281 BH12-13x1.25-G8-M BH12-1/2"-13x 1.25" 13x1.25-G8-M	15.2	1,26,167
7416172	23-12-2024	73181600	Part of The Solar Tracker System Serrated Flange Nyloc Nut, Grade 8,	211.2	5,71,891

			Magni 3/8" - 16 NSF38-16-G8-M-Y		
7416172	23-12-2024	73181600	Part of The Solar Tracker System Serrated Thick Flange Hex Nut, Grade 8 (.54" Tall),Magni 1/2" - 13 NSF12-13-G8-M-OD1.10	739.2	50,63,640
7416176	23-12-2024	73181500	Part of The Solar Tracker System Long, Square Head Bolt, Grade 8, Magni,0.96" OD, 1.50" Threaded 3/8" x 16 x 5.50" BSQ38	720	1,42,39,975
7416176	23-12-2024	73181600	Part of The Solar Tracker System Serrated Flange Hex Nut, Grade 8, Magni 1/2" - 13 NSF12-13-G8-M	739.2	34,90,349
7416176	23-12-2024	73181500	Part of The Solar Tracker System Long, Serrated Flange Hex Bolt, Grade 5,Magni, 0.65" OD 1/4" - 20 x 0.75 BSF14-20x0.75-	5299.2	90,64,827
7416180	23-12-2024	73181500	Part of The Solar Tracker System Long, Square Head Bolt, Grade 8, Magni,0.96" OD, 1.50" Threaded 3/8" x 16 x 5.50" BSQ38	1200	2,37,03,045
7416180	23-12-2024	73181500	Part of The Solar Tracker System Long, Flange Hex Bolt, Grade 8, Magni 1/2" - 13 x 1.00 BHF12-13x1.00-G8-M	907.2	91,93,831
			Part of The Solar Tracker System Long, Square Head Bolt, Grade 8, Magni,0.96" OD, 1.50" Threaded 3/8" x 16 x 5.50" BSQ38	2284.8	4,50,79,338
7416182	23-12-2024	73181500	Part of The Solar Tracker System Serrated Flange TEK Screw,Grade 5, Magni 3/8" - 12 x 1.00 STS38-12x1.00-G5-M	400	35,18,520
			Part of The Solar Tracker System Long, Serrated Flange Hex Bolt, Grade 5,Magni, 0.65" OD 1/4" - 20 x 0.75 BSF14-20x0.75-	41.815	71,356
7416182	23-12-2024	73181500	Part of The Solar Tracker System Long, Serrated Hex Flange TEK Screw,Grade 5, Magni, 0.50"OD 1/4" - 20 x 0.75" STS14-14x	192	3,37,778
			Part of The Solar Tracker System GC4600FH-2008-SYS BSF14-20X0.75-G5-M-OD.65-S BSF14-20X0.75-G5-M-OD.65-S	96	2,90,151
7416182	23-12-2024	73181500	PART OF THE SOLAR TRACKER SYSTEM BOLT Long, Carriage Bolt, Grade 5, Magni 1/2" - 13 X 1.25"	799200	70,56,009
			PART OF THE SOLAR TRACKER SYSTEM BOLT Long, Square Head Bolt, Grade 8, Magni,0.96" OD, 1.50" Threaded 3/8" x 16 x 5.50"	48000	9,45,631
7495901	28-12-2024	73181500	PART OF THE SOLAR TRACKER SYSTEM BOLT Long, Serrated FlangeHex Bolt, Grade 5,Magni, 0.65" OD 1/4" - 20 x 0.75"	1267200	21,59,226
			PART OF THE SOLAR TRACKER SYSTEM NUTS Serrated Flange NylocHex Nut, Grade 5, Magni,0.65" OD 1/4" - 20	1728000	23,84,356
7495901	28-12-2024	73181500	PART OF THE SOLAR TRACKER SYSTEM NUTS Serrated Thick FlangeHex Nut, Grade 8 (.54" Tall),Magni 1/2" - 13	1075200	73,82,110
			PART OF THE SOLAR TRACKER SYSTEM BOLT Long, Flange Hex	993600	1,00,42,980

7495901	28-12-2024	73181500	Bolt Grade 8, Magni 1/2" - 13 x 1.00" PART OF THE SOLAR TRACKER SYSTEM NUTS Serrated Flange NyllocNut, Grade 8, Magni 3/8" - 16	5280000	1,43,29,913
7495901	28-12-2024	73181500	PART OF THE SOLAR TRACKER SYSTEM BOLT GC4281 BH12- 13x1.25-G8-M 1/2"-13x 1.25"	1108800	92,24,569
7495901	28-12-2024	73181500	PART OF THE SOLAR TRACKER SYSTEM NUTS GC1355F-6.90-8 NSF12-13-G8-M-OD1.10-F.158-Y 1/2" - 13	468000	44,39,364
7496314	28-12-2024	73181500	PART OF THE SOLAR TRACKER SYSTEM BOLTS 3/8"-16 X 5.5" LONG SQUARE HEAD BOLD, GRADE 8, MAGNI, 0.96" OD, 1.50" THREADED	2073600	3,94,25,600
7496314	28-12-2024	73181500	PART OF THE SOLAR TRACKER SYSTEM BOLTS 1/2" - 13 X 1.25" LONG HEX BOLT, GRADE 8, MAGNI	237600	21,29,540
7496314	28-12-2024	73181500	PART OF THE SOLAR TRACKER SYSTEM BOLTS 1/2" - 13 X 1.25" LONG HEX BOLT, GRADE 8, MAGNI	273600	22,73,110
7496314	28-12-2024	73181500	PART OF THE SOLAR TRACKER SYSTEM BOLTS 1/2" - 13 X 1.00" LONG FLANGE HEX BOLT (NOT SERRATED),GRADE 8, MAGNI	4950	50,439
<b>Total</b>					<b>31,50,66,970</b>

2. It appears that the goods covered under the above-referred Bills of Entry are subject to the Bolts, Nuts and Fasteners (Quality Control) Order, 2024 (also referred to as "the QCO" or "the above-referred QCO" for sake of brevity). As per the said order, goods cannot be imported unless the manufacturer of the goods has valid licence from BIS for manufacture of the goods.

3. Docks Examination Section sent the file pertaining to Bill of Entry no. 7575551 dated 02-01-2025 to this section for detailed investigation with the following observations:-

- It appears that M/s. Chaitanya Coating Pvt. Ltd., Aurangabad, Maharashtra is a dummy/shell firm floated by M/s. Gamechange Solar Services India Private limited, Karnataka to avoid Mandatory BIS Compliance as per the Bolts, Nuts and Fasteners(Quality Control) Order, 2024 (also referred to as "The QCO" for sake of brevity) and to import goods for themselves.
- It also appears that Udyam registration no. UDYAM-MH-04-0043139 as Micro Enterprise by M/s. Chaitanya Coating Pvt. Ltd., Aurangabad, Maharashtra is purely and entirely of fake declaration and they are also not entitled for the benefits of Micro Enterprise as per the QCO.

4. Subsequently, the importer filed Bill of Entry no. 7768547 dated 13.01.2025, wherein goods have been declared as "PART OF THE SOLAR TRACKER SYSTEM NUTS", "PART OF THE SOLAR TRACKER SYSTEM BOLTS", "PART OF THE SOLAR TRACKER SYSTEM WASHERS" and "PART OF THE SOLAR TRACKER SYSTEM PIN". Since the goods in this Bill of Entry also included Nuts and Bolts and may have involved non-compliance of the QCO, consignment covered under BE no. 7768547 dated 13.01.2025 was put on hold for examination to rule out non-compliance of the QCO. Examination of the goods was carried out on 23.01.2025 and 24.01.2025 in the presence of the representative of the Custom Broker and Shri Abhijeet Babasaheb Aute, Director of

M/s. Chaitanya Coating Pvt. Ltd. and prima-facie the goods were found to be as declared.

5. During the course of inquiry, statement of Shri Abhijeet Babasaheb Aute, Director of M/s. Chaitanya Coating Pvt. Ltd. was also recorded on 22.01.2025, wherein, he inter-alia stated that:-

- The importer is engaged in Hot Forging, Heat Treatment and Zinc Dicromate Coating on all types of nuts and bolts;
- Business of the importer is carried out from Gut No. 3, Belacha Mala, Muaje Vitava, Behind Verroc Plant-5, Waluj, MIDC, Aurangabad - 431133 since May 2022, prior to that, the business was carried out from another rented premises in Aurangabad;
- The importer operated from the premises located at Gut No.46, Plot No.96, Ghanegao, Aurangabad - 431136 from 02.07.2021 to 02.06.2022. Due to lack of awareness in this regard, Chaitanya had not updated the same in IEC and GST registration;
- The importer had procured the goods as we had received orders for the same from M/s. Tapovan Autotech Private Limited (Tapovan);
- Payment terms are mutually agreed upon by the importer and Tapovan. Sometimes payments are received in advance and sometimes some credit is given;
- Markings and shipping address on the Wooden Boxes were mentioned as per the requirements of Tapovan and as per them the goods were to be shipped to Gamechange Solar Services India Private limited, Bangalore;
- The importer had received the order for the imported goods from Tapovan and Tapovan had informed that the goods can be procured from Zhejiang Sanlin Metals Products Co., Ltd. and Zhejiang Sanlin Metals Products Co., Ltd. Orders were placed through e-mail and whatsapp messaging. There is 60 days' credit in respect of goods imported vide Bills of Entry No. 7575551 dated 02-01-2025 and 7768547 dated 13-01-2025;
- The importer is registered as "micro enterprise" under the Micro, Small and Medium Enterprises Development Act, 2006 and is having Udyam Registration NO. UDYAM-MH-04-0043139. Further, as per the above referred QCO, date of implementation of the QCO is 1st February, 2025. Accordingly, in his opinion, the same is not applicable to Chaitanya till 1<sup>st</sup> February 2024.

6. The issue in the Bills of Entry no. Bills of Entry No. 7575551 dated 02-01-2025 and 7768547 dated 13.01.2025 was compliance of the Bolts, Nuts and Fasteners (Quality Control) Order, 2024 and the importer, being a "micro enterprise" had claimed the date of implementation for them to be 1<sup>st</sup> February 2025. Letter dated 06.02.2025 was sent to the issuing authority of the QCO, i.e. Department for Promotion of Industry and Internal Trade (hereinafter referred to as the 'DPIIT' for sake of brevity), to seek clarification regarding applicability of the QCO. DPIIT, vide letter dated 12.02.2025 clarified that the relaxation of 6 months and 3 months provided to Micro and Small enterprises under the QCO does not apply to imports and the same is meant for obtaining BIS licenses under the Conformity Assessment Rules of BIS. It has been further clarified that the restriction on imports under QCO is applicable to all enterprises including Micro and Small Enterprises from the date of implementation of QCO, which is 1st August 2024 for Bolts, Nuts and Fasteners QCO.

7. To seek the importer's view on the clarification received from DPIIT, Summons was issued to them and Statement of Shri Abhijeet Babasaheb Aute, Director of M/s. Chaitanya Coating Pvt. Ltd., was recorded on 04.03.2025, wherein, he inter-alia stated

that:-

- He had perused letter F.No.P-29026/1/2023-LEI dated 12.02.2025 received from Department for Promotion of Industry and Internal Trade (DPIIT) regarding applicability of the QCO and understood that as per clarification provided vide the said letter, goods covered under the Bolts, Nuts and Fasteners (Quality Control) Order, 2024, viz. Hexagon Bolts and nuts, Indicating Bolts, Screws, Fasteners etc. cannot be imported from 1<sup>st</sup> August 2024 if the manufacturer exporter of the goods is not having BIS licence for these goods;
- Chaitanya had imported Hexagon Bolts and Nuts vide the above referred Bills of Entry. Accordingly, the same are covered under the Bolts, Nuts and Fasteners (Quality Control) Order, 2024. They had imported the goods under the belief that being a micro enterprise, Chaitanya is eligible to import these goods till 1<sup>st</sup> February 2025;
- They had imported goods covered under the Bolts, Nuts and Fasteners (Quality Control) Order, 2024, prior to Bills of Entry No. 7575551 dated 02-01-2025 and 7768547 dated 13.01.2025. He also stated that the goods were Hexagon Bolts, Nuts and Screws and are covered under the Bolts, Nuts and Fasteners (Quality Control) Order, 2024 and were required to be imported from exporter with valid BIS license for these goods as per DPIIT's letter F.No.P-29026/1/2023-LEI dated 12.02.2025;

**8.1** In view of the clarification received from DPIIT, it appeared that the goods pertaining to Bills of Entry Nos. 7575551 dated 02-01-2025 and 7768547 dated 13.01.2025 had been imported in contravention of the QCO and the importer agreed that the same had been imported in contravention of the above-referred QCO and requested for waiver of Show Cause Notice and Personal Hearing. Accordingly, Investigation Report in the matter was issued in respect of the live cargo covered under Bills of Entry Nos. 7575551 dated 02-01-2025 and 7768547 dated 13.01.2025 and the same had been adjudicated.

**8.2** The importer had also imported the goods covered under the above-referred QCO prior to goods imported vide Bills of Entry Nos. 7575551 dated 02-01-2025 and 7768547 dated 13.01.2025. The goods imported earlier also required mandatory BIS Compliance/Certification as per import policy and the QCO issued by the DPIIT, Ministry of Commerce and Industry, the goods cannot be imported without valid BIS licence. Shri Abhijeet Babasaheb Aute, Director of the importer, in his statement dated 04.03.2025 stated that they had imported goods covered under the Bolts, Nuts and Fasteners (Quality Control) Order, 2024, prior to Bills of Entry No. 7575551 dated 02-01-2025 and 7768547 dated 13.01.2025 also gave details of these Bills of Entry in his statement. As the goods were imported without valid BIS licence, the goods appear be "prohibited goods". Accordingly, the goods appear to be liable for confiscation under the provisions of Section 111(d) of the Customs Act 1962 as they had been imported in contravention of the above-referred QCO and the importer appears to be liable for penalty under Section 112 of the Customs Act, 1962.

## **9. LEGAL PROVISIONS**

The relevant provisions of law pertaining to the present matter are summarized as under:-

### **Relevant portion of the Bolts, Nuts and Fasteners(Quality Control) Order, 2024**

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.....

2. *Compulsory use of Standard Mark.- (1) Goods or articles specified in column (2) of*

*the Table shall conform to the corresponding Indian Standard mentioned in column (3) of the Table and shall bear the Standard Mark under a licence from the Bureau as per Scheme-1 of Schedule-II to the Bureau of Indian Standards (Conformity Assessment) Regulations, 2018:*

*Provided that the micro enterprise and small enterprise, as defined under the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006) shall conform to such Indian Standards from the date specified in the corresponding entry under columns (6) and (7) of the Table respectively:*

**TABLE**

<b>Sl. No.</b>	<b>Goods or Articles</b>	<b>Indian Standard</b>	<b>Title of Indian Standard</b>	<b>Date of implementation (other than Micro and Small Enterprises)</b>	<b>Date of Implementation for Micro Enterprises</b>	<b>Date of Implementation for Small Enterprises</b>
<b>(1)</b>	<b>(2)</b>	<b>(3)</b>	<b>(4)</b>	<b>(5)</b>	<b>(6)</b>	<b>(7)</b>
	Bolts, Nuts and Fasteners	1363 (Part 1): 2019	Hexagon Head Bolts, Screws and Nuts of product Grade C Hexagon Head Bolts (Size Range M 5 to M 64)	1st August, 2024	1st February, 2025	1st November, 2024
		1363 (Part 2): 2018	Hexagon Head Screw (Size ranges from M 5 to M 64)			
		1363 (Part 3): 2018	Hexagon Head Bolts, Screws and Nuts of product Grade C - Hexagon Nuts (Size Range M5 to M64)			
		1364 (Part 1): 2018	Hexagon Head Bolts, Screws and Nuts of product Grades A and B - Hexagon Head Bolts (Size Range M 1.6 To M 64)			
		1364 (Part 2): 2018	Hexagon Head Bolts, Screws and Nuts of Product Grades A and B - Hexagon Head Screws (Size Range M 1.6 to M 64)			
		4621:1975	Indicating Bolts for use in public baths and lavatories			
		5187:1972	Flush Bolts			
		10238:2001	Fasteners - Threaded Steel Fastener - Step Bolts for Steel Structures			
		12427:2001	Fasteners - Threaded Steel Fasteners - Hexagon Head Transmission Tower Bolts			
		3757:1985	High Strength Structural Bolts			
		204 (Part 2): 1992	Tower Bolts- Non-ferrous metals			

		204 (Part 1): 1991	Tower Bolts- Ferrous metals			
		15834:2020	Stainless Steel Sliding Door Bolts (aldrops) for use With Padlocks			
		2681:1993	Non-ferrous metal sliding door bolts (aldrops) for use with padlocks			
		281:2009	Mild steel sliding door bolts for use with padlocks			
		7534:1985	Sliding locking bolts for use with padlocks			
		1284:1975	Wrought Aluminium Alloy Bolt and Screw Stock for General Engineering purposes			
		15833:2009	Stainless steel Tower Bolts			
		6623:2004	High Strength Structural Nuts			

”

### **BIS Act, 2016**

*"15. Prohibition to import, sell, exhibit, etc.*

*(1) No person shall import, distribute, sell, store or exhibit for sale, any goods or article under sub-section (1) of section 14, except under certification from the Bureau."*

### **Customs Act, 1962**

**Section 2(33) defined the terms "Prohibited Goods":**

*"prohibited goods" means any goods the import or export of which is subject to any prohibition under this Act or any other law for the time being in force but does not include any such goods in respect of which the conditions subject to which the goods are permitted to be imported or exported have been complied with;*

**Section 46 : Entry of goods on importation :**

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

*(4A) The importer who presents a BE shall ensure the following :*

- a. *accuracy and completeness of the information given therein;*
- b. *the authenticity and validity of any document supporting it; and*
- c. *compliance with restriction or prohibition, if any, relating to the goods under this act or under any other law for the time being in force.*

**Section 111 : Confiscation of improperly imported goods, etc. - The following goods brought from a place outside India shall be liable for confiscation:**

...

*(d) any goods which are imported or attempted to be imported or are brought within the Indian customs waters for the purpose of being imported, contrary to any*

*prohibition imposed by or under this Act or any other law for the time being in force;*

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

*Any person, –*

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

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

*(i) 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 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, to a penalty not exceeding the duty sought to be evaded on such goods or five thousand rupees, whichever is the greater;*

*(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 219 [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 220 [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.*

**Section 125: Option to pay fine in lieu of confiscation.**

*(i) 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:*

10. In view of the investigation carried out, it appears that the importer had imported goods covered under the QCO, as detailed in **Table-A** of this report, vide various Bills of Entry specified in the said Table, wherein the manufacturer/exporter of the goods was not having licence from BIS and accordingly, import of the said goods appears to be “prohibited goods” and the said goods appear to be liable for confiscation under Section 111(d) of the Customs Act, 1962 and it appears that the importer has rendered themselves for penalty under Section 112 of the Customs Act, 1962.

11. Accordingly, Show Cause Notice No. 180/2025-26/ADC/ZDC/MCH dated 27.01.2026 was issued to the Importer calling upon it to show cause as to why:

(a) Goods valued at **Rs. 31,50,66,970/-**, imported vide Bills of Entry in Table-A, though not physically available, should not be held liable for confiscation under Section 111(d) of the Customs Act, 1962;

(b) Penalty should not be imposed upon it under Section 112(a)(i) of the Customs Act, 1962.

**PERSONAL HEARING AND WRITTEN SUBMISSIONS**

**12.1** The importer vide their email dated 24.03.2026 submitted the following:

*"We, M/s Chaitanya Coating Private Limited (IEC: AAJCC6169L), having our registered office at Gut No. 3, Mauje Vitata, Behind Varroc Corporate House, Waluj MIDC, Aurangabad - 431133, with reference to the Show Cause Notice issued under Section 124 of the Customs Act, 1962, bearing SCN No. 180/2025-26/ADC/ZDC/MCH, confirm that we have received the same.*

*We have already submitted our written submission in this matter.*

*In this regard, we request you to kindly waive the personal hearing and grant the waiver in favour of our CEO, Mr. Hemant Mirkhelkar. You may proceed further based on the documents and submissions already provided by us."*

**12.2** The importer has also filed their written submission dated 20.03.2026, wherein they have submitted the following:

*"1. We, Chaitanya Coating Pvt. Ltd., are manufacturers of fasteners situated in Chhatrapati Sambhaji Nagar, Maharashtra. We are registered as "Micro Enterprise" under MSME Development Act, 2006 and are holders of Udyam Registration No. UDYAM-MH04-0043139, Dated 26/06/2026. We are holders of PAN: AAJCC6169L. We are also registered with the GST Department and are holders of GSTIN: 27AAJCC6169L1Z2. Our IEC No. is: AAJCC6169L.*

*2. We had imported certain products viz. Parts of Solar Tracker System (hereinafter referred to as "the imported goods"). These imported goods are admittedly covered by Bolts, Nuts and Fasteners (Quality Control) Order, 2024 (hereinafter referred to as "QCO, 2024") and therefore are required to conform to appropriate Indian Standard in terms of Bureau of Indian Standards (Conformity Assessment) Regulations, 2018 (hereinafter referred to as "BIS Regulations").*

*3. In the table (in column 6) to QCO, 2024, the date of implementation of QCO for Micro Enterprises is specified as 1st February 2025.*

*4. During November and December 2024, we had imported the goods.*

*5. Goods imported vide following Bills of Entry were allowed to be cleared by the Customs Department, admittedly, on accurate payment of Customs Duty.*

<b>Sr. No.</b>	<b>Bill of Entry No.</b>	<b>Date</b>
1	6656242	13-11-2024
2	7361045	20-12-2024
3	7416172	23-12-2024
4	7416176	23-12-2024
5	7416180	23-12-2024
6	7416182	23-12-2024
7	7495901	28-12-2024
8	7496314	28-12-2024

*6. Goods imported vide following Bills of Entry were **NOT** allowed to be cleared by the Customs Department, despite payment of Customs Duty on the ground that the import is without license from BIS and the goods are prohibited as are in violation of QCO, 2024.*

<b>Sr. No.</b>	<b>Bill of Entry No.</b>	<b>Date</b>
1	7575551	02-01-2025
2	7768547	13-01-2025

7. We had informed the Customs Department that QCO, 2024 was not applicable to us up till 1st February 2025 as we are a "Micro Enterprise" registered under MSME Development Act, 2006. The Customs Department, by letter dated 6th February 2025, sought clarification regarding applicability of QCO with the DPIIT. By letter dated 12th February 2025, DPIIT clarified that the relaxation provided to Micro and Small Enterprises under QCO, 2024 does not apply to imports and the same is meant for obtaining BIS license under BIS Regulations. It was further clarified that the restriction on imports under QCO is applicable to all enterprises including Micro and Small Enterprises from 1st August 2024.

8. We have suffered heavy losses because of the aforementioned clarification given by DPIIT and consequent actions taken by the Customs Department. The losses are not just limited to loss of business but has also resulted in heavy financial losses that we had to suffer on account payment of warehousing charges, demurrages, fines and penalties sought to be imposed by the Customs Department. We are enclosing herewith a copy of Adjudication Order No. MCH/ADC/AKM/350/2024-25 dated 26-03-2025 by which had to re-export the imported goods. We are also enclosing herewith a copy of Show Cause Notice No. 180/2025-26/ADC/ZDC/MCH dated 27-01-2026 which proposes, inter alia, to impose fines and penalties under the Customs Act.

9. Hon'ble Sir, we earnestly request you to intervene in the matter and take appropriate actions on the aforementioned clarification dated 12th February 2025 issued by DPIIT because, such clarification is illegal, arbitrary, without authority of law and without jurisdiction as is ex-facie clear from the grounds stated below:

A. On plain reading of QCO, 2024, it is ex-facie clear that the implementation of the said QCO, 2024 itself is from 1st February 2025 and therefore the clarification by DPIIT is contrary to the legal position.

B. QCO, 2024 does not distinguish between a domestic manufacturer and an importer and therefore QCO, 2024 is equally applicable to everyone. Consequently, restrictions imposed as well as relaxations granted to Micro Industries by QCO, 2024 are equally applicable to importers as well as domestic manufacturers.

C. In no uncertain terms, QCO mandates that its implementation for Micro Enterprises is from 1st February 2025 and any deviation from such mandate of QCO by DPIIT is imposing conditions and restrictions not specified in the parent / mother enactment and therefore, imposition of such conditions and restrictions through its clarification is without authority of law.

D. DPIIT in the said clarification has exceeded its jurisdiction by restricting the benefits afforded to the Micro Enterprise.

E. In the identical facts and circumstances, relating to Plywood and Wooden Flush Door Shutters (Quality Control) Order, 2024, DPIIT had issued similar clarifications. This issue was dealt with by the Hon'ble Madras High Court in a Writ Petition No. 34907 of 2025 filed by Alankar Shipping Trading Company Pvt. Ltd. By Order dated 25th September 2025, the Hon'ble Madras High Court, held that such clarification is violative of provisions of BIS Act, 2016 and it is a settled law that clarifications and circulars of DPIIT cannot traverse beyond the scope and the enactment which governs the field. If there is any clash, the circular has to necessary yield to the enactment. It was further held as follows:

"11. When the enactment does not distinguish between an importer and a person who does domestic production, the circular cannot be pressed into service to come up with such distinction and restrain the relaxation that was given for enterprises falling under the MSME Classification till 28.08.2025. If this is the ground on which the request made by the Petitioner for assessing and clearing the goods, is kept in abeyance, such ground is not sustainable."

F. Attention is further invited to Office Memorandum dated 4th November 2025 of DPIIT in terms of which 13 QCOs including QCO, 2024 issued by DPIIT will stand withdrawn w.e.f. date on which Ministry of Steel notifies

corresponding QCOs.

G. Attention is also drawn to unstarred Question No. 1591 for Answer on 1st August 2025 in the Rajyasabha where it was clarified that mandatory adherence requirement input steel for import of steel products with Bill of Lading having shipped on board date on or before 15th July 2025 was exempted.

H. It is also submitted that work related to iron and steel products has been transferred by DPIIT to Ministry of Steel by Office Memorandum dated 4th November 2025.

10. Hon'ble Sir, we have already suffered huge losses and have undergone unwarranted harassment and torture of investigation as if we are fraudsters. This position continues as Customs Department is now proposing to levy fines and penalties on us. In view of the above and various notifications issued by Steel Ministry you kindly requested to drop the proceedings against Chaitanya Coating Pvt Ltd and oblique."

### DISCUSSION AND FINDINGS

**13.** I have carefully gone through the Show Cause Notice, the written submission dated 20.03.2026 submitted by the noticee, and all the documentary evidence available on record. The importer vide their e-mail dated 24.03.2026 has requested for waiver of personal hearing. Thus, I find that the principles of natural justice as provided in Section 122A of the Customs Act, 1962 have been complied with and I proceed to decide the case on the basis of documentary evidence available on records. The issues to be decided by me are:

**(a)** Whether the goods imported vide Bills of Entry detailed in Table-A above, valued at **Rs. 31,50,66,970/-**, though not physically available, are liable for confiscation under Section 111(d) of the Customs Act, 1962;

**(b)** Whether penalty is imposable upon the importer under Section 112(a)(i) of the Customs Act, 1962.

**14.1** Regarding the first issue, I find that the imported goods are bolts and nuts (classified under CTH 73181500/73181600) as mentioned in Table-A, supra and are covered by the Bolts, Nuts and Fasteners (Quality Control) Order, 2024. The Director of the Importer-company, Shri Abhijeet Babasaheb Aute, in his statement dated 04.03.2025, has accepted that the imported goods are covered under the said QCO.

**14.2** The importer, vide written submissions dated 20.03.2026, has inter alia contended that: being a Micro Enterprise, the QCO was not applicable to them until 1st February 2025 as per Column (6) of the QCO Table; the DPIIT clarification dated 12.02.2025 is contrary to the plain text of the QCO and beyond the jurisdiction of DPIIT; the QCO does not distinguish between an importer and a domestic manufacturer; and as per the judgment of the Hon'ble Madras High Court in W.P. No. 34907 of 2025, the DPIIT clarification is not legally sustainable.

**14.3** I have carefully considered these submissions. I find that the DPIIT clarification dated 12.02.2025 has been issued by the issuing authority of the QCO itself, with the approval of competent authority, wherein it has been clarified that the relaxation of 6 months and 3 months provided to Micro and Small Enterprises, respectively, under the said QCO does not apply to imports. This relaxation is meant for obtaining BIS licenses under the Conformity Assessment Rules of BIS and the restriction on imports under QCO is applicable to all enterprises, including Micro and Small Enterprises from the date of implementation of QCO, which is 1st August, 2024 for Bolts, Nuts and Fasteners QCO.

**14.4** As regards the judgment of the Hon'ble Madras High Court in W.P. No. 34907 of 2025 relied upon by the Importer, I note that the said judgment was rendered in the

context of a different QCO and is not binding on this adjudicating authority. Further, the departmental position as clarified by DPIIT vide letter dated 12.02.2025 continues to hold the field and has not been stayed or set aside by any competent authority in respect of the present QCO. Accordingly, the submissions of the importer are not found to be tenable.

**14.5** The sole point of dispute is whether the QCO import restriction was operative at the time of import, given the importer's status as a Micro Enterprise. As per Column (6) of the QCO Table, the date of implementation for Micro Enterprises is 1st February 2025, and all eight Bills of Entry in Table-A, supra, were filed during November–December 2024, i.e., prior to the said date.

**14.6** In order to ascertain the correct legal position regarding the applicability of the QCO to Micro Enterprises for the purpose of imports, this office sought a clarification from the Department for Promotion of Industry and Internal Trade (DPIIT), which is the issuing authority of the QCO, vide letter dated 06.02.2025. DPIIT, vide its reply letter F. No. P-29026/1/2023-LEI dated 12.02.2025, clarified that the relaxation of 6 months and 3 months provided to Micro and Small Enterprises, respectively, under the said QCO does not apply to imports. This relaxation is meant for obtaining BIS licenses under the Conformity Assessment Rules of BIS and the restriction on imports under QCO is applicable to all enterprises, including Micro and Small Enterprises from the date of implementation of QCO, which is 1st August, 2024 for Bolts, Nuts and Fasteners QCO.

**14.7** I find that it is an undisputed fact that all eight Bills of Entry in Table-A, supra, were filed during November–December 2024, prior to 1st February 2025. The goods were cleared on payment of applicable customs duty. There is no allegation of misdeclaration of the nature, description, quantity, or value of the goods. The import was made under a bona fide belief that, being a Micro Enterprise, the QCO import restriction did not apply until 1st February 2025 – a position supported by the plain text of Column (6) of the QCO Table. The interpretation of the QCO in respect of the applicability of the MSME relaxation to imports was, at the time of import, genuinely unsettled and was resolved only through the DPIIT clarification dated 12.02.2025, which was issued only after clearance of the subject goods.

**14.8** I also take note that there was genuine confusion and ambiguity regarding the applicability of the QCO MSME relaxation to imports at the time of import. The legal position was clarified only after the goods had been imported and cleared. The Importer is a small manufacturer (Micro Enterprise) with no prior record of deliberate violation.

**14.9** I find that as per the clarification issued by DPIIT vide letter dated 12.02.2025, the restriction on imports under QCO is applicable to all enterprises, including Micro and Small Enterprises from the date of implementation of QCO, which is 1st August, 2024, despite the bona fide nature of the import and the genuine ambiguity prevailing at the time. The goods having been imported without the exporter/manufacturer holding a valid BIS licence, constitute prohibited goods within the meaning of Section 2(33) of the Customs Act, 1962. Accordingly, I hold that the goods imported vide the Bills of Entry detailed in Table-A, supra, valued at **Rs. 31,50,66,970/-** are liable for confiscation under Section 111(d) of the Customs Act, 1962.

**14.10** 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 subsection (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."*

**14.11** 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 Fertilchem 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."*

It is amply clear from the above judicial pronouncements that the physical availability of goods is not a pre-requisite for imposition of Redemption Fine under Section 125 of the Customs Act, 1962, and that the power to impose Redemption Fine flows from the authorisation of confiscation under Section 111 of the Act. 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.

**14.12** Further, I have considered the question of quantum of Redemption Fine to be imposed under Section 125 of the Customs Act, 1962. Having regard to the bona fide nature of the import, the genuine legal ambiguity prevailing at the time of import, and the absence of any misdeclaration of description or value, and there being no prior history of offence against the Importer on record as discussed in above paras, I find it appropriate to impose a token Redemption Fine in lieu of confiscation under Section 125

of the Customs Act, 1962.

**15.1** Regarding the second issue of penalty imposition, I find that Section 112(a)(i) of the Customs Act, 1962 provides for penalty on any person "*who, in relation to any goods, does or omits to do any act which act or omission would render such goods liable to confiscation under section 111*". In the present case, I find that the Importer has imported goods covered under the QCO without the exporter/manufacturer holding a valid BIS licence. On the basis of the DPIIT clarification dated 12.02.2025, the import restriction under the QCO was operative from 1st August 2024 for all enterprises including Micro Enterprises. The act of importation of goods without valid BIS licence has rendered the goods liable to confiscation under Section 111(d) of the Customs Act, 1962, thereby making the importer liable for penalty under Section 112(a)(i) of the Customs Act, 1962.

**15.2** However, I find that there was no wilful or deliberate attempt to circumvent the QCO. The confusion regarding the applicability of the Micro Enterprise relaxation to imports was genuine; it is evident from the fact that this office itself had to seek a clarification from DPIIT in this regard. The DPIIT clarification was issued on 12.02.2025, after all the imports in question had been made and cleared on payment of applicable customs duty. Having regard to the bona fide nature of the import, the genuine legal ambiguity prevailing at the time of import, and there being no prior history of offence against the importer on record as discussed in above paras, I find it appropriate to impose a token penalty under Section 112(a)(i) of the Customs Act, 1962.

### ORDER

**16.** In view of the foregoing Discussion and Findings, I pass the following order:

**(i)** I hold that the goods imported vide Bills of Entry detailed in Table-A above, valued at **Rs. 31,50,66,970/-** (Rupees Thirty One Crore Fifty Lakh Sixty Six Thousand Nine Hundred and Seventy Only), are liable for confiscation under Section 111(d) of the Customs Act, 1962. However, I give an option to the Importer to redeem the said goods on payment of a Redemption Fine of **Rs. 1,00,000/-** (Rupees One Lakh Only) under Section 125 of the Customs Act, 1962;

**(ii)** I impose a penalty of **Rs. 1,00,000/-** (Rupees One Lakh Only) on M/s Chaitanya Coating Private Limited under Section 112(a)(i) of the Customs Act, 1962.

**17.** This order is issued without prejudice to any other action that may be contemplated against the Importer or any other person under the provisions of the Customs Act, 1962 and the rules/regulations framed thereunder or under any other law for the time being in force in the Republic of India.

**18.** Show Cause Notice No. 180/2025-26/ADC/ZDC/MCH dated 27.01.2026 stands disposed of in the above terms.

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

**To,**

M/s Chaitanya Coating Private Limited, (IEC: AAJCC6169L)  
Gut No. 13, Vitava Gangapur, Waluj MIDC,  
Chhatrapati Sambhaji Nagar, Maharashtra - 431 136

**Copy to:**

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