OFFICE OF THE PRINCIPAL COMMISSIONER OF CUSTOMS
CUSTOMS HOUSE, MP & SEZ
MUNDRA, KUTCH-GUJARAT -370421
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सत्यमेव जयते

A	**FILE NO.** फ़ाइल संख्या	CUS/APR/701/2026-Gr 4-O/o Pr Commr-Cus-Mundra
B	**OIO NO.** आदेश संख्या	MCH/ADC/ZDC/410/2026-27
C	**PASSED BY** जारीकर्ता	Dipak Zala, Additional Commissioner of Customs/अपर आयुक्त सीमा शुल्क, Custom House, Mundra/कस्टम हाउस, मुंद्रा।
D	**DATE OF ORDER** आदेश की तारीख	17.10.2026
E	**DATE OF ISSUE** जारी करने की तिथि	17.10.2026
F	**SCN No. & Date** कारण बताओ नोटिस क्रमांक	Waived.
G	**NOTICEE/ PARTY/ IMPORTER** नोटिसकर्ता/पार्टी/आयातक	M/s Elite Enterprises (IEC-CRWPB9517Q)

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

2. यदि कोई व्यक्ति इस आदेश से असंतुष्ट है तो वह सीमाशुल्क अपील नियमावली 1982 के नियम 3 के साथ पठित सीमाशुल्क अधिनियम 1962 की धारा 128 A के अंतर्गत प्रपत्र सीए- 1 में चार प्रतियों में नीचे बताए गए पते परअपील कर सकताहै-
Any person aggrieved by this Order - in - Original may file an appeal under Section 128A of Customs Act, 1962 read with Rule 3 of the Customs (Appeals) Rules, 1982 in quadruplicate in Form C. A. -1 to:

"सीमाशुल्कआयुक्त (अपील),
चौथी मंजिल, हुडको बिल्डिंग, ईश्वरभुवन रोड,
नवरंगपुरा,अहमदाबाद 380 009"
"THE COMMISSIONER OF CUSTOMS (APPEALS),
HAVING HIS OFFICE AT 4TH FLOOR, HUDCO BUILDING, ISHWAR BHUVAN ROAD,
NAVRANGPURA, AHMEDABAD-380 009."

3. उक्तअपील यहआदेश 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 be 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 सं°-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 ड्यूटि/ 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, सीमाशुल्क (अपील) नियम, 1982 और सीमाशुल्क 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:

M/s Elite Enterprises (IEC-CRWPB9517Q), having its office at Office No. 342, T/F, Vardhman Diamond Plaza, Paharganj, Motia Khan, Delhi-110055 (hereinafter referred to as *"the Importer"* for sake of brevity) has imported a consignment as tabulated above (hereinafter referred to as *"the impugned Goods"*) at Mundra Port vide Z-type Bill of Entry No. 3128173 dated 13.08.2026, for the SEZ Unit M/s Shoolin Tradelink LLP (IEC-AEIFS9629D). The Goods were put on hold by this office for examination, with prior intimation to the Development Commissioner, APSEZ, Mundra. The examination of the above said consignment

was carried out on 07.09.2026 in the presence of the pancha witnesses, SEZ authorized representative and the importer's authorized representative under Panchnama dated 07.09.2026 drawn at the premises of M/s Shoolin Tradelink LLP (SEZ Unit), APSEZ, Mundra, Gujarat- 370421. The details of the goods as declared in the said Bill of Entry are as follows:

Table-I

Sr. No.	CTH	Description	Quantity	UQC
1	73170091	Iron Pin	20,300	KGS

The importer has filed the said Bill of Entry by himself on the basis of Invoice No. TJZGR2026-077 dated 30.05.2026 issued by M/s. Shenghongrui (Tianjin) Import and Export Trading Co., Ltd., China. The country of origin has been declared as China. The importer has declared the total invoice value as USD 10,150/-, on which the total assessable value has been arrived at Rs. 9,74,907.5/- (at the exchange rate of 1 USD = Rs. 96.05) and the total duty of Rs. 3,02,027/- has been shown as payable. The number of packages and the gross weight declared are 1,120 and 21,033.6 Kgs respectively.

2. Examination of the goods:

The examination of the impugned goods stuffed into the container no. MSDU2979069 (20ft) covered under the Z-Bill of Entry No. 3128173 dated 13.08.2026 was conducted under Panchnama dated 07.09.2026.

2.1. The Panchnama proceedings were conducted in the presence of independent Panch witnesses, Shri Pranjal Singh, authorised representative of the SEZ Unit and as the authorised representative of the importer as well (vide authorisation letter of Importer dated 03.09.2026). The relevant import documents, viz. Bill of Entry, Bill of Lading, Commercial Invoice, Packing List and weighment slip, were produced alongwith SIMS by him during the course of examination proceedings.

2.2. The container bearing No. MSDU2979069 (20ft) was placed for examination in the open area in front of Warehouse No.-1 of the SEZ premises. The Line Seal No. FX46728951 and Customs Seal No. 168073 affixed on the container were verified and found intact and as declared in the Bill of Lading, and the container was found in sound condition with no damage. The weighment slip generated at

the SEZ Unit weighbridge indicated a Gross Weight of 21,214 Kgs (being the total weighed weight of 23,414 Kgs, less tare weight of the container of 2,200 Kgs as against 21,033.6 Kgs declared in the Bill of Entry.

2.3. The container was thereafter opened and the goods were de-stuffed in the open area. Upon opening the container, it was found to be fully stuffed with white colour PP bags. A physical count was carried out by the Officer and the representative of the SEZ Unit, and a total of 1,120 bags were found, tallying with the number of packages declared in the Bill of Entry. The bags were thereafter opened and examined with the assistance of available labourers. The weight of the bags was also verified on a random basis, and an inventory of the goods contained therein was prepared. The goods were found to be **Nails**. Photographs were also taken during the examination. The details of the goods found during examination are as under:-

Table-II

Sr. No.	Description	No. of Packages (Bags)	Random weight per bag (Kgs)	Net weight as found (Kgs)
1	Nails	500	11	5,500
2	Nails	620	25	15,500
	Total	1,120		21,000

2.4 Further, on examination of the goods, prima facie the following were noticed:

(i) The goods found during examination were **Nails**, whereas the goods had been declared in the Bill of Entry as **"Iron Pin"**. However, the number of packages found, i.e. 1,120 bags, was found to be tallying with the number of packages declared in the Bill of Entry.

(ii) However, the weighment slip indicated a Gross Weight of 21,214 Kgs, and the net weight of the goods found during examination (based on random sample weighment of the bags) worked out to approximately 21,000 Kgs, both figures being higher than the weight declared in the Bill of Entry, Bill of Lading and Packing List, i.e. 21,033.6 Kgs (Gross) / 20,300 Kgs (Net).

(iii) No evidence of registration under the Steel Import Monitoring System (SIMS), which is mandatorily required for import of Nails falling under Chapter 73 of the Customs Tariff, was produced by the authorised representative during the examination, nor is any such registration reflected in the said Bill of Entry or the documents accompanying the consignment.

Thus, the goods found during examination were Nails, while the declared description was "Iron Pin". The package quantity of 1,120 bags was found to be tallying with the declaration. Further, the requisite SIMS registration required for import of goods falling under Chapter 73 of the Customs Tariff was neither reflected in the BoE not provided at the time of examination.

3. <u>Re-determination of Classification and quantity of Goods:</u>

3.1. The goods were declared by the importer in the Bill of Entry as **"Iron Pin"** under **CTH** 73170091. However, during physical examination, the goods were found to be **Nails**. Thus, the description of the goods found during examination was different from the description declared in the Bill of Entry. The number of packages found during examination, i.e. 1,120 bags, was found to tally with the quantity of packages declared in the Bill of Entry, as detailed in Table-II above.

3.2. The importer has classified the Iron Pins under CTH **73170091** which is reproduced below:

"*7317 - Nails, Tacks, Drawing Pins, Corrugated Nails, Staples (Other Than Those Of Heading 8305) And Similar Articles, Of Iron Or Steel, Whether Or Not With Heads Of Other Material, But Excluding Such Articles With Heads Of Copper*

7317 00 - Nails, tacks, drawing pins, corrugated nails, staples (other than those of heading 8305) and similar articles, of iron or steel, whether or not with heads of other material, but excluding such articles with heads of copper :

--- Nails :

7317 00 11 ---- For animal shoes kg.

7317 00 12 ---- For fixing heel strips and toe plates

7317 00 13 ---- Wire nails kg.

7317 00 19 ---- Other

--- Spikes :

7317 00 21 ---- Dog spikes kg. -

7317 00 29 ---- Other kg.

7317 00 30 --- Tacks kg.

--- Other :

7317 00 91 ---- Staples other than in strips, and drawing pins

7317 00 99 ---- Other

3.3 From the above tariff entries, it is observed that **CTH 73170091 specifically covers "Staples other than in strips, and drawing pins"**. Therefore, this tariff entry is meant for goods falling within the category of staples and drawing pins. However, during physical examination, the goods were actually found to be Nails. Hence, the goods found during examination do not correspond to the specific description covered under CTH 73170091 as declared by the importer.

Further, Heading 7317 contains separate sub-headings specifically covering Nails. Under the "Nails" category, CTH 73170011 covers nails for animal shoes, CTH 73170012 covers nails for fixing heel strips and toe plates, and CTH 73170013 covers wire nails. The goods found during examination are Nails, however, based on the description available during examination, they do not fall under any of these specifically enumerated categories.

Accordingly, the goods found during examination are appropriately covered under the residual entry **CTH 73170019 – "Other"** under the category of "Nails". Thus, although the importer had declared the goods as "Iron Pin" and classified them under CTH 73170091, the physical examination established that the goods were actually Nails, which are covered under CTH 73170019.

3.4 Therefore, on the basis of the description of the goods found during physical examination, the classification is required to be **re-determined from CTH 73170091 to CTH 73170019**. The re-determination of classification is accordingly based on the physical identification of the goods as Nails, and the specific tariff entries applicable to Nails under Heading 7317.

The details of the goods with Re-determined CTH, Description and quantity are as below:

Table-III

Sr. No.	Goods declared in the BoE	Goods actually found during examination	CTH declared in the Bill of Entry	Re-determined CTH	Re-determined Quantity
1	Iron Pin	Nails	73170091	73170019	21,000 Kgs (approx.)

4. Valuation of the Goods:

Further, as the goods found during examination were in excess of the weight declared in the abovesaid Bill of Entry, the declared value of the goods is liable for rejection and the fair value of the goods needs to be re-determined on the basis of the quantity actually found on examination.

4.1 Rejection of declared value & Redetermination of Assessable Value:

The Rule 3 of the Customs Valuation (Determination of value of Imported Goods) Rules, 2007 (hereinafter referred to as "the CVR, 2007") provides the method of valuation. The Rule 3(1) of the CVR, 2007 provides that "Subject to Rule 12, the value of imported goods shall be the transaction value adjusted in accordance with provisions of Rule 10." The Rule 3(4) ibid states that "if the value cannot be determined under the provisions of sub-rule (1), the value shall be determined by proceeding sequentially through Rule 4 to 9 of CVR, 2007". Whereas, it appears that, transaction value in terms of Rule 3 of the CVR, 2007, is to be accepted only where there are direct evidences with regard to the price actually paid or payable in respect of the imported goods by the importer. Whereas, it further appears that, in view of the excess quantity of goods found during examination as against the declared quantity, there is a reasonable doubt regarding the truth and accuracy of the value declared by the importer, and hence it appears liable to be rejected in terms of Rule 12 of the CVR, 2007.

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

taken to the Rule 9 of the CVR, 2007 which provides for determination of value where the value of the imported goods cannot be determined under the provisions of any of the preceding rules, the value shall be determined using reasonable means consistent with the principles and general provisions of these rules and on the basis of data available in India.

4.3 Whereas, it appears that, the value of the impugned goods could not be determined under Rule 4 and 5 ibid since contemporaneous imports of identical or similar goods, matching the quantity actually found on examination, were not available. Proceeding sequentially, it is stipulated under Rule 6 ibid that where the value is not determinable under Rule 3, 4 and 5, the value is to be determined under Rule 7 or, when the value cannot be determined under that Rule, under Rule 8. Whereas, Rule 7 provides for 'Deductive Value', i.e. the value is to be determined on the basis of valuation of identical or similar imported goods sold in India, in the condition as imported, subject to deductions stipulated under the said Rule. Whereas, for the reasons detailed above, the value also cannot be determined as per Rule 7 ibid. Likewise, for application of Rule 8 of the CVR, 2007, the cost of production or processing involved in the imported goods is not available. In the absence of requisite data, the value cannot be determined by taking recourse to these rules either.

4.4 Whereas, it appears that the provisions of Rule 4 to 8 ibid are not applicable in the instant case, the value of the impugned goods is required to be determined under the provisions of Rule 9 of the CVR, 2007, which reads as under:-

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

4.5 Whereas, in terms of Rule 9 of the Customs Valuation (Determination of Value of Imported Goods) Rules, 2007, where the value of imported goods cannot be determined under the preceding rules, the same is required to be determined using reasonable means consistent with the principles and general provisions of the said Rules. In the instant case, the goods actually found during examination

were inspected and valued by a Government empanelled Chartered Engineer, who furnished his valuation report vide Certificate No. ABJ:INSP:CE:MUN:SIIB:26-27:72 dated 25.09.2026. The Chartered Engineer has assessed the CIF value of the goods found during examination, as detailed below:

Table-IV

Sr. No.	Description of Goods	Quantity	Per Unit Average CIF Value (USD) as assessed by C.E.	Total CIF Value (USD) as assessed by C.E.	Total CIF Value (INR) as assessed by C.E. (1 USD = ₹96.05)
1	Nails	21,000 Kgs	0.55	11,550.00	₹11,09,378

4.6 Whereas, it appears that the declared assessable value of ₹9,74,907.50 in respect of the goods covered under Z-Bill of Entry No. 3128173 dated 13.08.2026 does not correspond to the quantity and value of the goods actually found during examination and is therefore liable to be rejected in terms of Rule 12 of the CVR, 2007**.**

Whereas, the Chartered Engineer, on the basis of physical inspection and valuation of the goods actually found during examination, has assessed the total CIF value of the impugned goods at USD 11,550.00, equivalent to ₹11,09,378, at the applicable exchange rate of 1 USD = ₹96.05.

Whereas, accordingly, the assessable value of the goods covered under the said Bill of Entry appears liable to be re-determined at ₹11,09,378/-**,** on the basis of the valuation report of the Chartered Engineer, under Rule 9 of the CVR, 2007, read with Note 2 of the Interpretative Notes to Rule 9**,** in accordance with the provisions of the Customs Act, 1962 and the CVR, 2007**.**

5. Importability and Policy Compliance:

The Nails found during examination, falling under Heading 7317 of the Customs Tariff, are freely importable subject to compliance with the applicable statutory/policy requirements. The specific statutory requirement applicable to the impugned goods is mentioned as under:

Steel Import Monitoring System (SIMS):

The import of goods falling under Chapter 73 of ITC (HS), including goods covered under Heading 7317, is subject to compulsory registration under the Steel Import Monitoring System (SIMS), in terms of DGFT Notification No. 33/2015-2020 dated 28.09.2020, read with the relevant SIMS policy conditions. Under the said provisions, the importer is required to obtain SIMS registration and furnish the Registration Number in the Bill of Entry for clearance of the goods.

In the instant case, at the time of examination, the importer/authorised representative had not produced any document evidencing SIMS registration, nor was the same reflected in the Bill of Entry.

5.1 However, subsequently, the importer furnished two SIMS Registration Certificates, viz. (i) SIMS No. MOSSIMS130826649235 dated 13.08.2026, for "Staples Other Than In Strips, And Drawing Pins" (HS Code 73170091), and (ii) SIMS No. MOSSIMS250926698162 dated 25.09.2026, for "Nails: Other" (HS Code 73170019). The first SIMS Registration, being against the originally declared CTH 73170091, does not correspond to the goods actually found on examination and the re-determined classification, and is therefore not acceptable/relevant for the purpose of the impugned consignment. The second SIMS Registration, being against the re-determined CTH 73170019, corresponds to the goods actually found and the re-determined classification, and may accordingly be taken on record for consideration of compliance with the applicable SIMS requirement.

6. Re-determination of Applicable Duty:

On the basis of the re-determined value of the goods in Table-IV above, the duty leviable on the goods imported vide B/E No. 3128173 dated 13.08.2026 is being re-calculated. The re-calculated leviable duty is as under:

Table-V

Commodity Name	CTH	Assessed Value	BCD	BCD Amoun	SWS	SWS Amou	IGST	IGST Amoun	Total Duties

		(CIF) (INR) - round off	Rate (%)	t (INR)	Rate (%)	nt (INR)	Rate (%)	t (INR)	(INR)
Nails	73170019	11,09,378	10	1,10,938	10	11,094	18	2,21,654	3,43,686

The total re-determined value of the goods comes to Rs.11,09,378/- and the total re-determined Duty for the said goods comes to Rs. 3,43,686/- instead of the declared duty for the same i.e. Rs. 3,02,027/-. The differential duty of the said goods comes to Rs. 41,659/-.

7. Outcome of the Investigation:

7.1 The examination of the consignment covered under **Z**-Bill of Entry No. 3128173 dated 13.08.2026 and Container No. MSDU2979069 revealed that the goods declared as "Iron Pin" were actually found to be Nails**.** The number of packages found during examination, i.e. 1,120 bags, was found to tally with the number of packages declared in the Bill of Entry. However, the quantity/weight of the goods found during examination was 21,000 Kgs (approx.)**,** as against the declared quantity of 20,300 Kgs, as detailed in Table-II above.

7.2 Further, the goods declared as Iron Pin were found to be Nails during physical examination. The declared CTH 73170091 specifically covers "Staples other than in strips, and drawing pins"**,** whereas the goods actually found, i.e. Nails, are appropriately classifiable under CTH 73170019 – "Other" under the category of Nails. Accordingly, the classification of the goods is required to be re-determined from CTH 73170091 to CTH 73170019. The quantity is also required to be re-determined at 21,000 Kgs (approx.) as against the declared quantity of 20,300 Kgs, as detailed in Table-III above.

7.3 The Chartered Engineer, on the basis of physical examination and valuation of the goods actually found, assessed the total CIF value of the goods at USD 11,550.00, equivalent to ₹11,09,378 at the applicable exchange rate of 1 USD = ₹96.05**.** Accordingly, the assessable value of the goods is liable to be re-determined at ₹11,09,378/- on the basis of the valuation report of the Chartered

Engineer under the applicable provisions of the Customs Valuation (Determination of Value of Imported Goods) Rules, 2007**.**

7.4 Re-determination of Duty- On the basis of the re-determined classification, quantity and assessable value, the total duty payable works out to ₹3,43,686/-**,** as against the duty of ₹3,02,027/- declared in the Bill of Entry. Accordingly, the differential duty works out to ₹41,659/-**.**

7.5 Importability and Policy Compliance

The goods found during examination, i.e. Nails, falling under Heading 7317, are subject to the applicable requirement of registration under the Steel Import Monitoring System (SIMS). At the time of examination, no SIMS registration was produced by the importer/authorised representative. Subsequently, the importer furnished two SIMS Registration Certificates, viz. SIMS No. MOSSIMS130826649235 dated 13.08.2026 (against CTH 73170091, as originally declared) and SIMS No. MOSSIMS250926698162 dated 25.09.2026 (against CTH 73170019, as re-determined in the *Table- III above*). The first, being against the originally declared and now-superseded CTH, does not correspond to the goods actually found. The second, being against the re-determined CTH 73170019, corresponds to the goods in question and may be taken on record for consideration of compliance with the applicable SIMS requirement.

7.6 Confiscation and Penal Action

In view of the above findings, the goods actually found during examination were Nails, whereas the same had been declared as Iron Pin in the Bill of Entry. Further, the quantity found was 21,000 Kgs (approx.)**,** as against the declared quantity of 20,300 Kgs, resulting in excess weight over the declaration. The goods therefore appear liable for confiscation under Section **111(l)** of the Customs Act, 1962.

Further, the description and classification declared in the Bill of Entry did not correspond with the goods actually found during examination. The goods

declared as Iron Pin under CTH 73170091 were found to be Nails, appropriately classifiable under CTH 73170019. The assessable value has also been re-determined on the basis of the Chartered Engineer's valuation at ₹11,09,378/-**,** as against the declared assessable value of ₹9,74,907.50**.** Accordingly, the goods appear liable for consideration under **Section 111(m)** of the Customs Act, 1962, for non-correspondence of the particulars/value declared in the Bill of Entry with the goods actually found.

As regards the SIMS requirement, the importer has furnished SIMS Registration No. MOSSIMS250926698162 dated 25.09.2026. Therefore, the issue of confiscability under **Section 111(d)** on account of non-compliance with the SIMS requirement may be considered after verification of the said SIMS Registration and its applicability to the subject consignment.

In view of the above, the importer, M/s Elite Enterprises appears liable for penal action under the relevant provisions of the Customs Act, 1962, including **Section 112(a) and Section 114AA** of the Customs Act, 1962, for making the incorrect declaration regarding the description & classification and quantity & value of the imported goods.

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

(A) RELEVANT PROVISIONS OF SEZ ACT, 2005:

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

.....

(o) "

"**import**" means—

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

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

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

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

The Central Government may, by general or special order, authorise any officer or agency to be the enforcement officer or agency in respect of any notified offence or offences committed in a Special Economic Zone.

Every officer or agency authorised under sub-section (2) shall have all the corresponding powers of investigation, inspection, search or seizure as is provided under the relevant Central Act in respect of the notified offences.

Section 22: Investigation, inspection, search or seizure —

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

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

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

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

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

prior intimation to the Development Commissioner, concerned. Under Section 21(1) of the SEZ Act, 2005, the Central Government may, by notification, specify any act or omission made punishable under any Central Act, as notified offence for the purposes of this Act.

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

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

(B) RELEVANT PROVISIONS OF CUSTOMS ACT, 1962:

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

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

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

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

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

Section 17. Assessment of duty. –

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

..

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

Section 46. Entry of goods on importation:

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

(4A) the importer who presents a Bill of Entry shall ensure the following, namely:

(a) The accuracy and completeness of the information given therein;

(b) The authenticity and validity of any document supporting it; and

(c) Compliance with the restriction or prohibition, if any, relating to the goods under this Act or under any other law for the time being in force.

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

(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;

(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

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

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

Any person,-

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

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

shall be liable,-

i. 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, subject to the provisions of section 114A, to a penalty not exceeding ten per cent. of the duty sought to be evaded or five thousand rupees, whichever is higher:

114AA. Penalty for use of false and incorrect material—

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

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

"**Rule 4. Transaction value of identical goods.–** *(1)(a) Subject to the provisions of rule 3, the value of imported goods shall be the transaction value of identical goods sold for export to India and imported at or about the same time as the goods being valued;*

.....

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

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

Provided that .....

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

Rule 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.*

9. <u>In view of the above facts and discussion, it appears that</u>

(i) The goods declared as "Iron Pin" under CTH 73170091 in Z-Bill of Entry No. 3128173 dated 13.08.2026 were found to be Nails during physical examination. Accordingly, the declared description and classification require re-determination. The goods found during examination are appropriately classifiable under CTH 73170019, as detailed in *Table-III* above. The quantity of the goods is also liable to be re-determined at 21,000 Kgs (approx.), as against the declared quantity of 20,300 Kgs.

(ii) The declared assessable value of ₹9,74,907.50/- appears liable to be rejected under Rule 12 of the Customs Valuation (Determination of Value of Imported Goods) Rules, 2007. On the basis of the valuation report of the Chartered Engineer, the assessable value is liable to be re-determined at ₹11,09,378/- under Rule 9 of the said Rules, read with Section 14 of the Customs Act, 1962, as detailed in *Table-IV* above.

(iii) The Bill of Entry is liable to be re-assessed under Section 17(4) of the Customs Act, 1962, on the basis of the re-determined description & classification, quantity, assessable value and applicable duty, as detailed in *Tables-III, IV and V* above.

(iv) On the basis of the re-determined value, classification and quantity, the total duty payable works out to ₹3,43,686/-, as against the declared duty of

₹3,02,027/-, resulting in differential duty of ₹41,659/-, as detailed in *Table-V* above.

(v) The The goods found during examination, i.e. Nails, were different from the goods declared as "Iron Pin" in the Bill of Entry. Further, the quantity found was 21,000 Kgs (approx.), as against the declared quantity of 20,300 Kgs. Accordingly, the goods found in excess of the quantity declared in the Bill of Entry appear liable for confiscation under **Section 111(l)** of the Customs Act, 1962, while the difference in the description of the goods and the discrepancy in the declared assessable value vis-à-vis the value re-determined at ₹11,09,378/- render the goods liable for confiscation under **Section 111(m)** of the Customs Act, 1962, subject to adjudication.

(vi) The goods found during examination, i.e. Nails falling under CTH 7317, are subject to SIMS registration. No SIMS registration was produced at the time of examination. However, the importer subsequently furnished two SIMS registrations: one against the declared CTH 73170091, which does not match the goods found, and another against the re-determined CTH 73170019, which matches the goods. Accordingly, the issue of confiscability under **Section 111(d)** of the Customs Act, 1962, for non-compliance with SIMS may be considered in light of the subsequently furnished registration, subject to adjudication.

(vii) In view of the incorrect declaration regarding the description/classification and quantity/value of the imported goods, the importer, M/s Elite Enterprises, appears liable for penal action under the relevant provisions of the Customs Act, 1962, including appears liable for penal action under **Section 112(a)** and **Section 114AA** for making the incorrect declaration regarding the description & classification and quantity & value of the imported goods.

9.1 Accordingly, an Investigation Report 194/2026-27 dated 12.10.2026 has been issued by SIIB Mundra Customs.

10. The importer, through email dated 06.10.2026, has accepted the value of the imported goods as determined by the Chartered Engineer. The importer has also requested waiver of the issuance of Show Cause Notice and Personal Hearing and

requested that the case may be decided on merits. The importer has further submitted that they are ready and willing to pay the applicable duty, interest, fine and penalty arising in the instant case.

WRITTEN SUBMISSION AND PERSOANL HEAIRNG

11. The importer, M/s. Elite Enterprises, vide their letter dated 14.10.2026, has requested waiver of issuance of Show Cause Notice and grant of Personal Hearing in the matter and has requested that the case be decided on merits.

DISCUSSION AND FINDINGS

12. I have carefully gone through Investigation Report No. 194/2026-27 dated 12.10.2026 forwarded by SIIB, Custom House, Mundra, the relied upon documents and all other material available on record. M/s. Elite Enterprises, vide email dated 06.10.2026 & 14.10.2026, accepted the value of the goods as determined by the Chartered Engineer. They requested waiver of the Show Cause Notice and Personal Hearing and stated that they are ready and willing to pay the applicable duty, interest, fine and penalty. I am satisfied that the principles of natural justice have been complied with. The matter is accordingly being disposed of on merits under the first proviso to Section 124 of the Customs Act, 1962.

12.1 On a careful perusal of the Investigation Report and case records, I find that the following main issues arise for consideration and determination in this case:

(i) Whether the declared description “Iron Pin” and classification under CTH 73170091 of the goods covered under Z-Bill of Entry No. 3128173 dated 13.08.2026 are liable to be rejected, with the goods re-described as “Nails”, re-classified under CTH 73170019 and re-quantified at 21,000 Kgs;

(ii) Whether the declared assessable value of Rs. 9,74,908/- is liable to be rejected under Rule 12 of the CVR, 2007 and re-determined as Rs. 11,09,378/- (Rupees Eleven Lakh Nine Thousand Three Hundred and Seventy-Eight Only) under Rule 9 ibid, as per CE Certificate No. ABJ:INSP:CE:MUN:SIIB:26-27:72 dated 25.09.2026;

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

(iv) Whether the goods are liable for confiscation under Sections 111(d), 111(l) and 111(m) of the Customs Act, 1962;

(v) Whether penalty is imposable on the importer under Sections 112(a)(i) and 114AA of the Customs Act, 1962.

13. FIRST ISSUE — DESCRIPTION, CLASSIFICATION AND QUANTITY:

13.1 I find that M/s. Elite Enterprises filed Z-Bill of Entry No. 3128173 dated 13.08.2026 at M/s. Shoolin Tradelink LLP (SEZ Unit), APSEZ, Mundra. The BE declared "Iron Pin" under CTH 73170091, with a quantity of 20,300 Kgs (net) in 1,120 packages and a gross weight of 21,033.6 Kgs, at USD 0.50/Kg and an assessable value of Rs. 9,74,907.50/-. The goods were shipped in Container No. MSDU2979069 against Invoice No. TJZGR2026-077 dated 30.05.2026 issued by M/s. Shenghongrui (Tianjin) Import and Export Trading Co., Ltd., China.

13.2 I find that the goods were examined under Panchnama dated 07.09.2026. The number of packages found (1,120 bags) tallied with the declaration. However, the goods were found to be **Nails** and not "Iron Pin". The weighbridge slip showed a cargo weight of 21,214 Kgs against the declared gross weight of 21,033.6 Kgs. On random weighment, the bags were found to contain approximately 21,000 Kgs net (500 bags of about 11 Kgs and 620 bags of about 25 Kgs), against the declared net weight of 20,300 Kgs. That is an excess of about 700 Kgs.

13.3 I find that Chapter Heading 7317 covers "Nails, tacks, drawing pins, corrugated nails, staples (other than those of heading 8305) and similar articles, of iron or steel". Within this heading, the Customs Tariff provides separate tariff items:

- Nails are covered under tariff items 7317 00 11 to 7317 00 19.
- Tariff item 7317 00 91, under which the importer declared the goods, covers only "Staples other than in strips, and drawing pins".

Nails are neither staples nor drawing pins. The declared description “Iron Pin” and the declared tariff item 73170091 therefore do not correspond to the goods actually imported.

13.4 I find that among the tariff items for nails, the goods were not found during examination to be nails for animal shoes (73170011), nails for fixing heel strips and toe plates (73170012), or wire nails (73170013). They therefore fall under the residual tariff item 7317 00 19 (“Nails — Other”). I note that the importer itself obtained SIMS Registration No. MOSSIMS250926698162 dated 25.09.2026 for these very goods under HS Code 73170019 (“Nails: Other”). The importer has not disputed this classification.

13.5 I accordingly reject the declared description, classification and quantity. I hold that the goods are correctly described as “Nails”, classifiable under CTH 73170019, with a quantity of 21,000 Kgs (approx.), as detailed in Table-III above.

14. SECOND ISSUE — REJECTION OF DECLARED VALUE AND RE-DETERMINATION OF ASSESSABLE VALUE:

14.1 I find that the declared value of Rs. 9,74,907.50/- was for 20,300 Kgs of “Iron Pin” at USD 0.50/Kg. The goods actually imported are a different article (Nails) and exceed the declared quantity. The declared value therefore does not represent the price actually paid or payable for the goods actually imported, and it cannot be accepted as the transaction value under Rule 3(1) of the CVR, 2007. In view of the mis-declaration of description, classification and quantity, there is reasonable doubt about the truth and accuracy of the declared value. The importer has produced no evidence in support of the declared value and has instead accepted the CE’s valuation. I accordingly reject the declared value under Rule 12 of the CVR, 2007.

14.2 I find that contemporaneous import data for identical or similar goods matching the description and quantity actually found was not available, so the value could not be determined under Rules 4 and 5 of the CVR, 2007. There was also no data on deductive value or cost of production, so the value could not be determined under Rules 7 and 8 ibid. The value is therefore required to be determined under Rule 9 (Residual Method) ibid.

14.3 I find that Er. Ajayrajsinh B. Jhala, Customs empanelled Chartered Engineer, inspected the goods on 21.09.2026. Vide Certificate No. ABJ:INSP:CE:MUN:SIIB:26-27:72 dated 25.09.2026, he assessed the value of the goods as under:

Sr. No.	**Description**	**Quantity**	**Unit CIF (USD/Kg)**	**Total CIF (USD)**	**Total CIF (Rs.) @ Rs. 96.05/USD**
1	Nails	21,000 Kgs	0.55	11,550.00	11,09,377.50

14.4 I find that the importer has accepted the CE's valuation without any objection vide email dated 06.10.2026. I accordingly reject the declared assessable value of Rs. 9,74,908/- under Rule 12 of the CVR, 2007. I re-determine the assessable value at Rs. 11,09,378/- under Rule 9 of the CVR, 2007 read with Section 14 of the Customs Act, 1962.

15. THIRD ISSUE — RE-ASSESSMENT:

15.1 On the basis of the re-determined classification and assessable value, the Customs duty leviable works out as under:

Particulars	**As declared (CTH 73170091) (Rs.)**	**As re-determined (CTH 73170019) (Rs.)**
Assessable Value	9,74,908	11,09,378
BCD @10%	97,491	1,10,938
SWS @10% of BCD	9,749	11,094
IGST @18%	1,94,787	2,21,654
Total Duty	**3,02,027**	**3,43,686**

15.2 I find that the differential duty accordingly works out to **Rs. 41,659/- (Rupees Forty-One Thousand Six Hundred and Fifty-Nine Only).** The rates of duty under the declared and re-determined tariff items are the same. The short levy therefore arises from the excess quantity and the higher assessable value of the goods actually imported.

15.3 I accordingly order re-assessment of Z-Bill of Entry No. 3128173 dated 13.08.2026 under Section 17(4) of the Customs Act, 1962, with the correct description, classification (CTH 73170019), quantity, assessable value and duty as discussed above.

16. FOURTH ISSUE — CONFISCATION AND REDEMPTION:

16.1 Confiscation under Section 111(d) of the Customs Act:

(a) I find that "Nails" of heading 7317 fall under Chapter 73 of ITC(HS). Under the import policy notified by the DGFT, their import is "Free" subject to the condition of compulsory registration under the Steel Import Monitoring System (SIMS), and the registration must be obtained before import. Registration under SIMS is specific to the HS code, the description, the quantity and the consignment for which it is obtained.

(b) I find that at the time of import, the importer held SIMS Registration No. MOSSIMS130826649235 dated 13.08.2026. That registration was obtained under HS Code 73170091 for "Staples other than in strips, and drawing pins", for 20.300 MT. The goods actually imported are Nails, classifiable under 73170019, and their quantity is in excess of 20.300 MT. That registration therefore does not cover the goods actually imported.

(c) I find that the registration matching the goods, No. MOSSIMS250926698162 for "Nails: Other" under HS Code 73170019 for 21.214 MT, was obtained only on **25.09.2026**. That was after the goods had been imported, placed on hold and examined. A registration obtained after inward date does not cure the non-compliance that existed at the time of import.

(d) I find that an import made without fulfilling the condition subject to which the import is permitted is an import contrary to a restriction imposed under the Foreign Trade (Development and Regulation) Act, 1992. Under Section 2(33) of the Customs Act, 1962, such goods are "prohibited goods".

(e) I therefore hold that the goods are liable for confiscation under **Section 111(d)** of the Customs Act, 1962.

16.2 Confiscation under Section 111(l) of the Customs Act, 1962: I find that the goods found weighed approximately 21,000 Kgs net, against the declared net weight of 20,300 Kgs. The excess of about 700 Kgs is goods not included in the entry made under Section 46 of the Customs Act, 1962. The excess quantity is accordingly liable for confiscation under **Section 111(l)** of the Customs Act, 1962**,** ibid.

16.3 Confiscation under Section 111(m) of the Customs Act,1962: I find that the goods were declared as "Iron Pin" under CTH 73170091 at an assessable value of Rs. 9,74,907.50/-. They have been found to be Nails, classifiable under CTH 73170019, with a re-determined value of Rs. 11,09,378/-. The goods therefore do not correspond with the entry made under the Act in respect of description, classification, quantity and value. They are liable for confiscation under **Section 111(m)** of the Customs Act, 1962, ibid.

16.4 Accordingly, I find that the entire consignment of 1,120 bags (approx. 21,000 Kgs) of Nails covered under Z-Bill of Entry No. 3128173 dated 13.08.2026, in Container No. MSDU2979069, lying at M/s. Shoolin Tradelink LLP (SEZ Unit), APSEZ, Mundra, having a re-determined assessable value of Rs. 11,09,378/-, is liable for confiscation under Sections 111(d), 111(l) and 111(m) of the Customs Act, 1962.

16.5 Redemption of the goods under Section 125 of the Customs Act,1962:

16.5.1 As the impugned goods are found liable for confiscation under Sections 111(d), 111(l) and 111(m) of the Customs Act, 1962, I find it necessary to consider whether redemption fine under Section 125 of the Customs Act, 1962 is liable to be imposed in lieu of confiscation. Section 125 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 [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."*

16.5.2 I find that the imported goods are prohibited goods due to non-compliance of mandatory SIMS registration. In this case, the option to redeem is discretionary under Section 125(1) ibid. I note the following:

- Nails are not goods whose import is prohibited absolutely; the restriction is a monitoring requirement.
- The importer did obtain a SIMS registration before import, though under an incorrect HS code and description.
- The importer has since obtained SIMS Registration No. MOSSIMS250926698162 dated 25.09.2026, which covers the goods actually imported by description (Nails: Other), HS code (73170019) and quantity (21.214 MT).
- The importer has accepted the valuation and offered to pay duty, fine and penalty.

The requirement of prior registration under the Steel Import Monitoring System (SIMS) is primarily a regulatory monitoring mechanism rather than an outright trade ban. While the importer delayed compliance, obtaining the SIMS registration after the inward, such procedural lapse, while actionable under penal provisions, does not permanently taint the goods or render them unfit for domestic entry. In these circumstances, and in view of the settled position that discretion under Section 125 is to be exercised judiciously, I consider it appropriate to allow redemption of these goods **for home consumption** on payment of redemption fine. In terms of Section 125(2) ibid, this is in addition to the applicable duty and charges, including the differential duty, if any.

17. FIFTH ISSUE — PENALTIES:

17.1 Penalty under Section 112(a)(i) of the Customs Act, 1962: The importer imported Nails without a SIMS registration valid for those goods, and declared them as “Iron Pin” under an incorrect tariff item and in a lesser quantity. By these acts and omissions, which contravene Sections 46(4) and 46(4A) ibid, the importer rendered the goods liable for confiscation under Sections 111(d), 111(l) and 111(m) of the Customs Act, 1962. As the goods have been held to be prohibited goods, M/s. Elite Enterprises is liable for penalty under **Section 112(a)(i)** of the Customs

Act, 1962. The penalty may extend up to the value of the goods, i.e. Rs. 11,09,378/-.

17.2 Penalty under Section 114AA of the Customs Act, 1962: M/s. Elite Enterprises filed the Bill of Entry themselves, without a Customs Broker. They made, signed and used Z-Bill of Entry No. 3128173 dated 13.08.2026, declaring Nails as "Iron Pin" under the tariff item for staples and drawing pins. On the same date, they obtained a SIMS registration under that incorrect HS code and description. The importer is the buyer of the goods and cannot be unaware that it had purchased nails. The description and tariff item adopted in the Bill of Entry and in the SIMS registration were false and incorrect in material particulars. I find that they were adopted knowingly. M/s. Elite Enterprises has accordingly rendered itself liable for penalty under **Section 114AA** of the Customs Act, 1962.

18. In view of the aforesaid discussions and findings, I pass the following order:

ORDER

(i) I reject the declared description "Iron Pin", the declared classification under CTH 73170091 and the declared quantity of 20,300 Kgs of the goods covered under Z-Bill of Entry No. 3128173 dated 13.08.2026. I order that the goods be re-described as "Nails", re-classified under CTH 73170019 and re-quantified at 21,000 Kgs.

(ii) I reject the declared assessable value of **Rs. 9,74,908/-** (Rupees Nine Lakh Seventy-Four Thousand Nine Hundred and Eight Only) under Rule 12 of the Customs Valuation (Determination of Value of Imported Goods) Rules, 2007. I re-determine the assessable value at **Rs. 11,09,378/-** (Rupees Eleven Lakh Nine Thousand Three Hundred and Seventy-Eight Only) under Rule 9 of the CVR, 2007 read with Section 14 of the Customs Act, 1962.

(iii) I order re-assessment of Z-Bill of Entry No. 3128173 dated 13.08.2026 under Section 17(4) of the Customs Act, 1962, as discussed above.

(iv) I order confiscation of the imported goods, i.e. 1,120 bags (approx. 21,000 Kgs) of Nails (CTH 73170019) having a re-determined value of Rs. 11,09,378/-, under Sections 111(d), 111(l) and 111(m) of the Customs Act, 1962. However, I

give M/s. Elite Enterprises an option to redeem the said goods for home consumption on payment of a Redemption Fine of **Rs. 1,00,000/- (Rupees One Lakh Only)** under Section 125(1) of the Customs Act, 1962, as discussed above.

(v) I impose a penalty of **Rs. 50,000/- (Rupees Fifty Thousand Only)** on M/s. Elite Enterprises (IEC: CRWPB9517Q) under Section 112(a)(i) of the Customs Act, 1962.

(vi) I impose a penalty of **Rs. 10,000/- (Rupees Ten Thousand Only)** on M/s. Elite Enterprises (IEC: CRWPB9517Q) under Section 114AA of the Customs Act, 1962.

19. This Order-in-Original is issued without prejudice to any other action that may be taken against M/s. Elite Enterprises or any other person under the provisions of the Customs Act, 1962, or any rules, regulations or notifications made thereunder, or under any other law for the time being in force.

Digitally signed by
Dipakbhai Zala
Date: 17-10-2026
15:05:10

(DIPAK ZALA)
Additional Commissioner of Customs,
Mundra Customs

To,
M/s. Elite Enterprises (IEC: CRWPB9517Q)
Office No. 342, T/F, Vardhman Diamond Plaza,
Paharganj, Motia Khan, Delhi – 110055

Copy to:

1. The Additional Commissioner (SIIB), Custom House, Mundra
2. The Dy./Asstt. Commissioner (RRA/TRC), Custom House, Mundra
3. The Dy./Asstt. Commissioner (EDI), Custom House, Mundra