

	OFFICE OF THE PRINCIPAL COMMISSIONER OF CUSTOMS, CUSTOM HOUSE: MUNDRA, KUTCH MUNDRA PORT & SPL ECONOMIC ZONE, MUNDRA-370421 Phone No.02838-271423/271426
File No.	: CUS/ECFS/MISC/25/2026-Docks Examn-O/o Pr Commr-Cus-Mundra
Order-in- Original No.	: MCH/ADC/AKM/678/2025-26
Passed by	: Amit Kumar Mishra, Additional Commissioner of Customs, Custom House, AP & SEZ, Mundra.
Date of order /Date of issue	: 27-02-2026
Show Cause Notice No. & Date	: SCN and PH waiver
Noticee(s)/Party/ Exporter	: M/s K C Fashions (IEC: AFUPB9266N), 7, Adeshwar Complex, Jaisingh bhai Ni Wadi, Gheekantha, Ahmedabad - 380001
DIN	: 20260271MO000000F51C

1. यह अपील आदेश संबन्धित को निःशुल्क प्रदान किया जाता है।

This Order-in-Original is granted to the concerned free of charge.

2. यदि कोई व्यक्ति इस अपील आदेश से असंतुष्ट है तो वह सीमा शुल्क अपील नियमावली 1982 के नियम 3 के साथ पठित सीमा शुल्क अधिनियम 1962 की धारा 128 A के अंतर्गत प्रपत्र सीए- 1- में चार प्रतियों में नीचे बताए गए पते पर अपील कर सकता है-

Any person aggrieved by this Order - in - Original may file an appeal under Section 128 A of Customs Act, 1962 read with Rule 3 of the Customs (Appeals) Rules, 1982 in quadruplicate in Form C. A. -1 to:

‘सीमा शुल्क आयुक्त (अपील),
7 वीं मंजिल, मृदुल टावर, टाइम्स ऑफ इंडिया के पीछे, आश्रम रोड, अहमदाबाद 380 009”
“THE COMMISSIONER OF CUSTOMS (APPEALS),
Having his office at 7th Floor, Mridul Tower, Behind Times of India,
Ashram Road, Ahmedabad-380 009.”

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

Appeal shall be filed within sixty days from the date of communication of this order.

4. उक्त अपील के पर न्यायालय शुल्क अधिनियम के तहत 5/- रुपए का टिकट लगा होना चाहिए और इसके साथ निम्नलिखित अवश्य संलग्न किया जाए Appeal should be accompanied by a fee of Rs. 5/- under Court Fee Act it must 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 सं०- में निर्धारित 5/- रुपये का न्यायालय शुल्क टिकट अवश्य लगा होना चाहिए।

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

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

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

6. अपील प्रस्तुत करते समय, सीमा शुल्क)अपील (नियम, 1982और सीमा शुल्क अधिनियम, 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 K C Fashions (IEC: AFUPB9266N), (hereinafter referred to as 'the Exporter') having address 7, Adeshwar Complex, Jaisingh bhai Ni Wadi, Gheekantha, Ahmedabad - 380001 has filed Shipping Bill No. 8925067 dated 21.01.2016 for export of various items, as listed in Table-A, through their Customs Broker M/s Daksh Shipping Services Pvt. Ltd.

Table-A

Sr. No.	Item Description	Quantity (MT)	FOB Value (INR)
1	Liquid Casing Fine	20	606475.83
2	Graphite Powder	9	560990.14
3	Mica Coarse	4	43801.03
4	Mica Fine	3	32850.77
5	Mica Medium	12	131403.10
6	Quick Seal Coarse (BLN-3)	4	67386.20
7	Quick Seal Medium (BLN-3)	6	101079.31
8	Quick Seal Fine (BLN-3)	12	202158.61
TOTAL FOB			1746144.99

2. The said shipping bill was filed with warehouse seal type and the goods are lying at MICT CFS, Mundra. Upon registration of the Shipping Bill and assessment, the goods were selected for physical examination and during the examination, the goods mentioned at Sr. No. 1 (Liquid Casing Fine) appears to be not as per the declaration made in the Shipping Bill. Accordingly, sample was drawn by the examining officer and sent to CRCL Kandla through Manual Test Memo 4011 dated 05.02.2026 for testing following parameters

- (i)-Nature/Description of goods,
- (ii)-Composition and
- (iii)- Whether goods are other than Liquid Casing Fine.

3. The CRCL, Kandla, vide Test Report No. 9727 dated 09.02.2026 stated that:

- a. *The sample as received is in the form of brownish coarse powder and small flakes.*
- b. *It is composed of vegetative material (cellulosic material) along with inorganic material. Ash content (% by mass) =33.88*
- c. *It does not answer test for synthetic plastic material. End use of the sample u/r may be ascertain at your end.*

4. As per the CRCL test report, the goods have been identified as **vegetative (cellulosic) material along with organic matter**, which are appropriately classifiable under **HSN Code 47050000**, and not under the declared HSN Code 39129090. As per the export policy issued by DGFT vide **Trade Notice No. 11/2024-25 dated 02.08.2024**, goods falling under HSN Code 47050000 are **prohibited for export**. Therefore, it appears that prohibited goods were sought to be exported under the guise of permissible goods,

indicating deliberate misdeclaration and concealment.

5. Since the goods were found to be other than those declared, proper valuation was required to ascertain their correct value. Accordingly, a Government-approved Chartered Engineer Valuer, **Er. Ajayrajsinh B. Jhala**, was entrusted with the task of assessing the actual cargo and preparing a valuation report. The valuer has determined, vide CE Report ABJ:CE:MUN:EXP:MISD:FCF:25-26:01 dated 26.02.2026, the FOB value of the impugned goods as **USD 6,780/-**, which, at an exchange rate of ₹89.5 per USD, works out to **₹6,06,810/-**.

6. The examination findings revealed significant discrepancies between the declared cargo and the actual goods found during examination. As per the Chartered Engineer's report dated 18.12.2025, the following items were found:

6.1 Items found as declared:

Table-B

Sr. No.	Item Description	Quantity (MT)	FOB Value (INR)
1	Graphite Powder	9	560990.14
2	Mica Coarse	4	43801.03
3	Mica Fine	3	32850.77
4	Mica Medium	12	131403.10
5	Quick Seal Coarse (BLN-3)	4	67386.20
6	Quick Seal Medium (BLN-3)	6	101079.31
7	Quick Seal Fine (BLN-3)	12	202158.61
TOTAL FOB			1139669.16

6.2 Mis-declared Prohibited Items:

Table - C

Sr. No.	Item Description as declared by Exporter	Item Description as per test report	Quantity (MT)	HSN declared by exporter	HSN as per description after test report	FOB Value declared by exporter (INR)	FOB Value suggested by CE (INR)
1	Liquid Casing Fine	Vegetative material (cellulosic material) along with inorganic material ash content (%by mass) = 33.88.	20	39129090	47050000	6,06,475.83/-	6,06,810/-

7. In view of the above, it is observed that the exporter has declared the FOB value of the goods at Rs. 17,46,145/- in the Shipping Bill, but the actual value of the goods found in

the container is **Rs. 17,46,479/-** (comprising Table – B and C) as per the Chartered Engineer's Report dated 26.02.2026.

8. The exporter vide their letter dated 27.02.2026 submitted the following:

"We respectfully submit this letter as acceptance of mis-declaration of export cargo detected during examination by the Customs authorities.

We would like to inform you that our export cargo is presently lying at MICT CFS.

S.B No & Date: 8925067 dated 21/01/2026

Invoice No: KCF-25/26-06

Invoice Date: 16/01/2026

At the time of cargo examination, your good office observed a mis-declaration in the cargo. Accordingly, samples were drawn, sealed, and sent for laboratory testing at Kandla.

*Based on the test report received, it has been confirmed that the cargo declared as **Liquid Casing Fine under CTH 39129090** was meant for export; however, due to an inadvertent mistake at the supplier's end, a different cargo was packed and shipped, which was not known to us at the time of cargo dispatch.*

*In view of the above, we hereby accept the mis-declaration of the cargo as per the test report findings. We respectfully request your good office to kindly grant **Back-to-Town permission**, enabling us to return the cargo to the supplier.*

We further submit that we are ready to accept the applicable fine and penalty, if any, in respect of the said cargo/shipping bill. We also humbly request you to waive the requirement of a personal hearing in this matter and proceed with adjudication accordingly.

We would like to formally accept the fine and penalty imposed. In light of this, we request that the show-cause notice and personal hearing in this matter be waived, as we are willing to comply by paying the prescribed fine promptly. We assure you that we take this matter seriously.

We request your good office to kindly consider our submission sympathetically and grant the Back-to-Town permission at the earliest."

LEGAL PROVISIONS

9.1. Various provisions of **Customs Act, 1962** are applicable in the instant case:

Section 50. Entry of goods for exportation.

(2) The exporter of any goods, while presenting a shipping bill or bill of export, shall make and subscribe to a declaration as to the truth of its contents.

(3) The exporter who presents a shipping bill or bill of export under this section 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 113: Confiscation of goods attempted to be improperly exported, etc. - *The following export goods shall be liable for confiscation:-*

(d) any goods attempted to be exported or brought within the limits of any customs area for the purpose of being exported, contrary to any prohibition imposed by or under this Act or any other law for the time being in force;

(e) any goods found concealed in a package which is brought within the limits of a customs area for the purpose of exportation;

(i) any goods entered for exportation which do not correspond in respect of value or in any material particular with the entry made under this Act or in the case of baggage with the declaration made under section 77;

Section 119: Confiscation of goods used for concealing smuggled goods. *"Any goods used for concealing smuggled goods shall also be liable to confiscation."*

Section 114: Penalty for attempt to export goods improperly, etc. *Any person who, in relation to any goods, does or omits to do any act which act or omission would render such goods liable for confiscation under section 113, 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 three times the value of the goods as declared by the exporter or the value as determined under this Act, whichever is the greater;

Section 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 for a penalty not exceeding five times the value of goods.*

9.2 DGFT Trade Notice no. 11/2024-25 dated 02.08.2024: Prohibits the export of Cellulosic material under HSN Code 47050000.

WAIVER OF PERSONAL HEARING & SCN

10. The exporter vide letter dated 27.02.206 has requested for waiver of Show Cause Notice and Personal Hearing in the subject matter.

DISCUSSION AND FINDINGS

11. I have carefully gone through the records of the case. The exporter vide letter dated 23.12.2025 requested for waiver of Show Cause Notice and personal hearing. Thus, I find that the principles of natural justice as provided in Section 122A of the Customs Act 1962 has been complied with, and therefore, I proceed to decide the case on the basis of the

documentary evidence available on records.

12. The issues to be decided by me are:

(i) Whether the declared value of Rs. 17,46,145/- in the Shipping Bill No. 8925067 dated 21.01.2026 should be rejected and re-determined at Rs. 17,46,479/- (*comprising Table – B and C*) based on the Chartered Engineer's Report dated 26.02.2026 under the Customs Valuation Rules, 2007;

(ii) Whether the misdeclared prohibited goods (Table-C) found are liable for confiscation under Section 113(d) and 113(e) of the Customs Act, 1962;

(iii) Whether the declared goods (Table-B) are liable for confiscation under Section 113(i) and 119 of the Customs Act, 1962;

(iv) Whether the exporter is liable for penalty under Sections 114(i) and 114AA of the Customs Act, 1962.

13.1 Regarding the first issue, I find that the exporter had declared goods worth Rs. 17,46,145/- in the Shipping Bill No. 8925067 dated 21.01.2026. However, upon physical examination of the goods by the Docks Officer, discrepancies were found between the declared cargo and the actual goods. The examination revealed misdeclared prohibited items in the Shipping Bill, as detailed in Table-C.

13.2 As per the Chartered Engineer's Report dated 26.02.2026, the total FOB value of the misdeclared goods has been assessed at Rs. 6,06,810/-, as against Rs. 6,06,475.83/- declared in the impugned Shipping Bill. The said valuation has been carried out in accordance with Rule 6 of the Customs Valuation (Determination of Value of Export Goods) Rules, 2007. The value of the remaining goods (as detailed in Table-B) is accepted as the declared transaction value under Rule 3 of the said Rules, amounting to Rs. 11,39,669.16/-. Accordingly, the total assessable value of the goods covered under the impugned Shipping Bill is determined as Rs. 17,46,479/-.

13.3 According to Rule 8 of the Customs Valuation (Determination of Value of Export Goods) Rules, 2007, when the proper officer has reasonable doubt about the truth or accuracy of the declared value, and if after receiving further information or in the absence of a response, the officer still has reasonable doubt, the transaction value shall be deemed not to have been determined in accordance with Rule 3(1).

13.4 In the present case, given the misdeclaration of prohibited goods and false declaration of cargo contents, I find sufficient grounds to reject the declared value and re-determine the value at Rs. 17,46,479/- based on actual goods found as per the Chartered Engineer Report dated 26.02.2026.

14.1 Regarding the second issue, I find that misdeclared prohibited goods were found in the container, which were not declared under correct HSN Code in Shipping Bill No. 8925067 dated 21.01.2026. These goods are prohibited for export as per DGFT Trade Notice No. 11/2024-25 dated 02.08.2024.

14.2 Section 113(d) of the Customs Act, 1962 provides for confiscation of "any goods attempted to be exported or brought within the limits of any customs area for the purpose of being exported, contrary to any prohibition imposed by or under this Act or any other law

for the time being in force."

14.3 Section 113(e) of the Customs Act, 1962 provides for confiscation of "any goods found concealed in a package which is brought within the limits of a customs area for the purpose of exportation." These misdeclared prohibited goods found concealed in the cargo being exported in guise of other goods.

14.4 As the aforesaid goods are prohibited for export as per the DGFT Trade Notice No. 11/2024-25 dated 02.08.2024 and were misdeclared in the impugned Shipping Bill, these goods are liable for confiscation under Sections 113(d) and 113(e) of the Customs Act, 1962.

15.1 Regarding the third issue, I find that the declared goods found were used to conceal the misdeclared prohibited goods in the shipment.

15.2 Section 119 of the Customs Act, 1962 provides that "any goods used for concealing smuggled goods shall also be liable to confiscation."

15.3 Section 113(i) of the Customs Act, 1962 provides for confiscation of goods "entered for exportation which do not correspond in respect of value or in any material particular with the entry made under this Act." The presence of misdeclared prohibited goods creates a material discrepancy with the shipping bill entry.

15.4 In the present case, I find that the declared goods were used to conceal the misdeclared prohibited goods in the shipment. Hence, these goods are liable for confiscation under Sections 113(i) and 119 of the Customs Act, 1962.

16.1 Regarding the fourth issue, I find that the exporter attempted to export misdeclared prohibited goods as mentioned in Table-C supra, contrary to DGFT Trade Notice, rendering them liable for penalty under Section 114(i) of the Customs Act, 1962.

16.2 Further, I find that the exporter misdeclared the prohibited items in the impugned Shipping Bill. The act of misdeclaring goods indicates an intent to circumvent proper customs clearance procedures. By knowingly making a false declaration in the Shipping Bill, the exporter becomes liable for penalty under Section 114AA of the Customs Act, 1962.

17. The exporter vide letter dated 26.02.2026 has requested permission for "Back to Town" of the goods. Considering the nature of the violation and the request, I find it appropriate to allow redemption of the confiscated goods. Although the prohibited goods cannot be exported as per DGFT Trade Notice, redemption allows the exporter to recover their goods for domestic use or other permissible purposes. Section 125 of the Customs Act, 1962 grants discretionary power to the adjudicating authority to allow redemption of confiscated goods upon payment of a fine in lieu of confiscation.

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

ORDER

(i) I order to reject the declared value of **Rs. 17,46,145/-** in the Shipping Bill No. 8925067 dated 21.01.2026 and re-determine the value at **Rs. 17,46,479/-** (*comprising declared Table- B and C*) based on the actual goods found as per the Chartered Engineer's report dated 26.02.2026 under the Customs Valuation Rules, 2007;

(ii) I order to confiscate the misdeclared prohibited goods as mentioned in Table-C supra under Shipping Bill No. 8925067 dated 21.01.2026 having market value of **Rs. 6,06,810/-** under Sections 113(d) and 113(e) of the Customs Act, 1962. However, I give the option to the exporter to redeem the same for Back to Town on payment of a **Redemption Fine of Rs. 1,00,000/- (Rupees One lakh Only)** under Section 125 of the Customs Act, 1962;

(iii) I order to confiscate all other declared goods as mentioned in Table-B supra having market value of **Rs. 11,39,669.16/-** under Sections 113(i) and 119 of the Customs Act, 1962. However, I give the option to the exporter to redeem the same for export on payment of a **Redemption Fine of Rs. 50,000/- (Rupees Fifty Thousand Only)** under Section 125 of the Customs Act, 1962;

(iv) I order to impose and recover **Penalty of Rs. Rs. 1,00,000/- (Rupees One lakh Only)** from the exporter under Section 114(i) of the Customs Act, 1962 for attempting to export prohibited goods;

(v) I order to impose and recover **Penalty of Rs. 50,000/- (Rupees Fifty Thousand Only)** from the exporter under Section 114AA of the Customs Act, 1962 for making a false declaration and misdeclaration of goods.

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

Digitally signed by
Amit Kumar Mishra
(अमित कुमार मिश्रा)
Date: 27.02.2026
18:46:09
अपर आयुक्त (निर्यात)
सीमा शुल्क, मुंद्रा

F.No. CUS/ECFS/MISC/25/2026-Docks Examn-O/o Pr Commr-Cus-Mundra

To,

M/s K C Fashions (IEC: AFUPB9266N),
7, Adeshwar Complex, Jaisingh bhai Ni Wadi,
Gheekantha, Ahmedabad - 380001

Copy to:-

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