

RECEIVED  
CRAC.(EXPORT) SECTION

13 AUG 2025

1/3212538/2025

JAWAHARLAL NEHRU CUSTOM HOUSE  
NHAVA SHEVA, TAL. URAN,  
DIST. RAIGAD, MAHARASHTRA-400 707

सत्यमेव जयते

भारतसरकार / Government of India

वित्तमंत्रालय / Ministry of Finance

आयुक्त सीमाशुल्क एन.एस.-II का कार्यालय

Office of Commissioner of Customs NS-II

Jawaharlal Nehru Custom House, Nhava Sheva,

Dist- Raigad, Maharashtra - 400 707



F. No.: S/10-822/2024-25/ADC/LIC/NS-II/CAC/JNCH

CUS/LIC/MISC/771/2024-LICO/o-Commr-Cus-NS-II Date of Order: 12.08.2025

SCN NO. 1419/2024-25/AC/LIC/NS-II/CAC/JNCH Date of Issue: 12.08.2025

Order Passed by: Dr. Chittaranjan Prakash Wagh डॉ. चित्तरंजन प्रकाश वाघ

Addl. Commissioner of Customs, अपर आयुक्त सीमा शुल्क  
License (NS-II), JNCH, Nhava Sheva

O-IN-O No: 658 /2025-26/ADC/NS-II/CAC/JNCH

M/s. Murli Krishna Exports Pvt. Ltd. (IEC No 399056335)

DIN: 20250878 NT 0000724526

## मूलआदेश

- यह प्रति जिस व्यक्ति को जारी की जाती है, उसके उपयोग के लिए निःशुल्क दी जाती है।
- इस आदेश के विरुद्ध अपील सीमाशुल्क अधिनियम 1962 की धारा 128 (1) के तहत इस आदेश की संसूचना की तारीख से साठ दिनों के भीतर सीमाशुल्क आयुक्त (अपील, जवाहरलाल नेहरू सीमाशुल्क भवन, शेवा, ता. उरण, जिला - रायगढ़, महाराष्ट्र 400707 - को की जा सकती है। अपील दो प्रतियों में होनी चाहिए और सीमाशुल्क (अपील (नियमावली, 1982 के अनुसार फॉर्म सी.ए.1-1. संलग्नक में की जानी चाहिए। अपील पर न्यायालय फीस के रूप में 2.00 रुपये मात्र का स्टॉप लगाया जायेगा और साथ में यह आदेश या इसकी एक प्रति लगायी जायेगी। यदि इस आदेश की प्रति संलग्न की जाती है तो इस पर न्यायालय फीस के रूप में 2.00 रुपये का स्टॉप भी लगाया जायेगा जैसा कि न्यायालय फीस अधिनियम 1870 की अनुसूची 1, मद 6 के अंतर्गत निर्धारित किया गया है।
- इस निर्णय या आदेश के विरुद्ध अपील करने वाला व्यक्ति अपील अनिर्णीत रहने तक, शुल्क या शास्ति के संबंध में विवाद होने पर माँगे गये शुल्क के 7.5% का, अथवा केवल शास्ति के संबंध में विवाद होने पर शास्ति का भुगतान करेगा।

## ORDER-IN-ORIGINAL

- This copy is granted free of charge for the use of the person to whom it is issued.
- An appeal against this order lies with the Commissioner of Customs (Appeals),

प्राप्त किया / RECEIVED

CEAL

14.08.25

जवाहरलाल नेहरू सीमाशुल्क भवन, गुंघर-II  
Jawaharlal Nehru Custom House, Mumbai-II

Jawaharlal Nehru Custom House, Sheva, Taluka: Uran, Dist: Raigad, Maharashtra – 400707 under Section 128(1) of the Customs Act, 1962 within sixty days from the date of communication of this order. The appeal should be in duplicate and should be filed in Form CA-1 annexed to the Customs (Appeals) Rules, 1982. The appeal should bear a Court Fee stamp of Rs.2.00 only and should be accompanied by this order or a copy thereof. If a copy of this order is enclosed, it should also bear a Court Fee Stamp of Rs. 2.00 only as prescribed under Schedule 1, Item 6 of the Court Fees Act, 1870.

3. Any person desirous of appealing against this decision or order shall, pending the appeal, make 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.

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**Sub: Adjudication of Show Cause Notice No. 1419/2024-25/AC/LIC/NS-II/CAC/JNCH dtd. 28.11.2024 and corrigendum dated 23.01.2025 issued to M/s. Murli Krishna Exports Pvt. Ltd (IEC No 399056335).**

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#### **BRIEF FACT OF THE CASE**

It is observed that some of the Exporters have availed wrong MEIS benefit @3% of FOB value by mis-classifying the goods under CTH 29420090 instead of correct CTH 2901 to 2941 where MEIS benefit was @2% of FOB value. Accordingly, an Audit was conducted to verify correct CTH of respective goods and found that M/s **Murli Krishna Exports Pvt. Ltd (IEC No 399056335)** (hereinafter referred to as the “Exporter”), having address at 101, 1<sup>st</sup> Floor, Ganesh Bhuvan Co-op, HSG Soc. Opp Palm ACER Mahatma P Marg, Mulund (E), Mumbai 400 081 Maharashtra was engaged in the export of goods declared as “Glucosamine Hydrochloride USP & Vivasol (Croscarmellose sodium)” (hereinafter referred to as the “the said goods”), classifying the goods under CTH 29420090 of the first schedule of the Customs Tariff Act, 1975 which covers “Other organic compounds; other;” and claimed MEIS benefit @ 3% of FOB value.

2. During the post-clearance audit, export data of M/s **Murli Krishna Exports Pvt. Ltd (IEC No 399056335)** was scrutinized and it was noticed that they had filed Shipping bills as mentioned in Annexure-A to show cause notice for export of goods viz. “Glucosamine Hydrochloride USP & Vivasol (Croscarmellose sodium)”, classifying them under CTH 29420090 of the first schedule of the Customs Tariff Act, 1975 which covers “OTHER ORGANIC COMPOUNDS; other;” claiming MEIS benefit @ 3% of FOB value. However, the said goods appeared to be correctly classifiable under CTH 29329900 and 39123100.

#### **3. Classification of exported goods.**

For better understanding of the above relevant tariff headings, explanatory notes to the relevant chapter heading are reproduced as below:

##### **A) Custom Tariff Heading 2942 is reproduced as under:**

**2942 Other Organic Compound ( Not classified elsewhere) :This heading covers separate chemically defined organic compounds not classified elsewhere.**

- 1. Ketenes\*. Like ketones, these are characterized by a carbonyl group (>C=O) but it is linked to the neighbouring carbon atom by a double bond (e.g., ketene, diphenyl ketene). This heading however excludes diketene which is a lactone of heading 29.32.
  - 2. Boron trifluoride complexes with acetic acid, diethyl ether or phenol\*.
  - 3. Dithymol di-iodide.
- 294200 - Other organic compound:  
--- Cefadroxil& its salts, Ibuprofane, Diazepam, Nifedipine, Ranitidine, Danes salt of D(-) Phenyl Glycine, D(-) para hydroxyl Dane's Salts:  
29420090--- Other

**B) Custom Tariff Heading 2932 and 3912 are reproduced as under:**

**2932-HETEROCYCLIC COMPOUNDS WITH OXYGEN HETERO-ATOM (S) ONLY**

-Compounds containing an unfused furan ring (whether or not hydrogenated) in the structure

**29329900---Other**

- Compounds containing an unfused pyrazole ring (whether or not hydrogenated) in structure

**3912- CELLULOSE AND ITS CHEMICAL DERIVATIVES, NOT ELSEWHERE SPECIFIED OR INCLUDED, IN PRIMARY FORMS**

**39123100--Carboxymethyl cellulose and its salts**

**4. EXPORT INCENTIVES UNDER DUTY CREDIT SCRIPS-MERCHANDISE EXPORTS FROM INDIA SCHEME (MEIS): -**

4.1 In terms of Chapter 3 of the Foreign Trade Policy (FTP) 2015-2020 exporters are issued duty credit scrips under two schemes for exports of Merchandise and Services namely (i) Merchandise Exports from India Scheme (MEIS) & (ii) Service Exports from India Scheme (SEIS) with an objective to provide rewards to the exporter to offset infrastructural inefficiencies and associated costs involved in export of goods/ products, which are produced/ manufactured in India, especially those having high export intensity, employment potential and thereby enhancing India's export competitiveness.

4.2 The Merchandise Exports from India Scheme (MEIS) provides benefits to exports of notified goods with the ITC (HS) code made to the notified markets, listed under Appendix 3B of the Hand book of Procedures (HBoP) in the form of Duty Credit Scrips. Appendix 3B also lists the rate(s) of rewards on various notified products [ITC (HS) code wise). The basis of calculation of reward would be FOB value of exports realized in free foreign exchange, or on FOB value of exports as given in the Shipping Bills in free foreign exchange, whichever is less, unless otherwise specified.

Table-1

Sr No.	ITC (HS) Code 2017 (Eight Digit)	Descriptions of goods as per ITC(HS) 2017	MEIS Sr. No.	MEIS Reward Rate (In %)
1.	29420090	Other organic compound	1633	3%

2.	29329900	Glucosamine Hydrochloride USP	1489	2%
3.	39123100	Vivasol GF (Croscarmellose sodium)	0	0

5. It appeared that the said Exporter had not made correct and truthful declaration of the material facts in their shipping bills by misclassifying their goods and thereby claimed undue MEIS benefits @ 3%, instead of applicable 2%/0%, amounting to **Rs. 275833.40/- (Rupees Two Lakh Seventy-Five Thousand Eight Hundred and Thirty-Three and Forty paise Only)** which were utilized for payment of customs duty towards the imports by them vide advised C. L. No.189/2023-24/JNCH (A1) dt.03.05.2023.

6. From the Chapter notes, chapter headings and reasons as elaborated in foregoing paras, it appears that **M/s Murli Krishna Exports Pvt. Ltd (IEC No 399056335)** have wilfully mis-stated the classifications of the subject goods exported by them and suppressed the actual classification in their export documents filed before the Customs authorities as well as DGFT with an intent to avail undue benefit of MEIS scheme and therefore the MEIS scrips obtained by them on the basis of such manipulated documents becomes invalid and it can be termed that they were obtained fraudulently. It appears that **M/s Murli Krishna Exports Pvt. Ltd (IEC No 399056335)** by resorting to such acts, have contravened various provisions of Customs Act, 1962.

7. Vide Finance Act, 2011 with effect from 08.04.2011 “Self-Assessment” has been introduced under the Customs Act, 1962. Section 17 of the said Act provides for self-assessment of duty on import and export goods by the importer or the exporter by filing a bill of entry or shipping bill as the case may be, in the electronic form, as per Section 46 or 50 respectively. Thus, under self-assessment, it is the importer or exporter who will ensure that he declares the correct classification, applicable rate of duty, value, benefit of exemption notification claimed, if any, in respect of the imported/exported goods while presenting Bill of Entry or Shipping Bill. In the present case, **M/s Murli Krishna Exports Pvt. Ltd (IEC No 399056335)** have deliberately contravened the above said provisions with an intention to wrongfully avail excess MEIS benefit fraudulently, which were legitimately due to them.

8. From the facts discussed in the foregoing paras, it appears that:

8.1 The Exporter **M/s Murli Krishna Exports Pvt. Ltd (IEC No 399056335)** had misclassified the goods declared as “**Glucosamine Hydrochloride USP & Vivasol (Croscarmellose sodium)**” under CTH 29420090 instead of correct CTH 29329900 and 39123100 respectively. Accordingly, it appears that **M/s Murli Krishna Exports Pvt. Ltd (IEC No 399056335)** had deliberately claimed wrong classification with intent to fraudulently avail the benefit of MEIS at higher rate of 3% instead of 2% and 0% of FOB value. Further, the undue benefits of MEIS availed and utilized by mis-classifying the said exported goods is required to be denied.

8.2 **M/s Murli Krishna Exports Pvt. Ltd (IEC No 399056335)** by way of willful mis-statement, mis-representation and suppression of facts as regards the classification of goods, presented the subject goods for export before the designated authority of Customs with intent to fraudulently avail benefit of MEIS. The Exporter has violated the provision of

Section 17 and 50 of the Customs Act, 1962 which was their duty to comply with. It appears that the Exporter have indulged in fraudulent export of goods by mis-declaring the actual classification of goods so exported. Which squarely falls within the ambit of 'illegal export' as defined in section 11H(a), of the Customs Act, 1962 in as much as the same was in contravention of various provisions of Customs Act, 1962, Foreign Trade(Development and Regulation) Act, 1992, Foreign Trade(Regulation) Rule 1993 and foreign Trade Policy.

8.3 Whereas Rule 14(2) of Foreign Trade (Regulation) Rules, 1993 prohibits employing of any corrupt or fraudulent practice for the purpose of exporting any goods for obtaining any license. Further, the said goods are liable for confiscation in terms of Section 113 (i) of the Customs Act, 1962 as the same were exported by mis declaring the classification. The above-mentioned acts of commission and omission on the part of the Exporter have rendered the goods exported by resorting to mis declaration in terms of classification of goods, liable for confiscation under the provisions of Section 113 (i) of the Customs Act, 1962. The above-mentioned acts of commission and omission on the part of the Exporter have rendered various goods exported by resorting to mis-declaration in terms of classification of goods, with declared FOB value as detailed in Annexure-A to this notice, liable for confiscation under the provisions of Section 113 (i) of the Customs Act, 1962.

9. The Exporter by misclassifying the goods with an intention to avail wrongful/ineligible/ undue MEIS benefit, the Exporter has violated the provision of Customs Act and have rendered the goods liable for confiscation under the provisions of Section 113(i) of the Customs Act, 1962. Further, all the above-mentioned acts of commission and omission on the part of the Export have rendered them liable for penal action under Section 114(iii), 114AA & 114AB of the Customs Act, 1962 with respect to the goods exported by mis-declaring the classification.

10. M/s Murli Krishna Exports Pvt. Ltd (IEC No 399056335) had contravened the provisions of Section 50(2) of the Customs Act, 1962 by willfully mis-declaring/misclassifying their export goods and intentionally claimed undue MEIS benefit which resulted in loss of government revenue of Rs.2,75,833.40/- (Rupees Two Lakh Seventy-Five Thousand Eight Hundred and Thirty-Three and Forty paise Only) On culmination of the investigation, the subject show cause notice was issued to M/s Murli Krishna Exports Pvt. Ltd (IEC No 399056335) calling upon them to show cause as to why:

- i. The declared classification of the subject goods "Organic Product" as mentioned in the shipping bills under CTH 29420090 should not be rejected and the subject goods should not be re-classified under CTH 39123100 and 29329900 of the first schedule to the Customs Tariff Act, 1975 and the said shipping bills should not be re-assessed.
- ii. The exported goods, having total declared FOB value Rs. 1,13,72,048.77 (Rupees One Crores Thirteen Lakhs Seventy-Two Thousand and Forty-Eight and Seventy Seven Paise only) as mentioned in calculation sheet, should not be held liable to confiscation under Section 113 (i) of Customs Act, 1962 although the same are not available for confiscation;
- iii. Export benefit availed by the Exporter in terms of MEIS through shipping bills as detailed in Annexure- A for Rs. 2,75,833.40/- (Rupees Two Lakh Seventy-Five

**Thousand and Hundred Thirty-Three and Forty paise Only)** should not be recovered as per Section 28(4) read with Section 28AAA, of the Customs Act, 1962 along with interest as applicable thereon under Section 28AA, 28(5) of the Customs Act, 1962.

- (iv) Penalty should not be imposed upon them under the provisions of sections 114(iii), 114AA & 114AB of the Customs Act, 1962.

#### **RECORD OF PERSONAL HEARING**

11. In line with the principles of natural justice, letters were issued to the Exporter with a request to appear before Adjudicating Authority for personal hearing on virtual mode. Shri M.P. Damle (Consultant) attended personal hearing on 14.07.2025 personally as own wish. He stated that they are the traders exporter and not manufacturer. In view of the export order, they have purchase the goods exported from the manufacturer who had issued the invoices, specifying the classification of the goods under CTH 29420090 and accordingly they declared the goods under CTH 29420090 in the Shipping Bills. They will submit their written submission for the same in two week.

#### **WRITTEN SUBMISSION OF THE EXPORTER**

12. The Exporter in their written submission dated 28.07.2025 stated that:

M/s Murli Krishna Exports Pvt. Ltd (IEC No 399056335) is a Merchant Exporter and not a manufacturer. They purchased "Glucosamine Hydrochloride USP" from Costal Laboratories wherein the goods have been classified under 2942 and ex-ported vide Shipping Bill No. 8990729 dated 16.12.2010 under RITC code No. 29420090. They purchased Vivasol GF (Croscarmellose sodium) cleared the goods from their factory of Manufacturer under HSN 2942 and accordingly the goods were exported vide S/ B No. 4536724 dated 18.08.2020 under RITC 29420090. The Shipping Bills were self assessed and also assessed by the proper officer under Customs Act, 1962 since RMS is not made applicable to the export of goods and based on the said exports they Claimed MEIS benefits @ 3<sup>0</sup>/0 under CTH 2942.

#### **Demand is barred by limitation**

After a laps of 3 years period Customs Audit Department conducted Post export Audit during May 2023 which is beyond the period of 2 years prescribed under section 28(1)(a) of the Customs Act, 1962. Therefore a consultative letter issued on 03.05.2023 in respect of the said export is time barred and hence not sustainable in Law.

#### **No misstatement/ suppression/collusion:**

The exporter had classified the goods under RITC 2942 on the basis of the invoices issued for the purpose of their goods from the manufacturer. The Shipping Bills referred above were duly assessed by the proper officer under Customs Act 1962 who has accepted all the details including the RITC code mentioned by the Exporter and as such there was no suppression of facts whatsoever nature or any misstatement or collusion with intent to evade any duty.

In view of the above, the consultant submitted the demand of return of MEIS benefit along with interest and penalty raised by the department vide Show Cause Notice NO. 1419/202425/AC/LIC/NS-11/CAC/JNCH dated 28.11.2024 on the exporter, invoking extended period of time is not valid and therefore it is requested that the demand along with interest and the penalty proposed to be imposed on the exporter may please be dropped in the interest of justice especially when no ground has been specified in the

Show Cause notice indicating that the goods were classifiable under RITC code 2901 to 2941 instead of RITC 2942 declared by the exporter in the Shipping Bill.

### DISCUSSION AND FINDINGS

13. I have carefully gone through the entire records of the case and the case has been examined in the light of the evidences produced by the department, applicable laws/rules in the matter. I find that the subject Show Cause Notice was issued on 28.11.2024 under Section 124 read with Section 28(4) read with Section 28AAA of the Customs Act 1962 for alleged misclassification of goods. Further, in compliance to the provisions of Section 28(8) and Section 122(b) of the Customs Act, 1962 and in terms of the principles of natural justice, opportunities for Personal Hearing (PH) were granted to the Exporter. Thus, the principles of natural justice have been followed during the adjudication proceedings. Having complied with the requirement of the principle of natural justice, I proceed to decide the case on merits, bearing in mind the allegations made in the SCN as well as the submissions / contentions made by the Exporter.

14. The main issues for consideration before me are as under:

i. whether the impugned export goods, i.e. **"Glucosamine Hydrochloride USP & Vivasol (Croscarmellose sodium)"** was misclassified by the Exporter under CTH 29420090 instead of correct CTH 29329900 and 39123100 as per the show cause notice.

ii. Whether the alleged mis-classification, if any, was done wilfully and deliberately with an intent to avail inadmissible MEIS benefits.

iii. whether the Exporter are liable for further consequential action under various sections of Customs Act, 1962 as detailed in the subject show cause notice.

### 15. RELEVANT PROVISIONS OF LAW APPLICABLE IN THIS CASE

The relevant provisions of the Customs Act relating to export of goods in general, the liability of the goods to confiscation and liability to penalty for improper exportation under the provisions of the Custom Act, 1962, Foreign Trade (Development & Regulation) Act, 1992, Foreign Trade (Regulation) Rules, 1993 are summarized as under:

- i. **Section 11(1) of the Foreign Trade (Development and Regulation) Act, 1992:** "No export or import shall be made by any person except in accordance with the provisions of this Act, the rules and orders made there under and the export and import policy (now termed as Foreign Trade Policy) for the time being in force".
- ii. **Section 11H(a) of the Customs Act, 1962:** "illegal export" means the export of any goods in contravention of the provisions of this Act or any other law for the time being in force;
- iii. **Section 17(1) of the Customs Act, 1962:** After an importer has entered any imported goods under section 46 or an exporter has entered any export goods under section 50, the imported goods or the export goods, as the case may be, or such part thereof as may be necessary may, without undue delay, be examined and tested by the proper officer.
- iv. **Section 28 (4) of the Customs Act, 1962:** Where any duty has not been, (levied or not paid or has been short-levied or short-paid) or erroneously refunded, or interest

payable has not been paid, part paid or erroneously refunded, by reason of,

- (a) collusion; or
- (b) any willful mis-statement; or
- (c) suppression of fact.

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

**v. SECTION 28AA Of the Customs Act, 1962: Interest on delayed payment of duty**

(1) Notwithstanding anything contained in any judgment, decree, order or direction of any court, Appellate Tribunal or any authority or in an other provision of this Act or the rules made there under, the person, who is liable to pay duty in accordance with the provisions of section 28, shall, in addition to such duty, be liable to pay interest, if any, at the rate fixed under sub-section (2), whether such payment is made voluntarily or after determination of the duty under that section.

(2) Interest at such rate not below ten per cent and not exceeding thirty-six per cent per annum, as the Central Government may, by notification in the Official Gazette, fix, shall be paid by the person liable to pay duty in terms of section 28 and such interest shall be calculated from the first day of the month succeeding the month in which the duty ought to have been paid or from the date of such erroneous refund, as the case may be, up to the date of payment of such duty.

(3) Notwithstanding anything contained in sub-section (1), no interest shall be payable where,

(a) The duty becomes payable consequent to the issue of an order, instruction or direction by the Board under section 151A; and

(b) Such amount of duty is voluntarily paid in full, within forty-five days from the date of issue of such order, instruction or direction, without reserving any right to appeal against the said payment at any subsequent stage of such payment.

**(vi) SECTION 28AAA Of the Customs Act, 1962 : Recovery of duties in certain cases.** (1) Where an instrument issued to a person has been obtained by him by means of

- (a) collusion; or
- (b) willful misstatement; or
- (c) suppression of facts,

for the purposes of this Act or the Foreign Trade (Development and Regulation) Act, 1992 (22 of 1992), by such person or his agent or employee and such instrument is utilised under the provisions of this Act or the rules made or notifications issued there under, by a person other than the person to whom the instrument was issued, the duty relatable to such utilisation of instrument shall be deemed never to have been exempted or debited and such duty shall be recovered from the person to whom the said instrument was issued. Provided that the action relating to recovery of duty under this section against the person to whom the instrument was issued shall be without prejudice to an action against



the importer under section 28.

(vii) **Section 50 (2) of the Customs Act, 1962**: The exporter of any goods, while presenting a Shipping bill or bill of export, shall at the foot thereof make and subscribe to a declaration as to the truth of its contents.

(viii) **Section 50 (3) of the Customs Act, 1962**: The exporter who presents a Shipping bill or bill of export under this section shall ensure the following, namely:- The accuracy and completeness of the information given therein; The authenticity and validity of any document supporting it; and Compliance with restriction or prohibition, if any, relating to the goods under this Act or under any law for the time being in force.

(ix) **Section 113 (i) of the Customs Act, 1962**: Confiscation of goods attempted to be improperly exported, etc. The following export goods shall be liable to confiscation- 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.

(x) **Section 114 (iii) of the Customs Act, 1962**: in the case of any other goods, to a penalty not exceeding the value of the goods, as declared by the exporter or the value as determined under this Act, whichever is the greater.

(xi) **Section 114AA of the Customs Act, 1962**: 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.

(xii) **Section 114 AB of the Customs Act, 1962**: (Penalty for obtaining Instrument by fraud etc.): Where any person has obtained any instrument by fraud, collusion, wilful misstatement or suppression of facts and such instrument has been utilised by such person or any other person for discharging duty, the person to whom the instrument was issued shall be liable for penalty not exceeding the face value of such instrument.

16. Now, I consider the first issue i.e. classification of the impugned export goods. In this regard, I have carefully gone through the entries related to Heading and the relevant Subheading and the information from available on the open source internet and I observed from relevant chapter notes that- tariff headings, explanatory notes to the relevant chapter heading issued by the World Customs Organization very specifically states that tariff heading 2942 covers other organic compound (Not classified elsewhere). This heading covers separate chemically defined organic compounds not classified elsewhere except Ketenes; Boron trifluoride complexes with acetic acid, diethyl ether or phenol; Dithymol diiodide.

**A) Custom Tariff Heading 2942 is reproduced as under:**

**2942 Other Organic Compound ( Not classified elsewhere) :This heading covers separate chemically defined organic compounds not classified elsewhere.**

1. Ketenes\*. Like ketones, these are characterised by a carbonyl group ( $>C=O$ ) but it is linked to the neighbouring carbon atom by a double bond (e.g., ketene, diphenylketene). This heading however excludes diketene which is a lactone of heading 29.32.
2. Boron trifluoride complexes with acetic acid, diethyl ether or phenol\*.
3. Dithymol di-iodide.

**294200 - Other organic compound:**

— Cefadroxil & its salts, Ibuprofane, Diazepam, Nifedipine, Ranitidine, Danes salt of D(-) Phenyl Glycine, D(-) para hydroxyl Dane's Salts:

29420090--- Other

**B) Custom Tariff Heading 2932 is reproduced as unders****2932-Heterocyclic compounds with oxygen hetero-atom(s) only(+).**

- Compounds containing an unfused furan ring (whether or not hydrogenated) in the structure:

2932.11--Tetrahydrofuran

2932.12--2-Furaldehyde (furfuraldehyde)

2932.13--Furfuryl alcohol and tetrahydrofurfuryl alcohol

2932.14 -- Sucralose

2932.19 -- Other

2932.20- Lactones

- Other:

2932.91--Isosafrole

2932.92--1-(1,3-Benzodioxol-5-yl)propan-2-one

2932.93--Piperonal

2932.94--Safrole

2932.95--Tetrahydrocannabinols (all isomers)

2932.96-- Carbofuran (ISO)

2932.99—Other

**Classification of Goods as mentioned above**

**Glucosamine HCL (29329900)**-Glucosamine itself is an amino sugar with the formula  $C_6H_{13}NO_5$ . The structure includes a six membered ring, known as a pyranose ring, which contains one oxygen atom and five carbon atoms, making it a heterocyclic compound. The term heterocyclic compound refers to a cyclic compound that has atoms of at least two different elements as members of its ring(s). In this case, the ring in glucosamine includes one oxygen atom fulfilling the criterion for a heterocyclic compound. In Glucosamine HCL the ring is heterocyclic because it contains different atoms (Carbon and Oxygen). Glucosamine is derived from glucose, which typically forms a pyranose ring when in its cyclic form. In glucosamine, the second carbon of the glucose ring has an amino group ( $-NH_2$ ) instead of a hydroxyl group ( $-OH$ ), making it an amino sugar. The ring structure found in Glucosamine HCL is a six membered pyranose ring, a common structure for sugar and their derivatives. The ring contains five carbon atoms and one oxygen atom, classifying it as a other heterocyclic compound.

**C) Custom Tariff Heading 3912 is reproduced as under:**

**3912 - Cellulose and its chemical derivatives, not elsewhere specified or included, in primary forms.**

- Cellulose ethers:

3912.31 -- Carboxymethylcellulose and its salts

**Classification of Goods as mentioned above:-**

**Crosscarmellose Sodium (39123100)**-Crosscarmellose Sodium is classified as a derivatives

of cellulose, specifically a sodium salt of a cross-linked, partly O (carboxymethylated) cellulose. Its chemical structure is based on -D-glucose units with carboxymethyl group replacing hydroxygroupon C6. it is a commonly used in pharmaceutical excipient and a disintegrant in tablet formulations. Its chemical structure cross-linked sodium carboxymethylcellulose, it is a cross-linked polymer, it is a modified form of carboxymethylcellulose (CMC) where sodium ions attached to the carboxymethylgroups. The basic structure of croscarmellose sodium is similar to carboxymethylcellulose, which is a cellulose derivative. It is a sodium salt of croscarboxymethyl cellulose (a cellulose ether in primary form).

16.1 Further, from above it is evident that only those organic compounds which are not specified elsewhere can be classified under heading 2942. In the present case, as per chapter notes and Subheading explanatory notes as discussed supra, the exported items, i.e. “Glucosamine Hydrochloride USP & Vivasol (Croscarmellose sodium)” would be out of the scope of Tariff Heading 2942 as claimed by the exporter and appears to correctly classifiable under CTH CTH 29329900 and 39123100 respectively above which attracts MEIS @ 2% and 0% respectively instead of 3% as claimed by the exporter. In view of these findings, I conclude that the Exporter had mis-classified the impugned export goods under CTH 29420090 instead of the correct classification under CTH 29329900 and 39123100 respectively.

17. Now, the next issue before me is whether the Exporter had mis-classified the impugned goods wilfully and deliberately with the intention to avail MEIS benefits on higher side. In this regard, I find that the Merchandise Exports from India Scheme (MEIS) provides benefits to exports of notified goods with the ITC (HS) code made to the notified markets, listed under Appendix 3B of the Handbook of Procedures (HBoP) in the form of Duty Credit Scrips. Besides, Appendix 3B also lists the rate(s) of rewards on various notified products [ITC (HS) code wise] which are based on the FOB value of exports realized in free foreign exchange, or on FOB value of exports as given in the Shipping Bills in free foreign exchange, whichever is less, unless otherwise specified.

18. I find that Directorate General of Foreign Trade (DGFT), Ministry of Commerce vide Public Notice No. 61/2015-20 dated 07.03.2017 had re-notified the MEIS Schedule Appendix 3B (Table-2) harmonising MEIS Schedule with ITC(HS), 2017. The MEIS entitlement as per Public Notice No. 61/2015-20 dated 07.03.2017 as amended, on the products classifiable under relevant HS code are as under:

Table-1				
Sr No.	ITC (HS) Code 2017 (Eight Digit)	Descriptions of goods as per ITC(HS) 2017	MEIS Sr. No.	MEIS Reward Rate (In %)
1.	29420090	Other organic compound	1633	3%
2.	29329900	Glucosamine Hydrochloride USP	1489	2%
3.	39123100	Vivasol GF (Croscarmellose sodium)	0	0

18.1 I find from Table above that goods classifiable under Customs Tariff Heading 29329900 is entitled to benefit under MEIS Schemes at the rate of 2% instead of 3% and

goods classifiable under Customs Tariff Heading 39123100 is entitled to benefit under MEIS Schemes at the rate of 0% of FOB value under MEIS Schemes. I find that goods classifiable under CTH 29329900 is covered under Appendix-3B (MEIS Schedule) and goods classifiable under CTH 39123100 is not covered under Appendix-3B (MEIS Schedule).

18.2 Further, I find that the Exporter had mis-declared the classification of the goods in their Shipping Bills and other documents to avail excess MEIS benefit. By no stretch of imagination, such mis-declaration and mis-statement can be regarded as without the exporter's will and intention, especially when such mis-declaration leads to availment of inadmissible benefit of MEIS by them. As already observed **M/s Murli Krishna Exports Pvt. Ltd (IEC No 399056335)** had classified the impugned goods under CTH 29420090 to claim inadmissible MEIS benefits. This shows that the decision to classify the export product under wrong CTH was taken to avail higher MEIS benefit, which clearly indicate that it is not due to lack of knowledge or unintentional mistake, but it is a wilful "decision" to misclassify the goods with the intention to wrongfully avail undue MEIS benefit and as such it constitutes wilful misstatement fit for invoking provisions of Section 28AAA of the Customs Act, 1962.

18.3. I find from the Chapter notes, chapter headings and the relevant Subheading and the information from available on the open source internet and reasons as elaborated in foregoing paras that **M / s Murli Krishna Exports Pvt. Ltd (IEC No 399056335)** had wilfully mis-stated the classifications of the subject goods exported by them and suppressed the actual classification in their export documents filed before the Customs authorities with an intent to avail undue benefit of MEIS scheme and therefore the MEIS scrips obtained by them on the basis of such manipulated documents become invalid and hence, it can be said that the same were obtained fraudulently. I find that by resorting to such acts, **M/s Murli Krishna Exports Pvt. Ltd (IEC No 399056335)** had contravened the various provisions of Customs Act, 1962.

18.4 I notice that vide Finance Act, 2011 with effect from 08.04.2011 "Self-Assessment" had been introduced under the Customs Act, 1962. With the introduction of self-assessment under the Customs Act, more faith is bestowed on the exporter, as the practice of routine assessment, concurrent audit and examination has been dispensed with and the exporters have been assigned with the responsibility of assessing their own goods under Section 17(1) of the Customs Act, 1962. Section 17(1) of the said Act provided for self-assessment of duty on import and export goods by the importer or the exporter by filing a bill of entry or shipping bill, as the case may be, in the electronic form, as per Section 46 or 50 respectively. As a part of self-assessment by the said exporter, it is their duty to present correct facts and declare to the Customs authority about their inability to classify the subject goods rather to mis-classify the goods. The onus is on the exporter to ensure that accurate and complete information is given in the shipping bill, as mandated under section 50(2) & 50(3) of the Customs Act, 1962. As per substantive provisions of section 50(3) of the Customs Act, 1962, 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 restrictions or prohibition, if any, relating to the goods under this Act or under any other law for the time being in force.

Thus, under self-assessment, it is the importer or exporter who would ensure that they declare the correct classification, applicable rate of duty, value, benefit of exemption notification claimed, if any, in respect of the imported/exported goods while presenting Bill of Entry or Shipping Bill. In the present case, I find that **M/s Murli Krishna Exports Pvt. Ltd (IEC No 399056335)** had deliberately contravened the above said provisions with an intention to avail MEIS benefits fraudulently which are not legitimately due to them.

18.5 However, I observe that the exporter had not fulfilled the statutory obligation of correct and truthful declaration of the material facts of the exports document i.e. shipping bills, wherein the Exporter had mis-classified the goods with an intention to claim higher export benefits in form of the MEIS as explained above. Thus, by misclassifying the goods, undue MEIS benefits amounting to Rs. Rs. 2,75,833.40/- (**Rupees Two Lakh Seventy-Five Thousand Eight Hundred and Thirty-Three and Forty paise Only**) had been wrongly claimed by the Exporter.

18.6 I find that in the instant case that the exporter had given a declaration under section 50(2) of the Customs Act, 1962 for the truthfulness of the content submitted at the time of filing Shipping bills. However, the exporter had not correctly classified the exported goods and therefore wrong MEIS benefit @ 3% instead of applicable MEIS @ 2% and 0% of FOB value on the subject goods was claimed by the exporter. Hence the Exporter had submitted a false declaration under section 50(2) of the Customs Act, 1962 which amounts to wilful mis-declaration. Further, I observe that the Exporter had suppressed the facts of applicability of Correct MEIS benefit @2% and 0% while claiming MEIS benefit from DGFT and intentionally claimed undue MEIS benefit on the goods exported vide Shipping bills as mentioned in Annexure-A. This act of exporter had resulted into loss of government revenue of Rs. 275833.40/- (**Rupees Two Lakh Seventy-Five Thousand Eight Hundred and Thirty-Three and Forty paise Only**) and had accrued monetary benefit to the Exporter. Therefore, Exporter had wilfully mis-stated, mis-represented and suppressed the facts with an intention to gain undue MEIS benefit. As the Exporter got the undue monetary benefit, due to the said act of mis-classification of the subject exported goods and the same was done deliberately by mis-classification of the said goods in the above said Shipping bills during self-assessment which amounts to wilful mis-declaration.

18.7 I further observe that the Exporter presented shipping bills before DGFT to obtain MEIS License/Scripts under dispute. The duty credit granted on such MEIS License/Scripts included MEIS credit earned on correctly classifiable goods at appropriate eligible rates as well as on mis-classified products. I further find that **M/s Murli Krishna Exports Pvt. Ltd (IEC No 399056335)** had deliberately mis-classified the export goods under CTH 29420090 in all the shipping bills having FOB value of Rs. 1,13,72,048.77 (**Rupees One Crores Thirteen Lakhs Seventy-Two Thousand and Forty-Eight and Seventy Seven Paise only**) /- as detailed in Annexure-A to the subject SCN, to claim and avail undue higher rate of MEIS benefits which are not due to them. **M/s Murli Krishna Exports Pvt. Ltd (IEC No 399056335)**, thus claimed undue export benefit in terms of MEIS through Shipping Bills for Rs. 275833.40/- (**Rupees Two Lakh Seventy-Five Thousand Eight Hundred and Thirty-Three and Forty paise Only**) as indicated in Annexure-A to the subject notice. The amount of Rs. 275833.40/- (**Rupees Two Lakh Seventy-Five Thousand Eight Hundred and Thirty-Three and Forty paise Only**) is therefore liable to recovered under per section 28(4) and/or 28AAA of the Customs Act, 1962, as

applicable alongwith the applicable interest.

18.8 . I find that the classification of goods, presented the subject goods for export before the designated authority of Customs with intent to fraudulently avail benefit of MEIS on higher side. **M/s Murli Krishna Exports Pvt. Ltd (IEC No 399056335)** had violated the provisions of Section 17 and 50 of the Customs Act, 1962 which is their duty to comply with. In view of the above, I therefore, find that **M/s Murli Krishna Exports Pvt. Ltd (IEC No 399056335)** had indulged in fraudulent export of the goods by mis-declaring the actual classification of goods so exported, which squarely fell within the ambit of illegal export' as defined in Section 11H(a) of the Customs Act, 1962 in as much as the same was in contravention of various provisions of Customs Act, 1962, Foreign Trade (Development and Regulation) Act, 1992, Foreign Trade (Regulation) Rules 1993 and Foreign Trade Policy.

Moreover, as the Exporter has been working under the regime of self-assessment, where they have been given liberty to determine every aspect of a consignment from the classification to declaration of value of the goods, it was the sole responsibility of the Exporter to place correct facts and figures before the Assessing Authority. In the instant case, the Exporter had the full knowledge of the fact that they did not follow the correct MEIS Reward Rate in respect of the declared export goods but they preferred suppressing the fact from the Customs Authority for claiming the MEIS Reward Rate on higher side.

19. Now, before proceeding to the third issue, I will deal with the contentions raised by the Exporter in their written submissions, With regard to the Exporter's submission that After a laps of 3 years period Customs Audit Department conducted Post export Audit during May 2023 which is beyond the period of 2 years prescribed under section 28(1)(a) of the Customs Act, 1962. Therefore a consultative letter issued on 03.05.2023 in respect of the said export is time barred and hence not sustainable in Law. In this context, I find that the investigation has conclusively proved the fact that there are omissions and commission on the part of the Exporter as clearly brought out in the forgoing paras. Thus, extended period in terms of section 28(4) of the Customs Act, 1962 is rightly invocable.

20 In view of the above discussion, I find that MEIS benefit, covered by Customs Notification No.24/2015-Customs dated 08/04/2015, as amended, was a custom duty exemption by way of debit through MEIS Scrips. The power to exempt would include within its ambit the power to demand duty in the event such exemption is wrongly claimed/mis-used. Since the MEIS Scrips/Licenses had been obtained by **M/s Murli Krishna Exports Pvt. Ltd (IEC No 399056335)** by mis-classification of the export goods, as discussed in the preceding paras, they are therefore liable for suspension/cancellation /restriction. Hence, I find that the exemptions claimed by the importers are not admissible and duty at the appropriate rate is leviable on the imports to the extent of duty credit denied and the same is required to be recovered from **M/s Murli Krishna Exports Pvt. Ltd (IEC No 399056335)**. Therefore, I find that undue benefit of MEIS availed amounting to **Rs. Rs. 275833.40/- (Rupees Two Lakh Seventy-Five Thousand Eight Hundred and Thirty-Three and Forty paise Only)** is liable to be denied and recovered under the provisions of section 28(4) and /or 28AAA of the Customs Act, 1962 alongwith interest under section 28AA of the Customs Act, 1962.

21. Further, I find that Rule 14(2) of Foreign Trade (Regulation) Rules, 1993 prohibits employing of any corrupt or fraudulent practice for the purpose of exporting any goods for

obtaining any license. Further, I find that the said goods are liable for confiscation in terms of Section 113(i) of the Customs Act, 1962 as the same were exported by mis-declaring the classification. The above-mentioned acts of commission and omission on the part of **M/s Murli Krishna Exports Pvt. Ltd (IEC No 399056335)** had rendered the goods exported by resorting to mis-declaration in terms of classification of goods, liable for confiscation under the provisions of Section 113(i) of the Customs Act, 1962. The above mentioned acts of commission and omission on the part of **M/s Murli Krishna Exports Pvt. Ltd (IEC No 399056335)** have rendered the goods exported having declared FOB value of **Rs. 1,13,72,048.77/-**, liable for confiscation under the provisions of Section 113(i) of the Customs Act, 1962.

22 I find that by misclassifying the goods with an intention to avail wrongful/ineligible/undue MEIS benefits, **M/s Murli Krishna Exports Pvt. Ltd (IEC No 399056335)** had violated the provisions of Customs Act and thereby rendered the goods liable for confiscation under the provisions of Section 113(i) of the Customs Act, 1962. Further, all the above-mentioned acts of commission and omission on the part of **M/s Murli Krishna Exports Pvt. Ltd (IEC No 399056335)** had rendered themselves liable for penal action under Section 114(iii), 114AA & 114AB of the Customs Act, 1962 with respect to the goods exported.

23. I find that the Exporter had violated the provisions of Rule 11 of the Foreign Trade (Regulations), 1993 as well as the provision of section 50(2) of the Customs Act, 1962 by mis-classifying the subject exported goods and claimed undue MEIS which was not admissible to them, thereby rendered the exported goods covered by Shipping Bills as detailed in the Annexure-A of the subject show cause notice, liable to confiscation under Section 113(i) of the Customs Act, 1962.

23.1 I find that since the above acts of omission and commission on the part of the Exporter had rendered the goods liable for confiscation u/s 113(i) of the Customs Act, 1962, the Exporter had rendered themselves liable to penalty under Section 114(iii) of the Customs Act, 1962

23.2 I also find that the Exporter have knowingly and intentionally made the declaration in the subject shipping bills which is false or incorrect with respect to the classification of the subject goods for undue claim of export benefits under MEIS. Therefore, this act of **M/s Murli Krishna Exports Pvt. Ltd (IEC No 399056335)** had rendered themselves liable to penal action under Section 114AA of the Customs Act, 1962 for signing false declaration in the shipping bill.

23.3. I find that **M/s Murli Krishna Exports Pvt. Ltd (IEC No 399056335)** had claimed the instrument viz. MEIS benefits @ 3% of the FOB value instead of 2% and 0% by intentional mis-declaration of classification of the exported goods in respect of subject shipping bills as mentioned in Annexure A of the Notice. Therefore, the exporter **M/s Murli Krishna Exports Pvt. Ltd (IEC No 399056335)** are also liable for penalty u/s 114 AB of Customs Act, 1962 for this intentional mis-declaration of classification.

24. In view of foregoing discussion above made in the light of the facts of investigation and relied upon documents, I pass following order: -

#### ORDER

(i). I reject the declared classification under CTH 29420090 of the subject goods in the

Shipping Bills (as detailed in Annexure-A to the SCN) and re-classify the said goods under respective CTH 29329900 and 39123100, Customs Tariff Heading of the First Schedule to the Customs Tariff Act, 1975 and order to re-assess the said Shipping Bills accordingly;

(ii) I confiscate the impugned exported goods, having total declared FOB value of **Rs. 1,13,72,048.77/-** (as detailed in Annexure-A) under Section 113(i) of Customs Act, 1962. However, in lieu of confiscation, I impose redemption fine of **Rs. 50,00,000/-** (Rs. Fifty Lakh only) under section 125 of the Customs Act, 1962;

(iii) I reject the export benefit availed in terms of MEIS through Shipping Bills as detailed in Annexure-A to the SCN amounting to **Rs. 275833.40/- (Rupees Two Lakh Seventy-Five Thousand Eight Hundred and Thirty-Three and Forty paise Only)** and I order to recover the same from **M/s Murli Krishna Exports Pvt. Ltd (IEC No 399056335)** under section 28(4) and/or 28AAA of the Customs Act, 1962 along with interest thereon under section 28AA of the Customs Act, 1962, as applicable.

(iv) I impose penalty of **Rs. 1,50,000/-** (Rs. One Lakh Fifty thousand only) under section 114(iii) of the Customs Act, 1962 upon **M/s Murli Krishna Exports Pvt. Ltd (IEC No 399056335)**.

(v) I impose penalty of **Rs. 1,50,000/-** (Rs. One Lakh Fifty thousand only) under section 114AA of the Customs Act, 1962 upon **M/s Murli Krishna Exports Pvt. Ltd (IEC No 399056335)**.

(vi) I impose penalty of **Rs. 1,50,000/-** (Rs. One Lakh Fifty thousand only) under Section 114AB of the Customs Act, 1962 upon **M/s Murli Krishna Exports Pvt. Ltd (IEC No 399056335)**.

25. This order is issued without prejudice to any other action that may be taken against the Exporter(s) or against any other person(s)/ Entities concerned, under the Customs Act, 1962, and/or under any other law for the time being in force in India.

Digitally signed by  
Wagh Chittaranjan Prakash  
Date: 12-08-2025 12:26:47  
(J.D. Chittaranjan Prakash Wagh)  
Addl. Commissioner of Customs  
NS-II, JNCH, Nhava Sheva.

To,

**M/s Murli Krishna Exports Pvt. Ltd (IEC No 399056335)**  
101, 1<sup>st</sup> Floor, Ganesh Bhuvan Co-op, HSG Soc.  
Opp Palm ACER Mahatma P Marg,  
Mulund (E), Mumbai 400 081 Maharashtra **EM 9810949291N**

Copy to :

1. The Commissioner of Customs, NS-II, JNCH, Zone-II.
2. The Addl. Director General of Foreign Trade, CGO Office, Churchgate, Mumbai-  
**EM 9864078371N**



400020.

3. The Asst./Deputy Commissioner of Customs, Audit, JNCH.
4. The Asst./Deputy Commissioner of Customs, CRRC, JNCH.
5. The Asst./Deputy Commissioner of Customs, Review Cell
6. The Asst./Deputy Commissioner of Customs, CEAC
7. The Asst./Deputy Commissioner of Customs, EDI, JNCH for uploading on website
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