सीमा शुल्क आयुक्त का कार्यालय
OFFICE OF THE COMMISSIONER OF CUSTOMS
केंद्रीय अधिनिर्णय प्रकोष्ठ, एन एस-V
CENTRAL ADJUDICATION CELL, NS-V
जवाहरलाल नेहरू कस्टम हाउस, न्हावा-शेवा,
JAWAHARLAL NEHRU CUSTOM HOUSE, NHAVA-SHEVA,
ताल-ऊरण,डिस्ट-राइगड़, महाराष्ट्र-४०० ७०७.
TAL. URAN, DIST. RAIGAD, MAHARASHTRA - 400 707.

DIN : 20260578NX000000EE5B Date of Order: 22/05/2026

F.No. S/10-88/2025-26/JC/Gr. V/NS-V/CAC/JNCH Date of issue: 22/05/2026

SCN No.: 179/2025-26/DC/NS-V/Gr.V/JNCH

SCN Date: 27/05/2025

Passed By: **Shri Mazid Khan**
Additional Commissioner of Customs, CAC, NS-V, JNCH

Order-In-Original No. : 164/2026-27/ADC/GR. V/NS-V/CAC/JNCH

Name of Party/Noticee :- **M/s. Mukand Limited (IEC: 0388001151)**

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मूल आदेश

1. यह प्रति जिस व्यक्ति को जारी की जाती है, उसके उपयोग के लिए नि:शुल्क दी जाती है।

2. 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 संलग्नक में की जानी चाहिए। अपील पर न्यायालय फीस के रूप में 2.00 रुपये मात्र का स्टांप 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 स्टांप भी लगाया जायेगा जैसा कि न्यायालय फीस अधिनियम 1970 की अनुसूची 1, मद 6 के अंतर्गत निर्धारित किया गया है।

3. इस निर्णय या आदेश के विरुद्ध अपील करनेवाला 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

1. This copy is granted free of charge for the use of the person to whom it is issued.

2. An appeal against this order lies with the Commissioner of Customs (Appeal), Jawaharlal Nehru Custom House, Nhava Sheva, Tal : 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 Annexure on the Customs (Appeal) 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, items 6 of the Court Fee Act, 1970.

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.

Brief Facts of the Case

M/s Mukand Limited (IEC: 0388001151) (hereinafter referred as Auditee) having address at 3rd Floor, Bajaj Bhawan, Jamna Lal Bajaj Marg, 226 Nariman Point, Mumbai – 400 021 had presented Bills of Entry, as mentioned in the annexure-A enclosed, at Nhava Sheva Port, Mumbai (INSAA1) and Air Cargo Sahar (INBOM4) for clearance of goods having description " SPARE PARTS FOR ROLLING MILL-455425001 TAPERED SLEEVE (2 PCS)", "COUPLING-ABBR0010012 BARFLEX TCBR-0500 A00 01 16085 16085200", "PINCH ROLL RINGS PART NO.438376001 (SPARES FOR ROLLING MILL)" "PARTS FOR WIRE ROD MILL-3928574 HEXAGON NUT" "EXTENSION SPRING FOR OSCILLATOR ACTUATOR ASSEMBLY" etc. (herein referred as impugned goods) and classified the same under Chapter 84 and 85 attracting Customs duty BCD@7.5%. The total Assessable Value of the impugned goods imported through said port is **Rs. 62,17,80,201/-** (Rs. Sixty-Two Crore Seventeen Lakh Eighty Thousand Two Hundred One only) The details of the Bills of Entry are enclosed in Annexure-A.

2. During premise clearance audit (PCA), conducted in accordance with the provisions of Section 99A of the Customs Act, 1962 read with Section 157(k) of the Customs Act, 1962 and Customs Audit Regulation, 2018; it is found that Auditee had imported impugned goods describing them as "SPARE PARTS FOR ROLLING MILL-455425001 TAPERED SLEEVE (2 PCS)", "COUPLING-ABBR0010012 BARFLEX TCBR-0500 A00 01 16085 16085200", "PINCH ROLL RINGS PART NO.438376001 (SPARES FOR ROLLING MILL)" "PARTS FOR WIRE ROD MILL-3928574 HEXAGON NUT" "EXTENSION SPRING FOR OSCILLATOR ACTUATOR ASSEMBLY".

3. It appears that Impugned goods should have been classified as "parts of general use" because they are standard, interchangeable components made of iron or steel. The impugned goods are not specifically designed or exclusively used in any one type of machine. As per Note 1 (g) of Section- XVI to Chapter 84 which states as follows:

1. *This Section does not cover:*

(g) parts of general use, as defined in Note 2 to Section XV, of base metal (Section XV), or similar goods of plastics (Chapter 39);

***Parts of general use'** has been defined vide Note 2 to Section XV as follows:*

(a) articles of heading 7307, 7312, 7315, 7317 oz 7318 and similar articles of other base metal, other than articles specially designed for use exclusively in implants in medical, surgical, dental or veterinary sciences (heading 9021);

(b) springs and leaves for springs, of base metal, other than clock or watch springs (heading 9114); and

(c) articles of headings 8301, 8302, 8308, 8310 and frames and mirrors, of base metal, of heading 8306.

Hence, Analysis of above paragraph, it appears that as per Note 2 to Section XV and Note 1(g) to Section XVI of the Customs Tariff, such parts are

explicitly excluded from machinery classifications under Chapter 84. Instead, they fall under Chapter 73, which covers general-purpose articles of base metal, regardless of their end use. It appears that the impugned goods are not specifically classified in the CTIs claimed as mentioned above, which are discussed in next para and reproduced as under: -

3.1. Coupling/ Shaft Coupling/ Barrel Coupling: - The Auditee imported the impugned goods under CTI viz. 84836090, 84559000 and 84839000 and BCD was paid @7.5 % as mentioned in Annexure-A. the impugned goods are standardized connectors used in various mechanical, piping and industrial systems. Hence, the said goods are excluded from Chapter 84 by virtue of Note 1(g) of Section XVI they are rightly classifiable under CTI 7307 and applicable BCD is @10% & 25% (US origin).

3.2. Bearing Sleeve/ Tapered Sleeve/Splined Sleeve Remover- (Spare parts for Rolling Mill): - Auditee imported the impugned goods under CTI 84559000 and BCD was paid @7.5 % as mentioned in Annexure-A. the impugned goods are auxiliary mechanical components, often used across industries- rolling mills, motors, gearboxes etc. hence it appears that the impugned goods are general purpose mechanical parts. As discussed in the above paras, the said goods are excluded from Chapter 84 by virtue of Note 1(g) of Section XVI. Hence it appears that the impugned goods are rightly classifiable under CTI 7307 and applicable BCD is @10% & 25% (US origin).

3.3. Extension Spring for Oscillator Actuator Assembly: -Auditee imported the impugned goods under CTI viz 85381010 and 84549000 and BCD was paid @7.5 % as mentioned in Annexure-A. As per Explanatory Notes on CT1 7320, "The heading covers iron or steel springs of all types, irrespective of their use, other than clock or watch springs of heading 91.14. Springs are made from sheet metal, wire or rod of an elastic quality, in such a way that they have the property of returning to their original form even after considerable displacement. The heading includes the following types of springs:

(A) Leaf-springs (single or laminated) chiefly used in the suspension systems of vehicles (e.g., railway locomotives and rolling stock, automobiles and carts).

(B) Helical springs of which the two major groups are:

(1) Helical coil springs, comprising compression, tension and torsion springs, made from wire or rod of round or rectangular section. They are used for numerous purposes (e.g., in vehicles and general engineering).

(2) Volute springs, usually conical and made from wire or rod of rectangular or oval section or from flat strip. They are mainly used in shock-absorbers, buffers on rolling stock couplings, secateurs, hair clippers, etc.

(C) Flat springs and flat spiral springs as used in spring operated motors, in locks, etc.

(D) Discs springs and ring springs (as used in railway buffers, etc.).

As discussed in the above paras, the said goods are excluded from Chapter 84 by virtue of Note 1(g) of Section XVI. Hence it appears that the impugned goods are rightly classifiable under CTI 73209090 and applicable BCD is @10% and @25% (US ORIGIN).

3.4. Hexagon Nut-(Parts for Wire Rod Mill): - Auditee imported the impugned goods under CTI 84559000 and BCD was paid @7.5 % as mentioned in Annexure-A. As per Explanatory Notes on CTI 7318, Nuts are metal pieces designed to hold the corresponding bolts in place. They are usually tapped throughout but are sometimes blind. The heading includes wing nuts, butterfly nuts, etc. Lock nuts (usually thinner and castellated) are sometimes used with bolts.

As discussed in the above paras, the said goods are excluded from Chapter 84 by virtue of Note 1(g) of Section XVI. Hence, it appears that the impugned goods are rightly classifiable under CTI 73181600 and applicable BCD is @15%.

3.5. Pinch Roll Rings (Spares for Rolling Mill): - Auditee imported the impugned goods under CTI 84559000, 84828000, 84839000, 84289090 and 84549000 and BCD was paid @7.5 % as mentioned in Annexure-A. As per Explanatory Notes on CTI 7318, The classification of rings under CTI 7318 also be based on the broader practice of grouping functional and industrial steel-based products together, regardless of their form (e.g., washers, rings, or other steel parts). As discussed in the above paras, the said goods are excluded from Chapter 84 by virtue of Note 1(g) of Section XVI. Hence, it appears that they are rightly classifiable under CTI 73182990 and applicable BCD is @15%.

4. The analysis in paragraphs 3.1 to 3.2 indicates that the impugned goods are correctly classified under CTI 7307 attracting BCD is @10% & 25% (US origin) and paragraph 3.3 indicates that the impugned goods are correctly classified under CTI 7320 attracting BCD is @10% and @25% (US ORIGIN) Consequently, paragraphs 3.4 to 3.5 indicates that the impugned goods are correctly classified under CTI 7318 attracting BCD is @15%.

5. Analysis of above paragraphs reveals that the Auditee intentionally mis-classified the impugned goods in the relevant Bills of entry. These goods imported through NHAVA SHEVA PORT and AIR CARGO COMPLEX were cleared under Chapter 84 and 85 attracting Customs duty BCD@7.5%. Upon scrutiny, it is evident that the correct classification for these goods is CTI 7307, 7320, 7318 attracting BCD@10%,@10%,@15% respectively. This deliberate misclassification in the Bills of Entry by the Auditee appears to be an attempt to evade legitimate Customs duties. Consequently, the Auditee's actions of wilful misstatement and suppression of facts to evade applicable BCD and IGST render them liable for payment of the short-paid duty as per Section 28(4) of the Customs Act, 1962, and also subject to penal action under the same Act.

6. A consultative letter 1909/2025 dated 18.03.2025 has been issued to the Auditee for voluntary payment of applicable dues. However, the Auditee vide letter dated 07.04.2025 submitted their reply to said Consultative letter, wherein they denied all the allegations made in the CL and did not accept for payment of applicable dues. The Auditee in their defense, presented the following main points:

(a)The Auditee's submission argues that the BARFLEX Couplings, Drum coupling, coupling head, Slewing Ring has specific classification under CTI 8483 in terms of Note 2(a) of Section XVI.

(b) The Auditee's submission argues that Gear Coupling, Oscillator Table Spring Assembly, Hexagon Nut — part for wire rod mill, Rolling Mill parts Tapered sleeve splined sleeve Lock sleeve, Roll Ring Mounting Tool Block, Sealing Ring Viton

ring has parts of rolling mill and merits classification in heading 8455 in terms of Note 2 of Section XVI.

(c) The Auditee's submission argues that Shock Absorber with lowering mechanism, Rolling Mill parts Pinch Roll Ring Spline Ring has precision parts of rolling mills and classifiable under heading CTI 8455 in terms of Note 2(b) of Section XVI.

7. In view of the facts in the paras above, it appears that Auditee's submission does not hold strong legal ground. Hence, contrary reply of Auditee's arguments is in following points.

(a) In contrary to Auditee's submission at para 6(a), Note 2(a) to Section XVI **excludes** from classification in Chapters 84 or 85 those parts that are considered **"parts of general use"** under **Section XV**. Since couplings can fall under Heading 7307 (Section XV), hence it appears that they must be classified there, **regardless of any specific machine they are used in**, unless they are specially designed and not usable elsewhere.

(b) In contrary to Auditee's submission at para 6(b), Note 2(a) of Section XVI specifically **excludes "parts of general use"** (as defined in Note 2 to Section XV) from being classified under Chapters 84 or 85. Therefore, items like **nuts, sleeves, washers, and tool blocks,** even if used in industrial machinery, **cannot be classified under heading 8455** if they are also **generally available** and not exclusively made for such machines.

(c) In contrary to Auditee's submission at para 6(c), Per Note 2(a) of Section XVI, if a part is classified as a "part of general use" under Section XV, it must not be classified under Chapter 84 or 85, even if used in a machine like a rolling mill. As Pinch Roll Rings, Spline Rings, and Shock Absorber mechanisms do not have machine-specific design proof, they fall within this exclusion clause and are correctly classifiable under CTI 7318. It appears that No Clear Evidence of Sole or Principal Use in Rolling Mills. For classification under heading 8455 (machinery for metal rolling mills) via Note 2(b) of Section XVI, it must be shown that the part is:

(i) Solely or principally used with rolling mills, and

(ii) Specifically designed for such machinery- In this case, no detailed technical drawings, certifications, or product literature are provided by the auditee to support such a specific use case. These items could easily be used in other industrial applications, disqualifying them from classification under 8455.

7.1. Hence, it appears that the impugned goods are correctly classified under CTI 7307, 7320, 7318 and applicable BCD is @10%, @10%, @15% respectively.

the claim of Auditee that the said goods are classified under CTI 8483, 8455, 8538 is not correct.

8. Thus, the act of the Auditee makes them liable for payment of differential duty amounting to **25,45,321**/- (Rs. Twenty Five Lakh Forty Five Thousand Three Hundred Twenty One Only) along with applicable interest and penal action under customs Act, 1962. Therefore, a Show Cause Notice needs to be issued by proper officer to M/s Mukand Limited (IEC: 0388001151) under section 124 of the Customs Act, 1962.

9. Relevant Legal Provisions are as under: -

9.1. SECTION 46 OF CUSTOMS ACT, 1962: Entry of goods on importation-

(1) The importer of any goods, other than goods intended for transit or transhipment, shall make entry thereof by presenting [1] [electronically] [2] [on the customs automated system] to the proper officer a bill of entry for home consumption or warehousing [3] [in such form and manner as may be prescribed] :

[4] [***Provided*** *that the [5] [Principal Commissioner of Customs or Commissioner of Customs] may, in cases where it is not feasible to make entry by presenting electronically [6] [on the customs automated system], allow an entry to be presented in any other manner:*

Provided *further that if the importer makes and subscribes to a declaration before the proper officer, to the effect that he is unable for want of full information to furnish all the particulars of the goods required under this sub-section, the proper officer may, pending the production of such information, permit him, previous to the entry thereof (a) to examine the goods in the presence of an officer of customs, or (b) to deposit the goods in a public warehouse appointed under section 57 without warehousing the same.*

(2) Save as otherwise permitted by the proper officer, a bill of entry shall include all the goods mentioned in the bill of lading or other receipt given by the carrier to the consignor.

[7] [(3) The importer shall present the bill of entry under sub-section (1) [8] [before the end of the day (including holidays) preceding the day] on which the aircraft or vessel or vehicle carrying the goods arrives at a customs station at which such goods are to be cleared for home consumption or warehousing:

[9] [***Provided*** *that the Board may, in such cases as it may deem fit, prescribe different time limits for presentation of the bill of entry, which shall not be later than the end of the day of such arrival:*

Provided *further that] a bill of entry may be presented [10] [at any time not exceeding thirty days prior to] the expected arrival of the aircraft or vessel or vehicle by which the goods have been shipped for importation into India:*

[11] [***Provided*** *also that] where the bill of entry is not presented within the time so specified and the proper officer is satisfied that there was no sufficient cause for such delay, the importer shall pay such charges for late presentation of the bill of entry as may be prescribed.*

(4) The importer while presenting a bill of entry shall [12] [* *] 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, [13] [and such other documents relating to the imported goods as may be prescribed].*

[12] [(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.]

(5) If the proper officer is satisfied that the interests of revenue are not prejudicially affected and that there was no fraudulent intention, he may permit substitution of a bill of entry for home consumption for a bill of entry for warehousing or vice versa.

9.2. SECTION 111 OF CUSTOMS ACT, 1962: Confiscation of improperly imported goods, etc. *- The following goods brought from a place outside India shall be liable to confiscation: -*

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.

9.3. SECTION 28 OF CUSTOMS ACT, 1962: Recovery of duties not levied or short levied or erroneously refunded. *–*

(4) "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 facts,

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".

9.4. SECTION 28AA OF 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 any other provision of this Act or the rules made thereunder, 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.

9.5. SECTION 114A OF CUSTOMS ACT, 1962: Penalty for short-levy or non-levy of duty in certain cases. *- Where the duty has not been levied or has been short-levied or the interest has not been charged or paid or has been part paid or the duty or interest has been erroneously refunded by reason of collusion or any willful mis-statement or suppression of facts, the person who is liable to pay the duty or interest, as the case may be, as determined under sub-section (8) of section 28 shall also be liable to pay a penalty equal to the duty or interest so determined.*

9.6. SECTION 117 OF CUSTOMS ACT, 1962: Penalties for contravention, etc., not expressly mentioned. *- Any person who contravenes any provision of this Act or abets any such contravention or who fails to comply with any provision of this Act with which it was his duty to comply, where no express penalty is elsewhere provided for such contravention or failure, shall be liable to a penalty not exceeding [one lakh rupees].*

10. The Non-payment of Customs duty on Impugned goods by the Auditee in order to evade duty thereon appears to have contravened the provisions of 46(4) and 46(4A) of the Customs Act 1962 and which in turn appears to have rendered the subject goods liable to confiscation in terms of the provisions of section 111(m) of the customs act 1962, because of which it also appears to have made the importer liable for penal action in terms of the provisions of section 114A of Customs Act.

10.1. All the aforesaid facts, discussed above about the manner in which the Auditee has availed short paid BCD and IGST amount for the subject goods, came to light only after the Audit. In view of the above, it appears that in-spite of having knowledge, the Auditee wilfully mis-stated and suppressed facts from the department and not paid the BCD and IGST amount which is not admissible to them. Therefore, extended period of 05 years as provided under section 28(4) of the customs act 1962 is applicable for recovery of the customs duty under section 28 of the customs Act, 1962 along with applicable interest thereon, under section 28AA of the Customs Act 1962.

11. With the introduction of Self-Assessment, faith is bestowed on the Auditee as the practice of routine assessment, concurrent audit etc., have been dispensed with and the Auditee has been entrusted with the responsibility to correctly self-assess the duty. However, in the instant case, the Auditee intentionally abused the faith placed upon it by the law of the land. It also appears that such evasion of payment of applicable duty of impugned goods, on the part of the Auditee has resulted in short levy of duty amounting to **25,45,321**/- (Rs. Twenty-Five Lakh Forty-Five Thousand Three Hundred Twenty-One Only) which is recoverable from the Auditee under the provisions of 28(4) of the Customs Act 1962 along with the interest as applicable under section 28AA of the Act. In view of the wilful evasion of payment of applicable duty during self-assessment by the Auditee in respect of the impugned goods, resulting into short/non-levy of duty, it appears that the Auditee has rendered the goods mentioned in Annexure-A liable for confiscation under section 111(m) of the

Customs Act 1962. For Such acts/omission on the part of the Auditee and the said deliberate wrong self-assessment of duty, the Auditee also appears to have rendered themselves liable to penalty under section 114A ibid.

12. Therefore, in terms of Section 124 read with Sections 28(4) of the Customs Act,1962, M/s. Mukand Limited (IEC: 0388001151) is called upon to show cause to the Additional/Joint Commissioner, Group- V, JNCH, Nhava Sheva within 30 days of the receipt of the notice as to why:

i) The classification of subject goods claimed under CTH as detailed in Annexure"A" of this notice should not be rejected and the same should not be re-assessed under CTH 7307 as per paragraphs 3.1 to 3.2, CTH 7320 as per paragraph 3.3 & CTH7318 as per paragraphs 3.4 to 3.5.

ii) The imported goods having assessable value of Rs. 62,17,80,201/- covered under Bills of entry as detailed in Annexure- "A" should not be held liable for confiscation under Section 111(m) of the Customs Act, 1962.

iii) Differential Duty of Rs. 25,45,321/- should not be demanded for the Bills of entry as detailed in Annexure- "A" under Section 28(4) of the Customs Act,1962 along with applicable interest under Section 28AA of the Customs Act,1962.

iv) Penalty should not be imposed under Section 112(a) and/ or 114A/114 AA of the Customs Act, 1962.

RECORDS OF PERSONAL HEARING

13. In order to comply with the principal of natural justice, opportunity of personal hearing in the matter was provided to the Importer vide letter F. No. S/10-88/2025-26/JC/Gr. V/NS-V/CAC/JNCH dated 29.12.2025 to appear before the adjudicating authority on 07.01.2026 in virtual mode, for their oral/written submission against the subject show cause notice. However, Shri C.K. Chaturvedi, authorized representative of the importer, appeared before the adjudicating authority physically. He submitted a copy of their written submission dated 30.06.2025 and reiterated the same. He requested for another PH to submit additional documents. The request was accepted by the Adjudicating Authority and another PH was granted on 30.01.2026 vide letter of even no. dated 14.01.2026. However, Shri Chaturvedi, vide his email dated 26.01.2026 requested to schedule the PH on 28.01.2026, which was accepted by the adjudicating authority. Shri Chaturvedi attended the said PH and submitted additional submission and reiterated the same. He had nothing more to add.

WRITTEN SUBMISSIONS OF THE IMPORTER

14. The noticee/importer submitted their written submission dated 30.06.2025, which inter-alia stated:-

14.1. The Noticee M/s Mukand Limited are in receipt of the subject Show Cause Notice (hereinafter referred to as SCN) and have carefully gone through the same. I am submitting this reply on behalf of M/s Mukand Limited as their duly authorized representative. The letter of authorization is enclosed herewith. The noticee denies all the insinuations and allegations contained in the Show Cause Notice.

14.2. In the SCN the noticee has been asked to show cause as to why

i) The classification of subject goods claimed under CTH as detailed in Annexure "A" of this notice should not be rejected and the same should not be reassessed under CTH 7307 as per paragraphs 3.1 to 3.2, CTH 7320 as per paragraph 3.3 & CTH 7318 as per paragraph 3.4 to 3.5.

ii) The imported goods having assessable value of Rs. 62,17,80,201/- covered under Bills of Entry as detailed in Annexure – "A" should not be held to be liable for confiscation under section 111(m) of the Customs Act, 1962.

iii) Differential duty of Rs. 25,45,321/- should not be demanded for the Bills of Entry as detailed in Annexure – "A" under section 28(4) of the Customs Act, 1962 along with applicable interest under Section 28AA of the Customs Act, 1962.

iv) Penalty should not be imposed under section 112(a) and/or 114A/114AA of the Customs Act, 1962.

14.3. The first question of the SCN *'why the classification of subject goods claimed under CTH as detailed in Annexure "A" of this notice should not be rejected and the same should not be reassessed under CTH 7307 as per paragraphs 3.1 to 3.2, CTH 7320 as per paragraph 3.3 & CTH 7318 as per paragraph 3.4 to 3.5'* is answered as hereinbelow –

14.3.1. The goods in question were lawfully cleared under valid assessment orders, which remain unchallenged by any competent authority, rendering the Department's subsequent reassessment legally untenable. Reassessment cannot be undertaken arbitrarily at the Department's discretion but must strictly adhere to statutory provisions under the Customs Act, 1962—specifically Section 17, which governs assessment and reassessment. Critically, the Act provides no mechanism for reassessing already-cleared goods without first invalidating the original assessment through due process (i.e., review or appeal). In the present case, the SCN fails to demonstrate that the original assessment orders were ever reviewed by a higher-ranking officer or set aside by an appellate authority, thereby violating established legal procedure and undermining the finality of assessments.

14.3.2. It is settled law that the assessed Bill of Entry itself is an appealable order and is open to challenge. The Hon'ble Supreme Court in case of Collector Vs Flock (India) P. Ltd. reported as 2000 (120) ELT 285 held that in case wherein adjudicating authority has passed an order which is appealable under the statute and the party aggrieved does not choose to exercise the statutory provision of filing an appeal, it is not open to the party to question the correctness of the order of the adjudicating authority subsequently by filing a claim for refund on the ground that the adjudicating authority had committed an error. The Hon'ble Supreme Court in case of Priya Blue Industries Vs CCE reported as 2004 (172) ELT 145, while dealing with a case of refund by following the decision in case of Flock India (Supra) held that once an order of assessment is passed, unless such order has been reviewed, the same stands. It may be appreciated that in the present case, the order of assessment, in respect of the impugned goods has not been challenged by the Department. As such the Bill of Entry assessment was final and no demand can survive unless the same was set aside in an appeal proceeding before the competent authority. It is submitted that only upon such assessment orders

having been set aside by the concerned Appellate authority, can raise a demand notice.

14.3.3. Reliance is also placed upon following decisions of Hon'ble Tribunal to support the aforesaid contention:

i) Madhus Garage Equipment Vs Commissioner reported as 2006 (198) ELT 388.

ii) Commissioner Vs Videocon Appliances reported as 2009 (235) ELT 513.

In both the above cases, the Hon'ble Tribunal by relying upon the decision of the Hon'ble Supreme Court in case of Priya Blue Industries (Supra) held that it is not open to the department to demand duty, unless the order of assessment is reviewed/modified, by filing a review application.

14.3.4. Decision of Hon'ble Tribunal in the case of Ramnarain Bishwanath vs Collector of Customs reported as 1987 (6) TMI 206 – CESTAT Calcutta also needs a mention. Relevant extract is reproduced below:

"The authorities concerned are bound by the order of the Collector of Customs unless the order is revised or set aside by the Appellate Tribunal. In this case no appeal has been preferred as yet....

22...After the clearance of the goods for home consumption by a competent Customs authority on 21st March, 1985, the goods in question ceased to be imported goods and the Appellant ceased to be an importer and consequently no show cause notice could have been issued in respect of the same goods under Section 124 of the Customs Act.

Even otherwise, an order under Section 47 having been passed by the proper officer of Paradip Customs, it was the duty of the Calcutta Customs and, in fact, of all citizens of India to respect that order unless it was modified or set aside by the competent authority. So long as an order of Paradip Customs was holding the field, it was not open to the Calcutta Customs to even seize the goods as in the face of such an order it was not possible in the ordinary course for the Calcutta Customs (or any body else for that matter) to form a belief that the goods were liable to confiscation.

14.3.5. The case law of ITC Ltd reported as 2019 (9) TMI 802 - SUPREME COURT is also relevant in this regard wherein Hon'ble Supreme Court has recently held as under:

"43. As the order of self-assessment is nonetheless an assessment order passed under the Act, obviously it would be appealable by any person aggrieved thereby. The expression 'Any person' is of wider amplitude. ***The revenue,*** *as well as assessee,* ***can also prefer an appeal aggrieved by an order of assessment.*** *It is not only the order of reassessment which is appealable but the provisions of Section 128 make appealable any decision or order under the Act including that of self-assessment.* ***The order of self-assessment is an order of assessment as per section 2(2), as such, it is appealable in case any person is aggrieved by it. There is a specific provision made in Section 17 to pass a reasoned/speaking order in the situation in case on verification, self-assessment is not found to be satisfactory, an order of reassessment has to be passed under section 17(4).*** *Section 128 has not provided for an appeal against a speaking order but against "any order" which is of wide amplitude. The reasoning employed by the High Court is that since there is no lis, no speaking order is passed, as such an appeal would not lie, is not sustainable in law, is contrary to what has been held by this Court in Escorts (supra)."*

14.3.6. It is needless to mention that the judgement of the Hon'ble Supreme Court and other courts is binding not only on the assessing officer but also on the SCN issuing authority by virtue of Article 141 of the Constitution of India.

14.3.7. While addressing the merits, it is submitted that the Bill of Entry was filed based on the declared description and classification of goods in the import documents, which the Department accepted without objection at the time of clearance. The original assessment was finalized confirming the declared classification, establishing its legal validity under Section 17 of the Customs Act. Since no discrepancies were raised during clearance and the assessment order - being an appealable order - has attained finality, the fundamental question that must be answered is on what legal basis the original classification can now be rejected when the assessment order remains unmodified through proper appellate or review proceedings. The SCN's challenge to the classification is unsustainable in law unless it first demonstrates that the original assessment order has been validly set aside by competent authority.

14.4. The second question of the SCN *'why the imported goods having assessable value of Rs. 62,17,80,201/- covered under Bills of Entry as detailed in Annexure – "A" should not be held to be liable for confiscation under section 111(m) of the Customs Act, 1962'* is answered as hereinbelow:

14.4.1. Section 111(m) of the Customs Act, 1962 is reproduced herein below for ease of reference –

> 111 (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;*

14.4.2. In the present case, there exists no dispute regarding the value or other material particulars of the goods (including description, quantity, and origin) that could justify invocation of Section 111(m) for confiscation. The sole contention pertains to classification, which forms part of the assessment process governed by Section 17 of the Customs Act, 1962. Under this framework, while the importer's self-assessment under Section 17(1) is subject to review/modification by proper officers under Sections 17(2)-(4), classification disputes by their very nature fall within the assessment mechanism and cannot be construed as 'material particulars' for the purposes of Section 111(m). Consequently, the provision is patently inapplicable to matters of classification disagreement. Absent from the SCN is any demonstrated misdeclaration of the goods' fundamental characteristics.

14.4.3. In the case of M/s Kanha Electronics, Kolkata reported as 2021 (11) TMI 960 - CESTAT Kolkata, regarding confiscation of the goods under Section 111 (m) and penalty under Section 112, it was held as under:

"18. As far as Section 111(m) is concerned, "any goods which do not correspond in respect of value or in any other particular with the entry made under this Act" are liable for confiscation. The "entry" in question is the Bill of Entry filed under Section 46 of the Act. In addition to making an entry under Section 46, the importer is also required to self assess the duty under Section 17 of the Act. There is no separate process by which duty is to be self-assessed under section 17. The Bill of Entry contains columns to describe the nature of the goods, their value as well as classification, exemption notifications claimed, etc. Once the Bill of Entry is successfully filed, both making an entry under Section 46 and self assessment under Section 17 are completed. While entry under section 46 is entirely the responsibility of the importer, assessment under section 17 by the importer is subject to re-assessment by the officer. Often, the importer may claim classification

under one heading and the officer may decide that it correctly falls under another. Similarly, the importer may declare the value and the officer may decide the assessable value to be different. An exemption notification claimed by the importer may be found to be not available in that case by the officer. The re-assessment by the officer, itself is also further appealable to the Commissioner (Appeals) both by the importer and by the Revenue.

19. In other words, the Bill of Entry filed under Section 46 contains certain factual information such as the details of importer, IEC, exporter, Country of origin, Rotation number, line number, nature of the goods imported, quantity, etc. which have to be correctly declared by the importer. The officer cannot change the declaration by the importer but he may find that the declaration was wrong (say, 1000 pieces were imported and not 800 as declared) and reassess duty accordingly and also take action for mis-declaration. The Bill of Entry also contains certain information such as Customs tariff heading and exemption notifications, which reflect the importer's self-assessment which, unlike declarations, can be changed by the officer. Wrong self-assessment is not the same as wrong declarations. ***Under Section 111(m), goods which do not correspond to the entry made under section 46 are liable for confiscation and not goods which are wrongly self-assessed to duty although self-assessment under section 17 is also done through the process of filing the Bill of Entry. Any column in the Bill of Entry which can be modified by the officer through re-assessment under section 17 is self-assessment by the importer. Whatever cannot be modified by the officer is a declaration by the importer under Section 46. The self-assessment is the importer's opinion which is subject to re-assessment by the officer and further subject to appeals.*** *The declaration by the importer in the Bill of Entry are factual aspects which must be correctly declared and failure to do so entails action under the Act and the officer cannot modify the importer's declaration. Wrong self-assessment is not mis-declaration by the importer. Similarly the officer is not liable if his re-assessment gets overturned on appeal nor is the appellate authority liable if his order gets overturned on further appeal.*

20. In the present case, the importer declared the imported goods as LEDs and on examination they were found to be LEDs in strands of 50 each. The importer claimed a classification and consequentially the benefit of an exemption notification in its self-assessment while the officer re-assessing the goods classified them under a different heading and consequently found that the exemption notification was not available. The learned Commissioner (Appeals) agreed with the importer and we have, in this order, found that the decision of the Commissioner (Appeals) was not correct. Therefore, the impugned goods cannot be confiscated under section 111(m) on the ground of classifying the goods wrongly or claiming the benefit of an exemption notification. Insofar as the declaration of the goods in this case is concerned, we find that the description in the Bill of Entry can, at best, be termed incomplete or vague and cannot be called wrong. What were imported were the LEDs though they were in strands.

21. In this factual matrix, we find that the impugned goods are not liable for confiscation under section 111(d) or 111(m). The provisions related to redemption become, consequently, irrelevant. Further, no penalty can be imposed under section 112."

(Emphasis added)

14.4.4. In the case of DAXEN AGRITECH INDIA PVT. LTD. Versus PRINCIPAL COMMISSIONER OF CUSTOMS (IMPORT), NEW DELHI (2024) 20 Centax 467 (Tri.-Del) the Hon'ble Tribunal has held that

i) Extended period of limitation could not be invoked for misclassification of goods in bill of entry.

ii) Confiscation of goods under Section 111(m) of Customs Act, 1962 for wrong classification in bill of entry could not be sustained.

14.4.5. The classification dispute raised in the Show Cause Notice lacks substantive merit. However, even assuming arguendo that the goods were incorrectly classified, such discrepancy would not constitute grounds for confiscation under Section 111(m) of the Customs Act, 1962. The provision specifically addresses misdeclaration of material particulars - which classification is not, as established by judicial precedent and the statutory framework of Section 17 governing assessment procedures. Since the declared description, quantity, origin and value of goods remain uncontested, the essential requirements for invoking Section 111(m) remain unfulfilled, rendering any confiscation attempt legally unsustainable.

14.5. The third question in the SCN *'why differential duty of Rs. 25,45,321/- should not be demanded for the Bills of Entry as detailed in Annexure – "A" under section 28(4) of the Customs Act, 1962 along with applicable interest under Section 28AA of the Customs Act, 1962'* is answered as hereinbelow:

14.5.1. The differential duty has been demanded under section 28(4) of the Customs Act, 1962. The invocation of extended period in this case suffers from fundamental legal infirmities. The Department has mechanically applied the provisions without:

Establishing any nexus between the alleged circumstances and statutory requirements for invoking extended period;

Substantiating its claims with cogent evidence demonstrating wilful suppression or intent to evade duty;

Discharging its burden of proof by showing how the conditions precedent under Section 28(4) of the Customs Act are satisfied.

The routine invocation of extended period, without proper application of mind to the factual matrix or compliance with statutory prerequisites, renders the demand legally unsustainable.

14.5.2. It is submitted that the invocation of the extended period under Section 28(4) is legally unsustainable as the Show Cause Notice and impugned order fail to establish any of the statutory prerequisites - collusion, wilful misstatement, or suppression of facts. The Department's vague allegation that the 'Importer intentionally abused the faith placed upon it by the law' constitutes mere conjecture without evidentiary support. Crucially, the record contains no material demonstrating the Appellant's mala fide intent to evade Customs Duty. The settled legal position places the burden squarely on the Revenue to positively ***prove*** such intent before invoking the extended limitation period, a burden that remains wholly undischarged in the present case.

14.5.3. It is submitted that all the documents and information based on which the demand has been issued were available in the electronic records of the department. No new investigation has been conducted nor any intelligence was received. It has been held in a catena of cases that in such cases where the information has been culled out from the records of the assessee, extended period cannot be invoked. One of the most recent cases is cited below:

M/s Hindustan Cables Limited reported as 2022 (6) TMI 709 - CALCUTTA HIGH COURT – It was held in Para 10 of the judgement that:

"..... A reading of the show-cause notice clearly shows that the information was gathered from the registers and challans maintained by the assessee and the show-cause notice is not on account of any discovery of new facts by the department either by conducting an inspection or based on intelligence. Therefore, the Tribunal was right in holding that the extended period of limitation could not have been invoked by the authority."

Consequently, the entire demand invoking Section 28(4) of the Customs Act, 1962 is fundamentally flawed and time-barred, being:

1. Legally untenable - for failure to establish the statutory conditions of collusion, wilful misstatement or suppression of facts; and
2. Barred by limitation - as the normal two-year period under Section 28(1) applies in the absence of any proved mala fides.

The demand therefore merits outright quashing as being without legal basis

14.6. The final question in the SCN *'why penalty should not be imposed under section 112(a) and/or 114A/114AA of the Customs Act, 1962'* is easily answered in view of the foregoing submissions. As the goods are not liable for confiscation under section 111(m), no penalty can be imposed under section 112 (a) of the Act. Further since, the demand made by invoking section 28(4) is not sustainable or maintainable no penalty can be levied under section 114A of the Customs Act.

14.6.1. No evidence has been brought out in the SCN which could establish that the importer or any of his employee has knowingly or intentionally made, signed or used, or caused 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 the Customs Act, 1962 and hence no penalty would be imposable under section 114AA of the Act.

14.7. The Show Cause Notice in question was issued following an audit conducted at the premises of the noticee, during which no objections were raised regarding the products now being challenged in the SCN. All queries posed by the audit team were comprehensively addressed to their satisfaction at the time of audit. Based on the audit team's conduct and communications, the auditee had every reasonable expectation that they were fully satisfied with their operations and record-keeping practices, and that their report would reflect this position. The subsequent issuance of the Consultative letter followed by the instant SCN without any prior indication of dissatisfaction during the audit proceedings raises serious questions about the consistency and validity of the Department's actions.

14.7.1. As can be seen from the products listed in the Annexure, the items mentioned are regular imports, particularly the Barflex couplings, which appear in 60 out of 103 entries and are covered by 20 out of the 45 listed Bills of Entry. Since the audit was conducted at the premises of noticee, it was reasonable to expect the audit team to verify the product before drawing any conclusions. Unfortunately, they not only failed to do so but also arrived at their assumption and presumption only after concluding the audit and following the post-audit meeting in their office, which took place after their inspection at premises had already been completed.

14.7.2. Similarly, in the case of the remaining products, the audit team raised disputes not based on physical verification of the goods but rather on arbitrary assumptions derived solely from scrutinizing the data declared at the time of import. This approach raises a fundamental question: if classification conclusions are to be reached through abstract imagination rather than factual examination, then the very purpose of an audit team visiting a party's premises

loses all justification. The entire exercise becomes redundant if findings are based on theoretical assumptions rather than actual inspection and verification.

14.7.3. The assessing group has issued the SCN by mechanically adopting the conclusions of the audit team without independent verification, thereby casting doubt on the validity of their own officers' prior clearances. It must be noted that many of the disputed imports were processed under the Risk Management System (RMS), where assessments were system-facilitated, while others underwent self-assessment followed by verification and confirmation by the assessing group—including physical examination and authentication of the goods. Even in RMS-facilitated Bills of Entry, proper scrutiny was conducted before Customs granted Out of Charge, ensuring compliance with regulations. This raises serious concerns about the basis of the SCN, as it disregards established assessment and clearance procedures that were already validated by Customs authorities at the time of import.

14.7.4. The SCN has been issued belatedly following a Post Clearance Audit conducted at the premises of noticee, despite the statutory requirement that such audits must be completed within two years from the date of import. Notably, the Consultative Letter (No. 1909/18.03.2025, DIN No. 20250377000000111EE2), which purportedly demands payment of differential duty, was issued beyond this two-year limitation period in respect of 22 out of the 45 Bills of Entry listed in the Annexure. The routine invocation of the extended period is arbitrary and legally untenable, as there is no evidence whatsoever of collusion, wilful misstatement, or suppression of facts by the importer. Moreover, the audit findings are based on data retrieved from the EDI system—the very same records the importer had originally submitted at the time of import, reinforcing the absence of any discrepancy or concealment. The SCN, therefore, lacks merit.

14.8. Notwithstanding the submissions made above there is no misclassification in respect of any of the products for which the dispute has been raised first by the Audit department in their Consultative letter and followed by the SCN issuing authority. To begin with and as an illustration the Barflex coupling is a power transmission device and in each of the import invoice the manufacturer and supplier has declared the HSN to be 84836020 and describes the product as below:

BARFLEX® Couplings The TCBR barrel coupling consists of a sleeve and a hub having the same tooth profiles. A series of hardened steel cylindrical barrels are inserted in the holes formed by this hub and sleeve toothing to act as power transmission elements.

Reproduced below is an image of the product –

The contention that this product is classifiable under CTH 7307 (as a tube or pipe coupling) is entirely unjustified, as the design and function of the item in question do not align with the typical characteristics of such fittings. Tube and pipe couplings (under CTH 7307) are specifically designed to connect sections of pipes or tubes in a rigid or semi-rigid manner, often featuring threaded, flanged, or compression-based mechanisms for secure joining.

For reference, typical tube/pipe couplings (as classified under CTH 7307) include:

- **Threaded couplings** (e.g., socket weld fittings, union nuts)
- **Flanged pipe connectors**
- **Compression fittings** for rigid piping systems
- **Grooved couplings** for mechanical jointing

Images below for reference –

Fluid couplings are universally classified under **machinery components** (HSN 8483 for transmission shafts) in trade and engineering standards, not pipe fittings.

It would, therefore, be evident that the allegation of misclassification for the product Barflex coupling is misconceived and without any justification.

14.8.1. From the foregoing, it is evident that the contention in Para 3.1 of the SCN—seeking to classify transmission shaft couplings under CTH 7307—is based on wholly uninformed assumptions and presumptions, devoid of technical or legal merit. The classification under CTH 7307 (pipe/tube fittings) is fundamentally flawed, as it ignores the clear functional, structural, and operational distinctions between rigid mechanical pipe couplings and dynamic power transmission devices like Barflex couplings.

1. Technical Mischaracterization:
    - CTH 7307 applies solely to static pipe/tube connectors (threaded, flanged, or compression-type), whereas transmission shaft couplings are rotary power-transmitting components, functioning through hydrodynamic or mechanical torque transfer.
2. Legal Misapplication:
    - The SCN's reliance on CTH 7307 contravenes established HSN explanatory notes and global trade practices, which categorize such couplings under machinery headings viz. CTH 8483 for transmission shafts.
3. Absence of Justification:
    - The SCN fails to provide any technical literature, trade rulings, or engineering standards to support its erroneous classification, instead relying on speculative assertions that defy industrial norms.

Conclusion: The SCN's classification is unsustainable, arbitrary, and legally untenable, warranting immediate withdrawal.

14.8.2. The contention raised in Para 3.2 of the SCN is equally untenable and reflects a fundamental misunderstanding of the product's nature and function. The mere presence of the term "sleeve" in CTH 7307 has been erroneously used as a pretext to advance an irrational argument that Bearing

Sleeves, Tapered Sleeves, and Spline Sleeves fall under this classification. This assertion is demonstrably incorrect, as these components are not pipe or tube fittings but rather integral parts of industrial machinery or bearing assemblies.

Key Flaws in the SCN's Argument:

1. Misinterpretation of Terminology:

- The term "sleeve" in CTH 7307 refers exclusively to pipe or tube joining sleeves, not mechanical sleeves used in bearings or power transmission systems.
- The products in question are precision-engineered components designed for Rolling Mills (as spares) or Ball Bearings (as structural parts), as explicitly stated by their manufacturers and suppliers.

2. Contradiction with Industry Practice:

- Bearing sleeves, tapered sleeves, and spline sleeves are universally classified under machinery parts (e.g., CTH 8482 for bearings or 8455 for rolling mill components) in global trade and engineering standards.
- Their function (load-bearing, torque transmission, or alignment) is entirely distinct from the static sealing/joining role of pipe fittings under CTH 7307.

3. Lack of Substantiating Evidence:

- The SCN provides no technical rationale, trade precedents, or manufacturer certifications to justify its classification, relying instead on a superficial and misleading lexical overlap.

Conclusion:

The attempt to classify these sleeves under CTH 7307 is technically baseless, legally unsound, and inconsistent with trade norms. The products' design, application, and industry recognition unequivocally place them under machinery-specific headings, rendering the SCN's contention devoid of merit.

14.8.3. Paragraph 3.3 of the SCN disputes the classification of *Extension Spring for Actuator Assembly*, proposing its classification under CTH 7320 instead. However, it is important to clarify that Note 2 of Section XV explicitly lists headings 7307, 7312, 7315, 7317, and 7318 as covering items of general use for iron and steel products—CTH 7320 is notably **not** included in this list. Moreover, the *Extension Spring for Actuator Assembly* is not a generic spring but a precision component of the actuator assembly, which itself is an integral part of a Rolling Mill.

In the two shipments of this item, it was classified under CTH 8538 1010 and 8454 9000, both of which carry the same duty rate, rendering the dispute revenue-neutral. Additionally, the supplier's invoice in one of the shipments explicitly describes the item as "spares for Rolling Mill." The Department's attempt to reclassify it under categories such as leaf springs, helical springs, flat springs, or disc springs is factually incorrect and legally untenable, as it disregards the item's specific function and technical application.

14.8.4. Regarding Para 3.4 of the SCN, which pertains to Hexagon Nuts, while these nuts are specifically designed for wire rod mills, we acknowledge that they could appropriately be classified under CTH 7318. However, it is crucial to note that the import of these Hexagon Nuts was made under Bill of Entry No. 2635364 dated 05.02.2021, and the purported demand of Rs. 244.51 for this item is clearly time-barred, being well beyond the permissible limitation period. As such, the demand lacks legal validity and cannot be sustained.

14.8.5. With respect to Para 3.5 of the SCN concerning the classification of *Pinch Roll Rings (Spares for Rolling Mill)*, we note the following:

1. The correct classification for this specific item is clearly **CTH 8455 9000** as established by its technical characteristics and end-use application.
2. The SCN's reference to other classifications (8482 8000, 8483 9000, 8428 9090 and 8454 9000) pertains to entirely different products with distinct functions and specifications.
3. The Department's attempt to classify these items under CTH 7318 simply because the term 'ring' appears under sub-heading 7318 1000 ('Screw hooks and screw rings') demonstrates:
    - A fundamental misunderstanding of the product's nature and function
    - A complete disregard for established classification principles
    - An approach that can be called arbitrary classification
4. Such classification by mere word association, without consideration of -
    - The product's technical specifications
    - Its actual application in rolling mill operations
    - Established classification practices.

    represents an untenable position that undermines the credibility of the assessment process.
5. This approach reflects a departure from sound classification methodology and raises doubts about the Department's application of customs tariff principles.

14.9. The provisions of Note 2 of Section XVI which governs the classification of Machinery parts and spares are reproduced herein below for ease of reference –

2. Subject to Note 1 to this Section, Note 1 to Chapter 84 and to Note 1 to Chapter 85, parts of machines (not being parts of the articles of heading 8484, 8544, 8545, 8546 or 8547) are to be classified according to the following rules:

(a) parts which are goods included in any of the headings of Chapter 84 or 85 (other than headings 8409, 8431, 8448, 8466, 8473, 8487, 8503, 8522, 8529, 8538 and 8548) are in all cases to be classified in their respective headings;

(b) other parts, if suitable for use solely or principally with a particular kind of machine, or with a number of machines of the same heading (including a machine of heading 8479 or 8543) are to be classified with the machines of that kind or in heading 8409, 8431, 8448, 8466, 8473, 8503, 8522, 8529 or 8538 as appropriate.

*However, parts which are equally suitable for use principally with the goods of headings 8517 and 8525 to 8528 are to be classified in heading 8517, and parts which are suitable for use solely or principally with the goods of heading 8524 are to be classified in heading 8529.

(c) all other parts are to be classified in heading 8409, 8431, 8448, 8466, 8473, 8503, 8522, 8529 or 8538 as appropriate or, failing that, in heading 8487 or 8548.

14.9.1. These principles governing the classification of the disputed goods have been comprehensively addressed in our response to the Consultative Letter. A copy of the same is enclosed, and marked as **Annexure -1**, for reference, eliminating the need for reiteration in this submission.

14.10. The disputed Bills of Entry and the products under dispute in those Bills of Entry are listed below in two tables Table A and Table B. The classifications / descriptions provided by the suppliers in their invoices or Bills of Lading have also been provided wherever available.

Table A

S. No.	BE No. and Date	Description of Items	CTH in BE	HSN / Description from supplier
1.	6908369 dated 17.07.2023	Shock Absorber with Self Lowering Mechanism for Dia 450-550 MM Electrodes	84289090	84289090
2.	7085086 dated 28.07.2023	Rolling Mill Parts-V-140A VITON RINGS	84559000	Rolling Mill Parts
3.	7092426 dated 28.07.2023	Rolling Mill Parts Tapered Sleeve	84559000	Rolling Mill Parts
4.	7793064 dated 12.09.2023	BARFLEX Couplings	84836090	84836020
5.	7796870 dated 12.09.2023	BARFLEX Couplings	84836090	84836020
6.	8436967 dated 23.10.2023	Extension Spring for Actuator Assembly	85381010	84549029
7.	8748002 dated 13.11.2023	Extension Spring for Actuator Assembly	84549000	84549029
8.	8990519 dated 29.11.2023	BARFLEX Couplings	84836090	84836020
9.	9116011 dated 07.12.2023	BARFLEX Couplings	84836090	-
10.	9346449 dated 21.12.2023	BARFLEX Couplings	84836090	84836020
11.	6750554 dated 19.11.2024	Coupling Head	84839000	84836080
12.	6443288 dated 01.11.2024	BARFLEX Couplings	84836090	84836020
13.	5696952 dated 20.09.2024	BARFLEX Couplings	84836090	84836020
14.	5713007 dated 20.09.2024	Part of Casting Machinery – Oscillator Table Spring Assembly	84549000	845490
15.	4780971 dated 30.07.2024	BARFLEX Coupling	84836090	84836020
16.	4543981 dated 17.07.2024	BARFLEX Couplings	84836090	84836020
17.	4195761dated 26.06.2024	i) Rolling Mill Parts Lock Sleeve ii) Rolling Mill Parts Sealing Ring	84549000 84549000	-
18.	3637762 dated 24.05.2024	Rolling Mill Parts Tapered Sleeve	84549000	-
19.	3602486 dated 22.05.2024	i) Rolling Mill Parts Tapered Sleeves ii) Rolling Mill Parts Splined Sleeve	84549000 84549000	84829190
20.	3488826 dated 15.05.2024	BARFLEX Coupling	84836090	For Crane
21.	3277406 dated 30.04.2024	BARFLEX Couplings	84836090	84836020
22.	9648057 dated 13.01.2024	BARFLEX Couplings	84836090	84836020
23.	8000921dated 25.01.2025	BARFLEX Couplings	84836090	84836020

Table B

S. No.	BE No. and Date	Description of Items		HSN / Description from supplier
1.	4269838 dated 20.01.2023	BARFLEX Couplings	84836090	84836020
2.	4529966 dated 07.02.2023	Ball Slewing Rings	84839000	84834090
3.	5398734 dated 06.04.2023	Rolling Mill Parts Roll Ring Mounting Tool Block	84559000	Rolling Mill Parts
4.	2970632 dated 20.10.2022	i) Rolling Mill Parts Gear Coupling ii) Rolling Mill Parts Splines Ring iii) Rolling Mill Parts Rings 8 pcs	84559000 84559000 84559000	Rolling Mill Parts
5.	2584730 dated 24.09.2022	BARFLEX Couplings	84836090	84836020
6.	2088747 dated 20.08.2022	BARFLEX Couplings	84836090	84836020
7.	9048944 dated 10.06.2022	Rolling Mill Parts Tapered Sleeve	84559000	Rolling Mill Parts
8.	7465990 dated 12.02.2022	Rolling Mill spares Pinch Roll Rings	84559000	8466940090
9.	6866201dated 28.12.2021	Rolling Mill Parts Splined Sleeves	84559000	Rolling Mill Parts
10.	6637378 dated 11.12.2021	BARFLEX Couplings	84836090	84836020
11.	6235993 dated 13.11.2021	Rolling Mill Parts Tapered Sleeve	84559000	Spare Parts for Rolling Mill
12.	5973961dated 24.10.2021	Roller Slewing Ring	84828000	84834090
13.	5188106 dated 25.08.2021	BARFLEX Couplings	84836090	-
14.	4993402 dated 10.08.2021	Rolling Mill Parts Tapered Sleeve	84559000	Spare Parts for Rolling Mill
15.	4617603 dated 09.07.2021	BARFLEX Couplings	84836090	84836020
16.	3805343 dated 03.05.2021	Rolling Mill spares Pinch Roll Rings PART NO.438376001	84559000	8455900000
17.	3734758 dated 27.04.2021	BARFLEX Couplings	84836090	-
18.	2635364 dated 05.02.2021	Part for Wire Rod Mill Hexagon Nuts	84559000	84229090
19.	9239792 dated 20.10.2020	Drum Coupling	84836090	84836080
20.	9163594 dated 13.10.2020	Rolling Mill Parts Pinch Roll Rings	84559000	84559000
21.	8328952 dated 30.07.2020	Rolling Mill Parts Tapered Sleeve	84559000	84559000
22.	7776187 dated 29.05.2020	Rolling Mill Parts Tapered Sleeves	84559000	-

14.10.1. A perusal of the two tables above clearly demonstrates that all the disputed products have been declared as machinery spares and parts, appropriately classifiable under Chapter 84.

14.10.2. With respect to the goods listed in **Table B**, while they have been correctly declared and classified, the demands raised are clearly time-barred. Consequently, there is no valid justification for invoking the extended period of limitation.

14.10.3. As for the goods in **Table A**, they fall within the normal two-year limitation period but these have also been accurately declared and classified and consequently there is no cause for raising any demand.

14.10.4. In light of these facts, the demand for differential duty on these goods is neither legally tenable nor sustainable. Accordingly, the Show Cause Notice is liable to be set aside and deserves to be dropped in its entirety.

14.11. We crave leave to add, alter, amend, and or to modify any grounds if necessary.

14.12. We request for a personal hearing before any decision is taken in the matter.

15. The importer submitted their additional written reply dated 28.01.2026, which inter-alia stated:

15.1. Enclosed herewith please find the following documents:

I. Brochure of JAURE Spain of coupling products manufactured by them and sold to Mukand Ltd.

II. A brief technical write-up on BARFLEX Couplings.

III. Copy of Invoice No. 114412 dated 04.05.2021 for the supply of 22 nos. BARFLEX Couplings of different specifications.

IV. Functional description and Technical write-up and usage status in respect of 13 products.

15.1.1. As demonstrated in the technical brochure from the manufacturer and supplier M/s JAURE, it is confirmed that the fluid coupling products produced and supplied by the company are custom-engineered couplings designed specifically for industrial power transmission applications. These are not items of general use, but are instead application-specific components intended for integration into heavy machinery and drive systems where precise torque control, soft-start capability, and overload protection are required.

15.1.2. The technical write up on BARFLEX couplings clearly specifies that it is a precision engineered power transmission device and is for specific use in Machinery and Equipment of Industrial applications.

15.1.3. The invoice for the 22 Barflex couplings clearly indicates their specialized nature through their pricing. These couplings, across various specifications, are invoiced at €2,300.00, €1,686.30, and €1,138.00 per unit. In contrast, standard pipe couplings for general use - whether mild steel or stainless steel - are commonly available in the market for ₹50 to ₹300 each. This significant price difference underscores the fundamental distinction between a custom-engineered industrial component and a commodity general-use item.

15.1.4. The technical write-up of the 13 different products Coupling head, Oscillator table spring assembly, Extension Spring of Oscillator Actuator Assembly, Various sleeves like Tapered sleeve, Splined Sleeve and Lock Sleeve and various rings like Viton Ring, Spline Ring, Sealing Ring and Pinch Roll Ring

and Roll Ring Mount Block and Gear Coupling are all precision machinery components and cannot be described as parts of general use.

15.1.5. The item Shock Absorber with self-Lowering mechanism is a complete mechanical equipment and merits classification under Machinery Chapter 84 under CTH 8428.

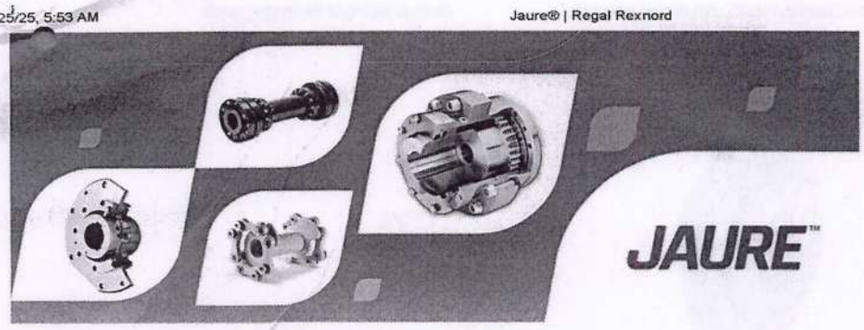
15.1.6. Our earlier reply to the SCN dated 30.06.2025 is reaffirmed. Specifically, it is emphasized that:

(a) The extended period under Section 28(4) is not applicable,

(b) No misdeclaration exists to warrant Section 111(m), and

(c) The SCN lacks any evidence to establish such claims.

15.1.7. From the foregoing it would be evident that the Show Cause Notice is not sustainable and it is requested that the same may be dropped and set aside.



Jaure® coupling products are a leader in the European marketplace. Industries including steel, paper, hoisting, wind energy, and marine applications depend on Jaure engineered couplings.

We started as a small team in 1958 in Zizurkil, Spain. Today, we are a global team ready to provide turnkey power transmission solutions for your applications. Our couplings serve in the most demanding applications in several industries. We have a broad range of manufacturing capabilities focused on power and speed. We continue to develop new products to meet future challenges. Being part of the Regal Rexnord family provides many advantages. By integrating Kop-Flex® and Jaure coupling products, we can apply technical expertise in providing answers, products and services to our customers.

Jaure made its first flexible coupling in 1970 with the production of the MS series. In the last 50 years, the design of Jaure gear couplings has improved. Since 1970, the coupling line has grown to include the MN series, the HA series, and, most recently, the MT gear coupling design.

Today, Jaure has in-house Regal Rexnord engineering teams in Spain, the United States and India. Thousands of Jaure gear couplings are operating in the toughest applications around the world.

Custom Couplings

When customers need special designs, our R&D and engineering departments cooperate closely to make it happen. Special solutions usually employ special seals and alloyed steels. These solutions also undergo surface hardening treatments, such as:

- Nitriding
- Case carburizing
- Induction hardening

Innovative Engineered Solutions

Beyond R&D validation procedures, we analyze MT gear couplings using FEA-based software. We also collaborate with technological centers. The combination of these centers and our worldwide network of technical experts enable us to provide innovative engineered solutions.

Our accomplishments have earned us recognition. DNV awarded us the Manufacturing Survey Arrangement (MSA). This certificate shows our commitment to continuous improvement of our service, customer response time and our drive to remain competitive in the industry.

Worldwide Reach

We design and manufacture JAURE® & KOP-FLEX® engineered couplings and sell and service them worldwide. We provide service from specification right through to installation. Customers know they can depend on state of the art repair and service facilities around the globe. Our large and experienced engineering staff focuses on providing solutions for our customers' requirements.

Global service and repair locations:

- Zizurkil, Spain
- Pune, India
- Florence, KY, USA
- Nove Mesto, Slovakia
- Zhangzhou, China

Featured Product Categories

LAMIDISC® Couplings

LAMIDISC® disc couplings are non-lubricated, torsional stiff disc pack couplings that compensate for axial, angular, and radial misalignment. They are an excellent choice for the aggregate, crane, marine, metals, and mining industries.

MT Couplings

The Jaure® MT coupling is a steel double-joint coupling. Main function is to transmit torque and at the same time accommodate the misalignment between two shafts through sliding of the mating gears.

BARFLEX® Couplings

The TCBR barrel coupling consists of a sleeve and a hub having the same tooth profiles. A series of hardened steel cylindrical barrels are inserted in the holes formed by this hub and sleeve toothing to act as power transmission elements.

MTGR Gear Couplings

The Jaure™ MTGR gear coupling is an excellent value solution for demanding applications such as cement, metals, dredging, cranes, hoists, mining and minerals. The coupling's innovative design

To Whom It May Concern

Subject: Technical Brief on the Barflex Fluid Coupling

This is a formal overview of the **Barflex Fluid Coupling**, a critical engineered component in industrial power transmission systems.

A **Barflex Fluid Coupling** is a precision-engineered, application-specific power transmission device designed for heavy-duty industrial use. It is **not a commodity item** but a specialized solution tailored for demanding operational environments.

Technical Functionality

Its core functions include:

- **Soft-start capability** for high-inertia machinery
- **Smooth torque transmission** between drive and load
- **Overload and shock absorption protection**
- **Vibration damping** to prolong equipment life

Primary Application

This coupling is deployed in the maintenance and operation of **heavy manufacturing, mining, cement, and power generation machinery**, where controlled acceleration and mechanical protection are essential.

Design & Engineering Considerations

The design, selection, installation, and maintenance of a Barflex Fluid Coupling require specialized engineering expertise. It is **not an off-the-shelf component** and must be sourced directly from authorized OEM manufacturers, such as **JAURE, Spain** or other certified industrial suppliers.

Analogy for Context

Comparable to the **main propulsion clutch of a marine vessel** or the **torque converter in a mining haul truck**, the Barflex coupling is integral to complex, high-torque systems where reliability and controlled power transfer are paramount.

REGAL

REGAL BELOIT SPAIN S.A.
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FAX : + 34 943 69 02 95

JAURE

INVOICE

INVOICE NUMBER	INVOICE DATE	PAGE
114412	04-JUN-21	1/4
REFER TO INVOICE NUMBER WHEN REMITTING		

All sales subject to the Seller standard terms and conditions of sale in effect at the time a customer's order is accepted.

SHIP TO: 20178001-0001-S

MUKAND LTD.
BELAPUR ROAD, DIGHE
400021 MUMBAI
INDIA

SOLD TO: 20178001-0000-B

MUKAND LTD.
BELAPUR ROAD, DIGHE, P.O. KALWE
DIST THANE 400 605
400605 MAHARASHTRA Maharashtra
INDIA

SHIPPED DATE	SHIPPED FROM	SHIPPED VIA	SHIPPED WEIGHT
24-MAY-2021		CUSTOMER PICK UP	KG

QUANTITY ORDERED	QUANTITY SHIPPED	UOM	ITEM NUMBER/ITEM DESCRIPTION/CUSTOMER ITEM	NET EACH (EUR)	AMOUNT (EUR)
			DELIVERY NUMBER: 164064252		
			ORDER NUMBER:1023371 CUST REF NUMBER:MBD/IMP/OP:203968		
1	1	EA	ABBR0010010 intrastat-cd : 84836020 BARFLEX TCBR-0300 A00 01 16087 4176978	1.686,30	1.686,30
1	1	EA	ABBR0010012 intrastat-cd : 84836020 BARFLEX TCBR-0500 A00 02 16088 4397279	2.300,00	2.300,00
1	1	EA	ABBR0010006 intrastat-cd : 84836020 BARFLEX TCBR-0130 A00 03 16088 4214778 JAURE DRAWING NUMBER : ABBR0010006-04	1.138,00	1.138,00
1	1	EA	ABBR0010012 intrastat-cd : 84836020 BARFLEX TCBR-0500 A00 04 16089 4397279	2.300,00	2.300,00
1	1	EA	ABBR0010006 intrastat-cd : 84836020 BARFLEX TCBR-0130 A00 05 16089 4214778 JAURE DRAWING NUMBER : ABBR0010006-04	1.138,00	1.138,00
1	1	EA	ABBR0010012 intrastat-cd : 84836020 BARFLEX TCBR-0500 A00 06 16090 4397279	2.300,00	2.300,00
1	1	EA	ABBR0010006 intrastat-cd : 84836020 BARFLEX TCBR-0130 A00 07 16090 4214778 JAURE DRAWING NUMBER : ABBR0010006-04	1.138,00	1.138,00
1	1	EA	ABBR0010012 intrastat-cd : 84836020 BARFLEX TCBR-0500 A00 08 16091 4397279	2.300,00	2.300,00

DELIVERY TERMS: INCO2020 CIF,MUMBAI,India
PAYMENT TERMS: CAD
BANK: BANCO SANTANDER S.A.
DUE ON: 04-JUN-21
IBAN: ES2900495394412616523143
PAYMENT METHOD: RBC PTS ESP Transferencia/Wire
BIC: BSCHESMM

Browning Jaure Kop-Flex McGill Morse Rollway Sealmaster System Plast

REGAL BELOIT SPAIN S.A.
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JAURE

INVOICE

INVOICE NUMBER	INVOICE DATE	PAGE
114412	04-JUN-21	2/4
REFER TO INVOICE NUMBER WHEN REMITTING		

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MUKAND LTD.
BELAPUR ROAD, DIGHE
400021 MUMBAI
INDIA

SOLD TO: 20178001-0000-B

MUKAND LTD.
BELAPUR ROAD, DIGHE, P.O. KALWE
DIST THANE 400 605
400605 MAHARASHTRA Maharashtra
INDIA

SHIPPED DATE	SHIPPED FROM	SHIPPED VIA	SHIPPED WEIGHT
24-MAY-2021		CUSTOMER PICK UP	KG

QUANTITY ORDERED	QUANTITY SHIPPED	UOM	ITEM NUMBER/ITEM DESCRIPTION/CUSTOMER ITEM	NET EACH (EUR)	AMOUNT (EUR)
1	1	EA	ABBR0010012 intrastat-cd : 84836020 BARFLEX TCBR-0500 A00 09 16092 4397279	2.300,00	2.300,00
1	1	EA	ABBR0010012 intrastat-cd : 84836020 BARFLEX TCBR-0500 A00 10 16093 4397279	2.300,00	2.300,00
1	1	EA	ABBR0010012 intrastat-cd : 84836020 BARFLEX TCBR-0500 A00 11 16094 4397279	2.300,00	2.300,00
1	1	EA	ABBR0010012 intrastat-cd : 84836020 BARFLEX TCBR-0500 A00 12 16095 4397279	2.300,00	2.300,00
1	1	EA	ABBR0010012 intrastat-cd : 84836020 BARFLEX TCBR-0500 A00 13 16096 4397279	2.300,00	2.300,00
1	1	EA	ABBR0010006 intrastat-cd : 84836020 BARFLEX TCBR-0130 A00 14 16096 4214778 JAURE DRAWING NUMBER : ABBR0010006-04	1.138,00	1.138,00
1	1	EA	ABBR0010012 intrastat-cd : 84836020 BARFLEX TCBR-0500 A00 15 16097 4397279	2.300,00	2.300,00
1	1	EA	ABBR0010006 intrastat-cd : 84836020 BARFLEX TCBR-0130 A00 16 16097 4214778 JAURE DRAWING NUMBER : ABBR0010006-04	1.138,00	1.138,00
3	3	EA	ABBR0010012 intrastat-cd : 84836020 BARFLEX TCBR-0500 A00 17 16098 4397279	2.300,00	6.900,00

DELIVERY TERMS: INCO2020 CIF,MUMBAI,India
PAYMENT TERMS: CAD
DUE ON: 04-JUN-21
PAYMENT METHOD: RBC PTS ESP Transferencia/Wire
BANK: BANCO SANTANDER S.A.
IBAN: ES2900495394412616523143
BIC: BSCHESMM

Browning Jaure Kop-Flex McGill Morse Rollway Sealmaster System Plast

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ERNIO BIDEA, S/N
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FAX : + 34 943 69 02 95

JAURE

INVOICE

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114412	04-JUN-21	3/4
REFER TO INVOICE NUMBER WHEN REMITTING		

All sales subject to the Seller standard terms and conditions of sale in effect at the time a customer's order is accepted.

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MUKAND LTD.
BELAPUR ROAD, DIGHE
400021 MUMBAI
INDIA

SOLD TO: 20178001-0000-B
MUKAND LTD.
BELAPUR ROAD, DIGHE, P.O. KALWE
DIST THANE 400 605
400605 MAHARASHTRA Maharashtra
INDIA

SHIPPED DATE	SHIPPED FROM	SHIPPED VIA	SHIPPED WEIGHT
24-MAY-2021		CUSTOMER PICK UP	KG

QUANTITY ORDERED	QUANTITY SHIPPED	UOM	ITEM NUMBER/ITEM DESCRIPTION/CUSTOMER ITEM	NET EACH (EUR)	AMOUNT (EUR)
2	2	EA	ABBR0010006 intrastat-cd : 84836020 BARFLEX TCBR-0130 A00 18 16098 4214778 JAURE DRAWING NUMBER : ABBR0010006-04	1.138,00	2.276,00
1	1	EA	ABBR0010010 intrastat-cd : 84836020 BARFLEX TCBR-0300 A00 19 16098 4176978	1.686,30	1.686,30
			GOODS SENT FROM SK		
			SUBTOTAL:		41.238,60
			FREIGHT:		1.130,00
			PAYMENTS AND CREDITS:		0,00
			SUBTOTAL:		42.368,60
			VAT RATE: 0%		0,00
			TOTAL:		42.368,60

TAR	INTRASTAT	PCE	NET WEIGHT	AMOUNT
1	84836020	22	12.148,0729	41.238,60

The person responsible for the delivery of packaging waste or used container for proper environmental management, will be the final holder. (R.D. 782/98, art. 18.1)

DELIVERY TERMS: INCO2020 CIF,MUMBAI,India
PAYMENT TERMS: CAD
BANK: BANCO SANTANDER S.A.
DUE ON: 04-JUN-21
IBAN: ES2900495394412616523143
PAYMENT METHOD: RBC PTS ESP Transferencia/Wire
BIC: BSCHESMM

Supplier	Material Description	Functional description/ Technical write-up	Status	Where is it used?
Danieli	Coupling head	Coupling head for Stand no 1 P - 653 stand - The coupling head is a mechanical transmission component used to connect two rotating shafts or a shaft to a driven element. Its primary function is to transmit torque and rotational motion while maintaining alignment and	Installed	Installed at Rounghing stand
Ramon	Oscillator table spring assembly	Provide controlled elastic support and vibration isolation to the oscillator table during operation. The spring assembly absorbs dynamic loads generated during Operation to thereby maintain stability and ensuring smooth and uniform oscillation	Received	CCM
Danieli	Tapered sleeve	Part of keyless coupling mounting / normally fitted on plain shaft by heating and coupling mounted on same with hydraulic injector which can get discharged in case of overload keeping parent equipment safe	In use	Block gearbox
Ramon	Extension Spring of Oscillator Actuator Assembly	For maintaining mean position of oscillator mould table.	04 no.s installed. 02 no.s in spare.	Mould Oscillator
Danieli	Splined sleeve	Splined sleeve - an intermediate element to transmit torque and rotational motion while maintaining accurate alignment between connected components.	Installed	Installed at Rounghing stand
Danieli	Viton ring	V seal of Viton material for high temp application/ used for sealing of shaft for oil leakage prevention in gearbox	In use	Block gearbox

Danieli	Roll ring mounting tool block	The roll ring mounting tool block is a specially designed mechanical tooling component used to support, align, and safely mount or dismount roll rings during installation and maintenance of rolling mill stands. The tool block provides a stable and controlled interface between the roll ring and the mounting force applied during assembly.	In - use	In Block mill P815 stand
Danieli	Gear Coupling	A gear coupling is a high-capacity mechanical power transmission device consisting of two toothed hubs and an external sleeve (or two sleeves) with internal gear teeth. It is designed to connect two rotating shafts for efficient transmission of torque while accommodating misalignment during operation.	in use	Used in Block mill stand P-815
Danieli	Spline Ring			
Danieli	Sealing Ring			
Danieli	Lock sleeve			
Shenyang	Pinch roll ring	Stellite material hard rings two no's used in pinch roll gearbox for pinching of rolled material	In use	Block pinch roll
Sund Birsta	Hexagon Nut	Spares of compactor machine used for locking purpose / compactor is used for rolled coil compacting and wire binding in auto mode	In use	compactor

DISCUSSIONS AND FINDINGS

16. I have gone through the facts of the case, written submission of the noticee/importer and material on record. I observe that the said SCN has alleged that the above importer has imported the impugned goods, as mentioned in Annexure-A to the SCN, under Chapter 84 and 85 attracting Customs duty BCD@7.5%, whereas the correct classification appears to be under Chapter 73, which covers general-purpose articles of base metal, regardless of their end use.

16.1. I observe that the Show Cause Notice proposes a recovery of differential/short paid duty amounting to **₹25,45,321/- (Rs. Twenty Five Lakh Forty Five Thousand Three Hundred Twenty One Only)** under Section 28(4) of Customs Act, 1962 along with applicable interest under Section 28AA of the Customs Act, 1962 and penalty under Section 112(a) and/ or 114A/114 AA of the Customs Act, 1962. It is also proposed that the imported goods totally valued at **₹62,17,80,201/- (Rs. Sixty-Two Crore Seventeen Lakh Eighty Thousand Two Hundred and One Only**) should be held liable for confiscation under Section 111(m) of the Customs Act, 1962.

17. I have carefully gone through the records and facts of the case. I find that following issues emerges for decision in this case:

a. Whether the impugned goods are rightly classifiable under CTI 7307, 7320, 7318 and attract BCD as applicable.

b. Whether the goods are liable for confiscation under Section 111(m) and the importer is liable for penalty under Section 112(a) and/ or 114A/114 AA of the Customs Act, 1962.

18. I find that the description of the impugned goods mentioned in the in Annexure- A to the instant Show Cause Notice is "**coupling-.... barflex TCBR-..., Drum coupling-....., Extension spring for oscillator actuator assembly...., Machinery parts- coupling head...**" etc., which has been verified from the Bills of Entry as mentioned in Annexure- A and has been found the same.

19. I observe that the importer had cleared the goods under Chapter 84 and 85, however, the SCN contends that the impugned goods are more appropriately classifiable as "parts of general use" and should be classified under CTI 7307, 7320, 7318 and attract BCD as applicable.

20. The chapter descriptions are reproduced below for ease of reference:

Chapter 84: MACHINERY AND MECHANICAL APPLIANCES; ELECTRICAL EQUIPMENT; PARTS THEREOF; SOUND RECORDERS AND REPRODUCERS, TELEVISION IMAGE AND SOUND RECORDERS AND REPRODUCERS, AND PARTS AND ACCESSORIES OF SUCH ARTICLES

Chapter 85: Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers, and parts and accessories of such articles

Chapter 73: Articles of iron or steel

20.1. I observe that the main contention of the Show Cause Notice is that the impugned goods are 'parts of general use' and therefore they should be classified in Chapter 73. I find that '***Parts of general use***' has been defined vide Note 2 to Section XV as follows:

(a) articles of heading 7307, 7312, 7315, 7317 or 7318 and similar articles of other base metal, other than articles specially designed for use exclusively in implants in medical, surgical, dental or veterinary sciences (heading 9021);

(b) springs and leaves for springs, of base metal, other than clock or watch springs (heading 9114); and

(c) articles of headings 8301, 8302, 8308, 8310 and frames and mirrors, of base metal, of heading 8306.

20.2. I further observe that the as per Note 1 (g) of Section- XVI to Chapter 84 which states as follows:

1. *This Section does not cover:*

(g) parts of general use, as defined in Note 2 to Section XV, of base metal (Section XV), or similar goods of plastics (Chapter 39);

21. I find that the importer in their submission has submitted technical brief on Barflex fluid coupling. However, I observe that the image submitted by them is not a fluid coupling. There is no specific mention of fluid coupling in the

invoices submitted by the noticee. I find from the website https://www.regalrexnord.com/brands/jaure/products/barflex that the impugned goods is a barrel coupling.

21.1. I find from product catalogue, available at the website of the supplier i.e. Jaure-Barfle https://www.regalrexnord.com/brands/jaure/products/barflexx.pdf that *Jaure® BARFLEX TCBR barrel coupling is specially designed for installation in cranes & hoisting applications to connect the cable drum with the gear box output shaft. This coupling is also used in steel mills, winch and conveying applications, as well as in stackers and reclaimers.*

21.2. I find from the product catalogue of the manufacturer itself that a barrel coupling is not meant to be used for one specific machine but it can be used in multiple machines such as *steel mills, winch and conveying applications, as well as in stackers and reclaimers.*

21.3. From above it is clear that the impugned goods i.e. **'coupling-.... barflex TCBR-..., Drum coupling-....., etc.** are parts of general use and are correctly classifiable under CTH 7307 and are liable to attract the BCD applicable at the material time of import and I hold the same.

22. I find that the SCN has proposed the classification of *Extension Spring for Actuator Assembly* under CTH 7320. I find that the importer in his submission has submitted that *Extension Spring for Actuator Assembly* has been correctly classified by them and claimed that Note 2 of Section XV does not cover CTH 7320. I do not find any merit in the importer's submission as they have conveniently cited Note 2(a) to Section XV and left out 2(b). I have reproduced the complete Note 2 to Section XV for ease of reference:

> *(a) articles of heading 7307, 7312, 7315, 7317 or 7318 and similar articles of other base metal, other than articles specially designed for use exclusively in implants in medical, surgical, dental or veterinary sciences (heading 9021);*
>
> *(b) springs and leaves for springs, of base metal, other than clock or watch springs (heading 9114); and*
>
> *(c) articles of headings 8301, 8302, 8308, 8310 and frames and mirrors, of base metal, of heading 8306.*

Thus, it is clear from (b) that the imported item i.e. *Extension Spring for Actuator Assembly* fall under parts of general use and therefore, is rightly classifiable under CTH 7320. As I have already held that the imported goods is classifiable under CTH 7320, the BCD rate at the material time of import is applicable on the goods and I hold the same.

23. I find from the product catalogue, available at the website of the supplier i.e. Jaure-Barfle https://www.regalrexnord.com/brands/jaure/products/barflexx.pdf that *The barrel coupling consists of a **sleeve** which is provided with semi circular toothing around its internal diameter and a hub which is provided with similar kind of toothing over its external diameter. A series of specially designed spherical hardened barrels are inserted inside the hub and **sleeve** pockets.* From this description it is ample clear that the impugned goods i.e. Bearing Sleeve/

Tapered Sleeve/Splined Sleeve Remover- (Spare parts for Rolling Mill) are used with coupling itself. I have already held in para 21.3 that a coupling is part of general use. Thus, by definition, the Bearing Sleeve/ Tapered Sleeve/Splined Sleeve Remover- (Spare parts for Rolling Mill) is also part of general use. Therefore, the impugned goods are rightly classifiable under CTH 7307 and attract BCD at rate applicable at the material time of import.

24. I find that the SCN has proposed that the impugned item Pinch Roll Rings should be classified under CTH 7318. I do not find merit in the importer's submission. The importer's submission is merely a word play. They have not submitted any technical specification with respect to the impugned item. Thus, in absence of any specific submission by the importer, I find that the department's contention is correct and the impugned goods is rightly classifiable under CTH 7318 and attract BCD as applicable at the material time of import.

25. I find from the SCN that the impugned items i.e. Hexagon Nut, is appropriately classifiable under CTH 7318. The importer has also accepted in their written submission that the item is rightly classifiable under CTH 7318. Therefore, I am of the considered opinion that Hexagon Nut under is rightly classifiable under CTH 7318 and attract BCD as applicable at the material time of import.

26. From the above discussion and findings, it is ample clear that the importer resorted to mis-classification on impugned goods and evaded legitimate duty result in loss to the government exchequer.

27. Section 111(m) of the Customs Act, 1962 provides that any goods which do not correspond in respect of value, quantity or any other particular with the entry made under the Act in the Bill of Entry shall be liable to confiscation. The term "any other particular" has a wide connotation and includes incorrect declaration of classification or description of goods made in the Bill of Entry which has the effect of influencing the duty liability.

28. In the present case, the importer declared the impugned goods under an incorrect tariff classification and thereby availed lower duty benefit that was not legally admissible. Such misdeclaration of classification in the Bills of Entry constitutes a misdeclaration in a material particular within the meaning of Section 111(m) of the Customs Act, 1962, as the same directly impacted the assessment of duty. The incorrect declaration of tariff classification was not merely interpretational but resulted in wrongful availment of lower duty benefit, thereby affecting duty liability and rendering the goods liable for confiscation under Section 111(m).

29. In view of the above discussion, I hold that the impugned goods having declared assessable value of **₹62,17,80,201/- (Rs. Sixty-Two Crore Seventeen Lakh Eighty Thousand Two Hundred and One Only**) imported under Bills of Entry as detailed in Annexure-A to the subject SCN, are liable for confiscation under Section 111(m) of the Customs Act, 1962.

30. As regards applicability of actual confiscation and redemption fine in terms of Section 125 of the Customs Act, 1962, I find that it is a settled position in law that redemption fine under Section 125 of the Customs Act, 1962 can only be imposed where goods are physically available for confiscation and subsequent redemption. This principle has been categorically affirmed by the Bombay High Court in *Commissioner of Customs (Import), Mumbai v. Finesse Creation Inc.*, 2009 (248) E.L.T. 122 (Bom.), wherein the Court held that the concept of redemption

fine arises only if the goods are available and can be redeemed. In the absence of the goods, no redemption fine can be imposed. The Bombay High Court distinguished the Supreme Court judgment in *Weston Components Ltd. v. Commissioner of Customs*, 2000 (115) E.L.T. 278 (S.C.), noting that in *Weston*, the goods had been released on bond and were therefore, constructively within the control of the Customs authorities. However, in *Finesse Creation Inc.*, the goods had already been cleared and were not available for seizure, nor had they been released on any bond or undertaking. The Bombay High Court further endorsed the reasoning of the Punjab and Haryana High Court in *Commissioner of Customs, Amritsar v. Raja Impex (P) Ltd.*, 2008 (229) E.L.T. 185 (P&H), which held that where goods are neither available nor covered by any bond, no redemption fine can be levied. This order of the High Court in *Finesse Creation Inc.*, stands accepted by the department, as Special Leave Petition (SLP) filed in the Supreme Court (C.A. No. 66/2009) was dismissed by order dated 12.05.2010. [2010 (255) E.L.T. A120 (S.C.)].

31. Accordingly, I am of the considered view that, since the goods in the present case have already been cleared and are no longer available for confiscation, the invocation of Section 125 of the Customs Act, 1962, lacks jurisdictional basis and is legally unsustainable. Therefore, I refrain from imposing any Redemption Fine on the impugned goods held liable for confiscation.

32. I observe that in the era of self-assessment, the onus of correct classification of goods and payment of duty thereon is on the importer. From facts above, it is clear that the said importer has mis-classified the impugned goods, which resulted in short levy of duty of **₹25,45,321/- (Rs. Twenty-Five Lakh Forty-Five Thousand Three Hundred Twenty-One Only)** as calculated in Annexure-A to the SCN. I observe that since, the importer has deliberately paid lower rate of BCD, the said act of mis-classification by importer is a clear suppression of facts and wilful mis-statement and therefore, I hold that recovery under Section 28(4) of the customs Act, 1962 is sustainable.

33. Further, since the demand of duty is sustainable in the instant case, the interest being accessory to the principal, the same is liable to be paid in accordance with Section 28AA of the Customs Act, 1962.

34. Now coming to the issue of penalties, I find that the impugned notice proposes a penalty under Section 112(a) and 114A/114AA of the Customs Act, 1962 on the noticee. In this regard, I find that the importer has wrongly evaded legitimate customs duty. I find that, in the self-assessment regime, it is the bounden duty of the Importer to correctly assess the duty on the imported goods. In the instant case, the mis-classification of the impugned goods and wrong payment of lower rate of BCD by the importer of such repute, having access to all legal aid, tantamount to suppression of material facts and willful mis-classification. The "*mens rea*" can be deciphered only from "actus-reus". Thus, providing the suppression of fact and claiming undue benefit by the said Importer taking a chance to clear the goods by misclassifying it, amply points towards their "*mens rea*" to evade the payment of duty. Thus, I find the Importer is liable for a penalty under Section 114A of the Customs Act, 1962.

35. I find that the issue pertains to classification of goods. I do not find use of any document by the importer which is false or incorrect in any material particular. Thus, I find that penalty under Section 114AA of the Customs Act, 1962 is not applicable in the instant case.

36. Further, I have already held above that by their acts of omission and commission, the importer has rendered the goods liable for confiscation under Section 111(m) of the Customs Act, 1962, making them liable for a penalty under Section 114A, ibid. However, I find that the penalty under Section 114A and Section 112 of the Customs Act, 1962 are mutually exclusive and both cannot be imposed simultaneously. Therefore, in view of fifth proviso to Section 114A, I hold that no penalty is imposable on the importer under Section 112(a).

37. In view of the above facts, I pass the following order:

ORDER

(i) I reject the classification of subject goods claimed under CTH as detailed in Annexure "A" of this notice and order to re-assess the same under CTH 7307 as per paragraphs 3.1 to 3.2, CTH 7320 as per paragraph 3.3 & CTH7318 as per paragraphs 3.4 to 3.5 of the instant SCN.

(ii) I order to confirm the demand of differential/short paid duty amounting to **₹25,45,321/- (Rs. Twenty-Five Lakh Forty-Five Thousand Three Hundred Twenty-One Only),** as detailed in Annexuer-A of this notice, under Section 28(4) of Customs Act, 1962.

(iii) I order to recover applicable interest on the differential/short paid duty as confirmed above from the importer **M/s Mukand Limited**, under Section 28AA of the Customs Act, 1962.

(iv) I drop the demand of confiscation of the goods as the same are physically not available.

(v) I order to impose penalty of **₹25,45,321/- (Rs. Twenty-Five Lakh Forty-Five Thousand Three Hundred Twenty-One Only) (equivalent to differential duty) plus interest leviable thereon**, on **M/s Mukand Limited**, under Section 114A of Customs Act, 1962. If such duty and interest is paid within thirty days from the date of the communication of this order, the amount of penalty liable to be paid shall be 25% of the duty and interest, subject to the condition that the amount of penalty is also paid within the period of thirty days of communication of this order.

(vi) I do not impose any penalty under Section 112 (a) and 114AA of Customs Act, 1962 for reasons deliberated above.

38. This order is issued without prejudice to any other action that may be taken in respect of the goods in question and/or against the persons concerned or any other person, if found involved under the provisions of the Customs Act, 1962, and/or other law for the time being in force in the Republic of India.

22.05.26

(माजिद खान / MAZID KHAN)
अपर आयुक्त सीमा शुल्क/ ADDL. COMMISSIONER OF CUSTOMS
सीएसी, एनएस-5, जेएनसीएच/ CAC, NS-V, JNCH

To,

M/s Mukand Limited

3rd Floor, Bajaj Bhawan, Jamna Lal Bajaj Marg,

226 Nariman Point, Mumbai – 400 021

Copy to:-

1. The Dy./Asstt Commissioner of Customs, Review Cell, JNCH.
2. The Dy./Asstt Commissioner of Customs, Recovery Cell, JNCH.
3. The Dy./Asstt. Commissioner of Customs, Group VA, JNCH.
4. The Dy. /Asstt. Commissioner of Customs, AUDIT, Circle-C2, JNCH.
5. The Dy./Astt. Commissioner of Customs, EDI, JNCH, for uploading on website.
6. Notice Board, through the Superintendent (CHS Section), JNCH.