



भारत सरकार/ GOVERNMENT OF INDIA

वित्त मंत्रालय, राजस्व विभाग/ MINISTRY OF FINANCE, DEPTT. OF REVENUE

सीमाशुल्क आयुक्त कार्यालय (NS-III) /OFFICE OF THE COMMISSIONER OF CUSTOMS (NS-III),

जवाहरलाल नेहरू कस्टम हाउस /JAWAHARLAL NEHRU CUSTOM HOUSE,

न्हवा शेवा, तालुका- उरण / TALUKA-URAN, NHAVA SHEVA,

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S/10-1437/2025-26/ADJ/ADC/GR.IV/NS-III/CAC/JNCH

SCN No. 1635/2025-26/ADC/GR.IV/NS-III/CAC/JNCH

Date: 10.2025

DIN: 20251278NV0000666AE2

**SHOW CAUSE NOTICE ISSUED UNDER SECTION 124 READ WITH SECTION
28(4) OF CUSTOMS ACT, 1962**

Specific intelligence was received in this office that M/s.Devu Tools Pvt. Ltd. (IEC-0399035478) having address as A-44,II Floor, Nandjyot Indi. Estate, Kurla-Andheri Road, Safed Pool, Sakinaka, Mumbai-400072, Maharashtra (India) hereinafter may be referred as "importer/the importer") regularly importing Flat Rolled Steel Products of various types and grades and mis-classifying them under CTH 7228 instead of their correct classification under CTH 7225 orr 7226, as the case may be, and thereby evading applicable customs duty leviable thereon.

2. Further, an Alert Circular No:01/2021/JNCH vide File No SG/Misc-146/2020-21/D-Cell/SIIB(I) JNCH dated 03.03.2021 was issued from this office subject to Mis-declaration and Mis-classification of Flat Rolled Steel Products as 'Other Bars and Rods' under CTH 7228-reg.(RUD-1)

3. During the course of Investigation into the subject issue, it was also noticed that the Importer was not declaring the correct/complete description of such steel

products either in the invoice, the mill test report or in both. Such correct/complete description viz. dimension of the products, cold rolled or hot rolled, annealed or otherwise, further worked out or, electreriated etc, are required to determine the correct classification of such Flat Roller. Products of other Alloy Steel under appropriate CTH. (CTH 7225,7226 or 7228)

4. Analysis of past imports of such goods by certain importers also indicated that they mis-declared the correct description and mis lassified the subject goods under CTH 7228, instead of the correct classification under CTH 7225/7226, with an apparent intention to evade the applicable customs duty leviable thereon.

5. Moreover, in view of above there appear elements of suppression of actual dimension and description of the said goods and wilful mis-statement about the description of the goods. As such, the extended period of limitation under section 28(4) of the Customs Act, 1962, appears to be applicable in the subject case and the importer is liable for penal action under Section 114A of the Customs Act, 1962.

6. The detailed list of Bills of Entries under Investigation as per data retrieved from 1.5 system for the remaining time period for consideration under Section 28(4) of the Customs Act, 1962 are as below in

Table-1

Sr No.	Bill of Entry No	Date	Bill of Entry Type	Item Description	CTH	Declared Assessable value
1.	8284891	26.07.2020	H	Alloy Steel Bar Grade 1.2316	72286011	17819976.5
2.	2024376	19.12.2020	H	Alloy Steel Bars Grade 1.2738	72286011	17641932
3.	2176491	30.12.2020	W	Alloy Steel Bars Grade 1.2083	72286011	22292584.2
4.	3049605	08.03.2021	X	Alloy Steel Bars Grade 1.2083	72286011	22292584.2

7. The goods were declared in the above said Bill of Entries as "ALLOY STEEL BAR (of various size). The documents uploaded in E-Sanchit were a copy of Invoice,

Packing lists, B/La and First copies of Bill of Entries and the goods in all the above mentioned Bill of Entries were classified under CTH as 72286011. It has been observed on ICES 1.5 system that the description of the goods covered under Bills of Entry nos. 2176491 dated 30.12.2020 and 3049605 dated 08.03.2021 in Alloy Steel Bars Grade 1.2083 of various sizes having Diameter and length only and the same description has also been found in case of Bill of Entry no. 8284891 dated 26.07.2020. It is pertinent to mention that the live bill of entry no. 8284891 dated 26.07.2020 has been given NOC by SIB(I), NCH vide even file no. letter dated 26.06.2020. It has also been observed that the overseas supplier and the description of the imported goods in case of Bills of Entry Nos. 8284891 dated 26.07.2020, 2176491 dated 30.12.2020 and 3049605 dated 08.03.2021 is same. Therefore, the goods appeared to be rightly classified under CTH 72286011.

8. Classification: During the examination of the above mentioned Bill of Entry no. 2024376 dated 19.12.2020 from 1.5 system, the goods were found Alloy Steel bars having width of the goods more than 600MM. The subject goods appeared correctly classifiable under heading 7225. However, the importer misclassified the same under CTH 7228; The HSN 7228 covers the goods having following specification;

7228-OTHER BARS AND RODS OF OTHER ALLOY STEEL; ANGLES, SHAPES AND SECTIONS, OF OTHER ALLOY STEEL; HOLLOW DRILL BARS AND RODS, OF ALLOY OR NON-ALLOY STEEL;

7228 6011-Bright Bars, of alloy tool steel.

However, the subject goods were found rolled products of width 600 mm or more. Having the width of 600mm or more are correctly classifiable under HSN 7225. The rolled products are different in composition/production technology and have special identification in shape and characteristics. The identification of the product correctly classifiable under HSN 7225/7226 or 7228 is as under;

The relevant terms, 'Other Alloy Steel', 'Other Bars and Rods' and 'Flat Rolled Steel Products' have been defined in Chapter Note 1(1), 1(m) and 1 (k) of Chapter 72, respectively.

The terms, Other Alloy Steel has been defined in Chapter Note 1(1) of Chapter 72 which states that :- Steels not complying with the definition of stainless steel and containing by weight one or more of the following elements in the proportion shown:

0.3% or more of aluminium

0.0008 % or more of boron

0.3% or more of chromium

0.3% or more of cobalt

0.4% or more of copper

0.4% or more of lead

1.65% or more of manganese

0.08% or more of molybdenum

0.3% or more of nickel

0.06% or more of niobium

0.6% or more of silicon

0.05% or more of titanium

0.3% or more of tungsten (wolfram)

0.1% or more of vanadium

0.05% or more of zirconium

0.1% or more of other elements (except sulphur, phosphorus, carbon and nitrogen), take separately.'

Chapter Note 1(e) of Chapter 72 Defines Stainless steel;

"Stainless steel Alloy steels containing, by weight, 1.2 % or less of carbon and 10.5 % or more of chromium, with or without other elements".

3.2 Further, Chapter Note 1 (k) of Chapter 72 defines 'Flat Rolled Products' of steel which is reproduced below :-

"Rolled products of solid rectangular (other than square) cross-section, which do not conform to the definition at ij) above in the form of: - coils of successively superimposed layers, or straight lengths, which if of a thickness less than 4.75 mm are of a width measuring at least ten times the thickness or if of a thickness of 4.75 mm or more are of a width which exceeds 150 mm and measures at least twice the thickness.

8.1. Flat-rolled products include those with patterns in relief derived directly from rolling (for example, grooves, ribs, chequers, tears, buttons, lozenges) and those which have been perforated, corrugated or polished, provided that they do not thereby assume the character of articles or products of other headings. Flat- rolled products of a shape other than rectangular or square, of any size, are to be classified as products of a width of 600 mm or more, provided that they do not assume the character of articles or products of other headings."

3.3 In this regard, Chapter Note 1 (m) of Chapter 72 defines 'Other bars and rods' in the following terms :-

Products which do not conform to any of the definitions at (ij), (k) or (l) above or to the definition of wire, which have a uniform solid cross-section along their whole length in the shape of circles, segments of circles ovals, rectangles (including squares), triangles or other convex polygons (including flattened circles" and" modified rectangles, of which two opposite sides are convex arcs, the other two sides being straight, of equal length and parallel). These products may :- have indentations, ribs, grooves or other deformations produced during the rolling process (reinforcing bars and rods); - be twisted after rolling."

9. It appears from the above Chapter Notes and the terms employed in CTH 7228 that Flat Rolled products of other alloy steel in the form of coils or straight lengths, depending upon specific dimension and composition of the goods, are rightly to be classified as Flat Rolled Products of Other Alloy Steel under CTH 7225 or 7226, as the case may be, but not under 7228 which is specifically for "Other bars and rods"

10. For the Flat Rolled Products of Other Alloy Steel of straight lengths, there are two criteria provided in the Chapter Note 1 (k) of Chapter 72 :-

- i. If thickness < 4.75mm, are of a width measuring at least 10 times the thickness, And*
- ii. If thickness > 4.75mm or more, are of a width which exceeds 150 mm and measures at least twice the thickness.*

'Flat-Rolled Products of Other Alloy Steel, of a width of 600 MM or more', is classifiable under CTH 7225, whereas, 'Flat-Rolled Products of Other Alloy Steel, of a width of less than 600 MM' is classifiable under CTH 7226.

Of silicon-electrical steel:

7225 11 00 -- Grain-oriented

7225 19 -- Other

7225 19 10 --- Hot rolled

7225 19 20 --- Cold rolled

7225 19 90 --- Other

7225 30 - Other, not further worked than hot-rolled, in coils:

7225 30 10 --- Of spring steel quality

7225 30 90 --- Other

7225 40 - Other, not further worked than hot-rolled, not in coils:

Of a thickness of above 4.75 mm:

7225 40 11 ---- Boiler quality

7225 40 12 ---- Pressure vessel quality

7225 40 13 ---High tensile quality

7225 40 19 ---- Other

7225 40 20 --- Of a thickness of 3 mm and above but not exceeding 4.75 mm

7225 40 30 --- Of a thickness of below 3 mm

7225 50 - Other, not further worked than cold-rolled (cold-reduced):

7225 50 10 --- Of a thickness of less than 3 mm

7225 50 20 --- Of a thickness of 3 mm to 4.75 mm

7225 50 30 --- Of a thickness of above 4.75 mm

Other:

7225 91 00 -- Electrolytically plated or coated with zinc

7225 92 00 -- Otherwise plated or coated with zinc

7225 99 00 - Other

The goods classifiable under CTH 72254019, 72255010, 72255020, 72255030 & 72259900 attracted effective rate of BCD @12.5% and the remaining headings attracted @10%.

As per Chapter Note 1(k) of Chapter 72 defines Flat Rolled Products' of steel:

"Rolled products of solid rectangular (other than square) cross-section, which do not conform to the definition at ij) above in the form of: - coils of successively superimposed layers, or

-straight lengths, which if of a thickness less than 4.75 mm are of a width measuring at least ten times the thickness or if of a thickness of 4.75 mm or more are of a width which exceeds 150 mm and measures at least twice the thickness.

Flat rolled products include those with patterns in relief derived directly from rolling (for example, grooves ribs, chequers, tears, buttons, lozenges) and those which have been perforated, corrugated or polished, provided that they do not thereby assume the character of articles or products of other headings.

Flat rolled products of a shape other than rectangular or square, of any size, are to be classified as products of a width of 600 mm or more, provided that they do not assume the character of articles or product of other headings.

As per Chapter Note 1(m) of Chapter 72 defines 'Other bars and rods' in the following terms:

"Products which do not conform to any of the definitions at (ij), (k) or (l) above or to the definition of wire, which have a uniform solid cross- section along their whole length in the shape of circles, segment of circles, ovals, rectangles (including squares), triangles or other convex polygons (including "flattened circles" and "modified rectangles", of which two opposite sides are convex arcs, the other two sides being straight, of equal length and parallel). These products may:

-have indentations, ribs, grooves or other deformations produced during the rolling process (reinforcing bars and rods).

- be twisted after rolling"

Since, it appears from the above Chapter Notes and the terms employed in CTH 7228 that Flat Rolled products of other alloy steel in the form of coils or straight lengths, depending upon specific dimension and composition of the goods, is to be classified as Flat Rolled Products of Other Alloy Steel under CTH7225, as the case may be, but not other 7228 which is specifically for "Other bars and rods.

11. The classification of the correspondence heading is specific as dimension and other specification of the product appear crucial to levy applicable appropriate customs duty. Hence, the correct and complete description viz. dimension of the products, cold rolled or hot rolled, annealed or otherwise further worked out or electroplated, etc., were essential to determine the correctly classification of such Flat Rolled Products of Other Alloy Steel under appropriate CTI (CTH 7225, 7226 or 7228) and obligation to classify its product is on importer as per provisions of self-assessment wherein the importer must classify his products correctly.

12. Statement of Shri Manohar Shetty, Export Assistant Manager, Authorised by Director of M/s. Devu Tools Private Limited was recorded on 16.07.2021 under Section 108 of the Customs Act, 1962 on 01.02.2021(RUD-2) wherein he interalia stated that:

(i) He has been called to give statement under Section 108 of the Customs Act, 1962 in the case of past imports of Alloy Tool Steel Flat Bars made by M/s Devu Tools Private Limited.

(ii) He has been working as the Export Assistant Manager in M/s Devu Tools Private Limited for the last 03 years.

(iii) He has been authorised by the M/s Devu Tools Private Limited to get his statement recorded.

(iv) As the Assistant Manager (Export and Import) in the company, he has the responsibilities of preparing necessary documents pertaining to import and export of goods and monitoring the clearance of import and export of goods.

(V) Their company, M/s Devu Tools Private Limited is involved in the export and import of PVC Die Moulds. In addition to that, they import forged Alloy Steel Bars. They import these types of steel mainly from Italy and Germany.

Their company also manufactures moulds of Automobile parts which are sold to their customers in India and also exported abroad.

(vi) Their company imports mainly from suppliers:

(i) Germany- M/s BGH EdelstahlFreital

(ii) Germany-M/s Grodritz

(iii) Italy-M/s Verona S.P.A.

(vii) Their company manufactures products using the imported goods which in turn are sold in India to M/s Ashirwad Pipes, M/s Prince Pipes, M/s Finolex etc. Goods manufactured in their company using the manufactured goods are also exported abroad to M/s New Products Industries Company Limited (Saudi Arabia), M/s Petrochemicals Conversion Company Limited (Saudi Arabia) etc.

(viii) On being asked about Alloy Steel Bars imported by various past Bill of Entries and classified under CTH 7228 by their company in the past and what are Alloy Steel /Tool Steel Bars, he replied that he will not be able to give a pointed and exact reply to this question as he is not well versed in the technical specification and the terminologies related to Alloy Tool Steel.

(ix) On being asked about the process involved in the manufacture of Alloy Tool Steel, he replied that he does not know about the process.

(x) On being asked about the different grades of Alloy Tool Steel imported by their company, he replied that the grades of Alloy Tool Steel imported by their company are 1.2738, 1.2738HH, 1.2311,1.2510. He added that the grades of Alloy Tool Steel changes with the contents used in the materials.

(xi) On being asked about the difference between forged Steel and Rolled Steel Products, he replied that he was not aware about the same.

(xi) On being asked about to specify as to whether the different grades of Alloy Tool Steel imported by their company are forged or Rolled, he replied that he does not

have exact knowledge regarding the same. These specifications are mentioned in the Mill Test Reports pertaining to the imported goods.

(xii) On being asked about what is the basis on which Alloy Tool Steel is classified under CTH 7228 in the Bills of Entry filed by their company, he replied that he can not give a pointed reply to the question but he can tell that the Alloy Tool Steel imported by their company are "Forged Steel" which are classified under CTH 7228. Alloy Tool Steel imported by their company are classified under CTH 7228 in consultation with their seniors by referring to the past Bill of Entries as they were also classified under CTH 7228. Customs Broker is then informed about the said classification who then files the Bill of Entries.

(xiii) On being asked about what is a 'Mill Test Report', he replied that it is the report containing details of the contents of Alloy Tool Steel and it is generated by the overseas suppliers in their factories.

(xiv) On being asked about to furnish the Mill Test Report pertaining to the import of Alloy Tool Steel for past Bill of Entries of M/s Devu Tools Private Limited, he replied that he does not have the Mill Test Report at that time. But he assured that the same will be submitted in this office as early as possible.

(xv) On being asked about whether he has any other information or knowledge regarding the grade, specifications, applications of Alloy Tool Steel by their company, he replied that he will not be able to provide reasonable explanation to the queries, as he does not possess complete information regarding the specifications related to Alloy Tool Steel imported by their company. However, Shri Shri Shivanand Devabiga who holds the post of Manager, SCM (Supply Chain Management) & Operations in M/s Devu Tools Private Limited have complete technical information regarding Alloy Tool Steel and Technologies.

12.1. Statement of Shri Manohar Shetty, Export Assistant Manager, (Import and Export) Authorised by M/s. Devu Tools Private Limited was recorded on 20.02.2025 under Section 108 of the Customs Act, 1962 (RUD-3) wherein he interalia stated that:

- On being asked about the nature of the goods imported, he told that the goods imported were Forged Alloy Tool Steel Bar Grade 1.2316, 1.2083 & 1.2738.
- On being asked about his role/responsibilities in the import made in past by M/s Devu Tools Pvt. Ltd. and also whether he has been authorised by Importer's firm for recording statement on their behalf, he replied that he has been managing the Custom clearance procedure for company M/s Devu Tools Pvt. Ltd. for the last 4-5 years. All the instructions related to Custom Procedure i.e. HSN code for filing Bill of Entry, are directed by him to the CHA.

- On being asked about his importer Firm in detail, he replied that M/s Devu Tools Pvt. Ltd. imported the raw material (Forged Alloy Tools steel Bar ESR grade 1.2316, 1.2083 & 1.2783) from European Countries for manufacturing of "Plastic injection mould" at their plant in Andheri, Mumbai as well as their factory located at Mumbai-Nashik Road.
- On being asked about what were the goods imported by his firm and also the specifications of the goods, he replied that they import forged Alloy Steel of different grade (Heat -Treated-ESR, Peeled, Hardened & Tempered) from European Manufacturer to fulfil their Steel requirements for manufacturing of plastic injection mould which are then used for manufacturing of PVC pipe fittings.
- On being asked about what are the products manufactured with the use of imported goods, he replied that the Imported Steel of Grade 1.2738 use as a Base Plate of Plastic Injection Mould. Basically Grade 1.2316 Steel is used for Cavity & Core Plate of Injection Mould, & other Grades of Steel like 1.2083 & 1.2085 are used for other requirements like guide pin, guide bush and for other miscellaneous parts of plastic injection mould.
- On being asked about who has the role for the classification of the previously imported goods under CTH 72286011, he replied that he directly instructed the CHA to file the Bill of Entry on behalf of their company under CTH 72286011.
- On being asked about what are the grounds/basis for classification of the subject goods under CTH 72286011, he replied that as per his knowledge, goods imported were appropriately classifiable under CTH 72286011. All the imported goods consist of Alloy Steel Bar that possess corrosion resistant property, feature a clean surface finish, and can be further utilized in manufacturing of plastic products tools/dies. Additionally, the chemical composition of steel grades 1.2083, 1.2738, 1.2316 & 1.2085 falls within the Alloy Steel Bars category.
- On being asked about what are the grounds/basis for availing the benefits of notification No. 50/2017 for the goods imported by their firm, he replied that as per notification No. 50/2017 dated 30.06.2017 at Serial No 370, there was a provision of 10% duty on products listed under CTH 7228.
- On being asked about their overseas suppliers and also to provide the Mill Test Certificate and also the detailed manufacturing procedure for the imported goods, he replied that their overseas manufacturers/suppliers are

Schmidewerke Groditz GMH Gruppe, Germany, S1J Metal Ravne, Slovenia, BGH Edelstahl GMBH, Germany.

- On being asked about what are the documents received from their overseas suppliers before filing of the Bill of Entries, he replied that they received invoice, Packing List, Bill of Lading, Certificate of Origin, Mill Test Certificate and insurance copy which further shared with CHA for filing the Bill of Entry.
- On being asked about their vendors/buyers in India and abroad, he replied that their customers in India are Ashirwad Pipes, Finolex Pipen & Supreme Industries etc. They export their products to New Product Industries-Saudi Arabia, Banga Building materials-Bangladesh, Wavin Limited-Italy, Netherlands, Brazil and Al Watania Plastic-Saudi Arabia.
- On being asked about the complete procedure involved in manufacturing of Alloy Steel Bar/Tool Steel Bar, he replied that there are 7 stages to produce Alloy Steel Bar/Tool Bar which are as follows:

I. EAF (Electric Arc Furnace-it involves the complete melting of scrap of Steel through Electric Arc.

II. Laddel Furnace-similarly after stage 1, the goods are further melt in laden to maintain the desired chemical composition for manufacturing of finished products.

III. V.D. Process further the melted component is placed in vacuum chamber for removal of excess hydrogen & oxygen content.

IV. ESR (Electro Slag Remelting)- this process is used to remove impurities like unwanted carbon content.

V. Heat Treatment-It involves annealing/ hardening+ tempering.

VI. Rolling/Forged to get desired result, the final product underwent through rolling/forging process according to customer demand.

VII. Peeling-final product is further proceed to get the even and shiny surface.

- He added that they have imported various grades of Steel like 1.2083, 1.2738, 1.2316 & 1.2085 etc.
- On-being asked about difference between forged Steel and Rolled Steel Products he replied that Rolled Steel Product is processed between the roller

while forged products, processed by hammering to achieve the desired shape & structure of final product. He added that they import both Forged and Rolled Steel Bars.

- On being asked about a Mill Test Report, he replied that Mill Test Certificate certifies the manufacturer name, heat number, manufacturing process & Chemical Composition of the Steel Products.
- On being asked about the reasons for not uploading/e-sanchit the supporting documents ie. product catalogue and MTC during the submission of Bills of Entry, he replied that he provided all the necessary documents to CHA for filing Bills of Entry including product catalogue and MTC, however the CHA failed to upload the MTC when submitting BEs and they are unaware of the reason for not uploading the said documents.
- On being asked about that there are X Bond and warehouse Bills of Entry filed in the name of their company M/s Devu Tools Pvt. Ltd. were they used for home consumption, he replied that all the Bills of Entry whether it was X-Bond and warehouse Bills of Entry, were used for home consumption.
- . On being asked about to explain in details about the ground on which the Alloy Steel Bars/Alloy Tool Steel imported by their firm has been classified under CTH 7228, he replied that as per their knowledge goods imported consist of Alloy Steel Bars that possess corrosion resistant property, feature a clean surface finish and can be further utilized in manufacturing of Plastic product Tools/dies, Additionally the Chemical composition of Steel Grade 1.2083 falls within the bright bar category.

13. The Detailed duty calculation and duty difference against past Bill of Entry No 2024376 dated 19.12.2020 as to this Investigation Report has been attached herewith this Investigation report in (Annexure-A) (RUD-4). And the summarized duty calculation has been tabulated as below in Table-2:

Table-2

Desc. Of the goods	Declared assessable Value of the goods	Declared CTH	Declared Duty	Correct CTH	Redetermined Duty	Differential Duty
Alloy Steel Bars of various dimensions and grades	17641932	72286011	5465470.53	72251910	6037951	572481

14. It appears that the importer imported the subject goods from the various suppliers from Slovenia and Germany i.e. from SIJ Metal Ravne DOO, Schmiedewerke Groditz GMBH, BGH Edelstahlfreital GMBH. The goods Flat rolled alloy steel products imported by the importer against past Bill of Entry No 2024376 dated 19.12.2020 appears to be correctly classifiable under HSN 7225, but not under 7228 which is specifically for OTHER BARS AND RODS OF OTHER ALLOY STEEL; ANGLES, SHAPES AND SECTIONS, OF OTHER ALLOY STEEL, HOLLOW DRILL BARS AND RODS, OF ALLOY OR NON-ALLOY STEEL", while "FLAT ROLLED PRODUCTS OF OTHER ALLOY STEEL, OF A WIDTH OF 600 MM OR MORE" ARE TO BE CLASSIFIED UNDER 7225.

15. As detailed above it appears that the importer was in field of trading and manufacturing of steel for years and was aware about the specification of alloy steel forged and rolled and he was also aware about the composition of the impugned goods. The importer suppressed the true character of the impugned goods by providing general and vague description of the goods in ICEGATE in respective bills of entry during the clearance of the subject goods. However, despite being aware about the composition and characteristics of the impugned goods, he tried to escape the onus of misdeclaration by stating that he did not understand the classification issue involved. Accordingly, owing to importer's act of willful mis-statement of classification and suppression of the facts regarding description and real characteristics of the impugned goods, the provisions of Section 28 (4) of the Customs Act, 1962 appear to be applicable and the duty so evaded by the importer appears to be demanded by invoking extended period for issuing the show cause notice. The provisions of Section 28(4) details that where any duty has not been 10 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 wilful mis-statement; or

(c) suppression of facts,

15.1. In view of the above facts, the past data of import of the importer was analysed and it was found that the importer had imported the various grades of Alloy Steel Bars against past Bill of Entry No 2024376 dated 19.12.2020 through JNCH by declaring the general description as Alloy Steel Bars and misclassified the same under HSN 72286011 in past.

16. As the duty difference was made equal in tariff (the duty structure were changed from 16 April 2021 and thereafter no difference of the duty between 7228 and 7225). The data was further co-related the submission of the importer to ascertain the grade of the products. Accordingly, the alloy steel Bars as declared by the Importer in past Bill of Entry No. 2024376 dated 19.12.2020 are correctly classifiable under HSN code 7225 was ascertained and compiled as Annexure-'A' to this Investigation Report. It appears that the importer paid the duty @30.98% (BCD @10%, SWS @10% & GST@18%) under HSN 7228 however, the applicable duty for the products under HSN code CTH 72251910 was @34.225% (BCD@12.5%, SWS @10% & IGST @18%).

17. As detailed in Annexure 'A' to this investigation Report, it appears that the importer M/s Devu Tools Private Limited has imported the goods Flat rolled alloy steel of various size and grades against past Bill of Entry No 2024376 dated 19.12.2020 having Declared Assessable Value Rs. 1,76,41,932/- (Rs. One Crore, Seventy Six Lakhs Forty One Thousand Nine Hundred Thirty Two) in past. The Importer misclassified the subject goods under HSN 72286011 and evaded the appropriate duty applicable (Differential Duty) under HSN 72251910 to the tune of Rs. 5,72,481/- (Rs. Five Lakhs Seventy Two Thousand Four Hundred Eight One only) are appeared recoverable under the extended period of provisions of Section 28(4) of the Customs Act, 1962.

18. The legal provisions relevant in instant case;

(A) Section 17. Assessment of duty. -

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

(B) Section 28(4) of the Customs Act, 1962.-

Where any duty has not been levied or not paid or has been short-levied or short-paid) or erroneously refunded, or interest payable has not been paid, part-paid or erroneously refunded, by reason of.

(a) collusion, or

(b) any wilful mis-statement, or

(c) suppression of facts,

(C) Section 28AA. 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.

(D) Section 28(8) of the Customs Act, 1962.-

The proper officer shall, after allowing the concerned person an opportunity of being heard and after considering the representation, if any, made by such person, determine the amount of duty or interest due from such person not being in excess of the amount specified in the notice.

(E) Section 111(m) of the Customs Act, 1962.-

[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 773 [in respect thereof, or in the case of goods under trans-shipment, with the declaration for trans-shipment referred to in the proviso to sub-section (1) of section 54):

(F) SECTION 46. Entry of goods on importation. -

(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.

(G) SECTION 112(a). Penalty for improper importation of goods, etc.-

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

(H) Section 114A. 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 2[****]been part paid or the duty or interest has been erroneously refunded by reason of collusion or any wilful mis-statement or suppression of facts, the person who is liable to pay the duty or interest, as the case may be, as determined under³ (sub-section (8) of section 28 shall also be liable to pay a penalty equal to the duty or interest so determined:*

19. In terms of Section 46 of the Customs Act, 1962, while presenting the Bills of Entry before the Customs authority for clearance of the imported goods, it was duty of the importer to declare the accuracy and completeness of the information given therein. The law demands true facts to be declared by the importer. As the importer has been working under the regime of self-assessment, where they have been given liberty and it was sole responsibility of the importer to place correct facts before the assessing authority. In the instant case, the importer failed in presenting Bills of Entry in terms of its accuracy and completeness of the information given therein in contravention of Section 46 of the Customs Act, 1962. This resulted in violation of Section 46 of the Customs Act, 1962.

In order to sensitize the Trade about its consequences; Government of India has issued 'Customs Manual on Self-Assessment 2011'. Under para 1.3 of Chapter-1 of the above manual, Importers/ Exporters, who are unable to do the Self-Assessment because of any complexity, lack of clarity, lack of information etc. may exercise the following options:

- (a) Seek assistance from Help Desk located in each Custom Houses, or
- (b) Refer to information on CBIC / ICEGATE web portal www.cbic.gov.in, or
- (c) Apply in writing to the Deputy / Assistant Commissioner in charge of Appraising Group to allow provisional assessment, or
- (d) An importer may seek Advance Ruling from the Authority on Advance Ruling, if qualifying conditions are satisfied.

Para 3(a) of Chapter 1 of the above Manual further stipulates that the Importer/ Exporter is responsible for filing all declarations and related documents and confirming these are true, correct and complete. Under para 2.1 of Chapter-1 of the above manual, Self-Assessment can result in assured facilitation for compliant

Importers. However, delinquent and habitually noncompliant Importers/ Exporters could face penal action on account of wrong Self-Assessment made with intent to evade Duty or avoid compliance of conditions of Notifications, Foreign Trade Policy or any other provision under the Customs Act, 1962 or the Allied Acts. Therefore, After introduction of self-assessment through amendment in Section 17 of the Customs Act, 1962 vide Finance Act, 2017, the alibi of importer that they did not have the understanding of the classification does not absolve them from onus of their responsibility as per provisions of the Section 46(4) of the Customs Act, 1962.

20. Therefore, it appears statutory responsibility of the importers to properly self-assess the goods and discharge Customs duty on import goods, along with filing all declarations and related documents and confirming these as true, correct and complete.

21. M/s Devu Tools Private Limited had imported the Flat rolled alloy steel products of various dimensions correctly classifiable under HSN 72251910, against past Bill of Entry No 2024376 dated 19.12.2020 by misclassifying the same under HSN 72286011 having Declared Assessable value of Rs. Rs.1,76,41,932/- (Rs. One Crore, Seventy Six Lakhs Forty One Thousand Nine Hundred Thirty Two) and evaded applicable duty (Differential Duty) to the tune of Rs.5,72,481/-(Five Lakhs Seventy Two Thousand Four Hundred Eight One only) (Difference between the Total Duty payable Rs. 60,37,951/- and Duty Paid Rs. 54,65,470/-)

22. The goods alloy steel bars are correctly classifiable under the HSN code 72251910 was imported in past by the importer vide the Bill of entry No 2024376 dated 19.12.2020 as detailed in Annexure-'A' having Declared Assessable value of Rs. 1,76,41,932/- (Rs. One Crore, Seventy Six Lakhs Forty One Thousand Nine Hundred Thirty Two) and re-determined differential duty Rs.5,72,481/-(Five Lakhs Seventy Two Thousand Four Hundred Eight One only) (difference between duty payable 60,37,951/- and duty paid 54,65,470/-) appears to be recovered from Importer under Section 28(4) of the Customs Act, 1962.

23 The differential duty of Rs. 5,72,481/-(Rs. Five Lakhs Seventy Two Thousand Four Hundred Eighty One only) against the past import as detailed in above foregoing paras appear to be recovered under the provisions of section 28(4) of the Customs Act, 1962 along with interest as per provisions of Section 28AA of the Customs Act, 1962.

24. Now therefore, in respect of goods covered under impugned Bill of Entry as mentioned at foregoing paras the Importer, M/s.Devu Tools Pvt. Ltd. (IEC-

0399035478) having address as A-44,II Floor, Nandiyot Indi. Estate, Kurla-Andheri Road, Safed Pool, Sakinaka, Mumbai-400072 is hereby called upon to show cause in writing to the Additional Commissioner of Customs (Grp- IV, NS-III) having office situated at office of the Jawaharlal Nehru Customs House, Nhava Sheva, Taluka - Uran, District - Raigad, Maharashtra - 400707 as to why: -

- (i) The declared classification of Impugned goods (mentioned in Annexure A) imported under Bill of Entry No. 2024376 dated 19.12.2020 under CTH 72286011 should not be not rejected and the goods should not be re-classified under CTH 72251910;
- (ii) The differential duty of Rs. 5,72,481/- (Rs. Five Lakhs Seventy Two Thousand Four Hundred Eighty One only) against the impugned import as detailed in Annexure A and in foregoing paras should not be recovered under the provisions of section 28(4) of the Customs Act, 1962 along with interest as per provisions of Section 28AA of the Customs Act, 1962;
- (iii) Penalty should not be imposed on him under Section 112/114A of the Customs Act, 1962 for their act of omission and commission;

25. The Importer are hereby informed that they may avail the benefit of reduced penalty @15% of the duty so specified in this notice in terms of Section 28(5) of the Customs Act, 1962 by payment of duty and interest within 30 days of the receipt of this notice, failing which Importer may be subject to higher penalty equal to the duty and interest so determined.

26. The written explanation/reply should be filed by the importer before Addl. Commissioner/Commissioner of Customs, Nhava Sheva -III Commissionerate, JNCH, Nhava Sheva, Taluka: Uran, District Raigad, Maharashtra-400707 within 30 days from the date of this notice. They are further required to intimate in their written reply whether they wish to be heard in person before the case is adjudicated.

27. If no reply is received within 30 days of receipt of this notice, or noticee fails to appear before the adjudicating authority as and when the case is posted for personal hearing, the case will be decided on the basis of the evidences available on record without further reference to the noticee.

28. This Show Cause Notice is issued without prejudice to any other action that may be taken against the noticee and or any other firm(s) or person(s) under the provisions of the Act or any other law for the time being in force in the Union of

India. The department reserves its right to amend, modify or supplement this notice at any time prior to the adjudication of the case.

29. This present show cause notice is limited to the matter of short payment of duty for the goods imported vide Bs/E as per attached Annexure-A and without prejudice to any other action that may be taken against the importer or any other firm(s) or person(s) under the provisions of the Customs Act, 1962 or any other law for the time being in force in the Union of India.

Digitally signed by
ARVIND GHUGE
Date: 18-12-2025
09:03:14

(ARVIND B. GHUGE)
Addl. Commissioner of Customs
Grp. IV, NS-III, JNCH, Nhava Sheva

To:

M/s. Devu Tools Pvt. Ltd. (IEC-0399035478),
A-44,II Floor, Nandjyot Indi. Estate,
Kurla-Andheri Road, Safed Pool, Sakinaka, Mumbai-400072

Copy to -

1. The Deputy Commissioner of Customs, SIIB, JNCH
2. The Deputy Commissioner of Customs, Central Adjudication Cell, JNCH,
3. Notice Board
4. Office copy

LIST OF RELIED UPON DOCUMENTS (RUDs)

RUD No	Description
RUD-1	Copy of Alert Circular No 01/2021/JNCH dated 03.03.2021
RUD-2	Statement of Shri Manohar Shetty, Export Assistant Manager, Authorised by M/s Devu Tools Private Limited dated 16.07.2021
RUD-3	Statement of Shri Manohar Shetty, Export Assistant Manager, Authorised by M/s Devu Tools Private Limited dated 20.02.2025
RUD-4	Annexure A – Differential Duty calculation against the past import of Flat rolled alloy steel products in respect of past Bill of Entry No 2024376 dated 19.12.2020

ANNEXURE-A

Bill Of Entry No. 2024376 Dated 19.12.2020

Sl. No.	Declared CTH	Item Description	Assess Value	RCF @ 10%	SWS	IGST	Total Declared Duty @ 7.5%	RCF @ 12.5%	SWS	IGST	Re-Duty @ 12.5%	Differential Duty
1	72286011	ALLOY STEEL BARS GRADE 1.2738 (1500 X 370 MM X 3100 MM) HEAT NO:- GP102632	1706995	170699.5	17419.90	357041.6	553611.1	223374.04	22337.4	365387.226	611599.04	57987.99
2	72286011	ALLOY STEEL BARS GRADE 1.2738 (1500 X 410 MM X 5565 MM) HEAT NO.GP102657	3484320	348432	348432.2	696167.1	1079442	435540	43554	713414.52	1192508.5	113066.2
3	72286011	ALLOY STEEL BARS GRADE 1.2738 (1400 X 450 MM X 5325 MM) HEAT NO.GP103927	3449733	344973.3	344973.33	689256.7	1068727	431216.63	43121.7	706332.832	1180671.1	111943.8
4	72286011	ALLOY STEEL BARS GRADE 1.2738 (1670 X 620 MM X 2480 MM) HEAT NO.GP103605 / (1670 X 620 MM X 1625 MM) HEAT NO.GP103605	4401516	440151.6	440151.6	879422.9	1363590	550189.5	55019	901210.401	1506418.9	142829.2
5	72286011	ALLOY STEEL BARS GRADE 1.2738 (1370 X 780 MM X 1650 MM) HEAT NO.GP105096 / 1370 X 780 MM X 2500 MM) HEAT NO.GP105096	4519368	451936.8	451936.68	902969.7	1400100	564921	56492.1	925340.598	1546753.7	146653.5
Total			17641932	1764193	176419	3524858	5465471	2205242	220524	3612185.6	6037951	572480.7

STATEMENT OF SHRI MANOHAR R. SHETTY, MANAGER, (IMPORT AND EXPORT)
M/S DEVU TOOLS PVT. LTD., HAVING RESIDENSIAL ADDRESS AT FLAT NO-J-003, SONAM PUSHUP CHS LTD, MIRA-BHAYANDAR ROAD, NEAR GOLDEN NEST POLICE STATION SIGNAL, GOLDEN NEST PHASE-1, BHAYANDER(EAST), THANE MAHARASHTRA-401105, IN REFERENCE TO PAST IMPORT OF GOODS IMPORTED BY M/S DEVU TOOLS PVT. LTD. RECORDED UNDER SECTION 108 OF THE CUSTOMS ACT, 1962, IN THE OFFICE OF THE SPECIAL INTELLIGENCE AND INVESTIGATION BRANCH (IMPORT), JAWAHARLAL NEHRU CUSTOMS HOUSE, NHAVA SHEVA, MAHARASHTRA- 400707 ON 20.02.2024

I, Mr. Manohar R. Shetty, Manager, (Import and Export), M/s Devu Tools Pvt. Ltd., in response to the Summons issued vide CBIC DIN- 20250178NY0000666BB5 to myself to present before Shri Sandeep Kumar Gupta, Superintendent, SIIB (Import) for giving evidence under Section 108 of the Customs Act, 1962, in reference of investigation regarding past imports made by M/s Devu Tools Pvt. Ltd. I have been explained the provisions and implications of Section 108 of the Customs Act, 1962 according to which giving the false evidence in the enquiry proceedings is an offence punishable under Section 193 of Indian Penal Code, 1860 (as substituted in BNS, 2024). I have also been explained that this statement of mine can be used as evidence against me or my firm or any other person or persons of my firm in any judicial or quasi-judicial proceedings in any court of law.

My mother tongue is Kannada. I can read and understand Marathi, Hindi and English. I have requested the officer to type my voluntary statement in computer as per my say. Having understood the above mentioned provisions and responsibilities well, I give my true and correct voluntary statement as follows:

Q.1. Please introduce yourself ?

Ans: My name is Manohar R. Shetty. My age is 36 years. I have completed my B.Com from Vivek College of Commerce, Goregaon (East), Mumbai University. I live with my wife and daughter. I am Manager, Import-Export of M/s Devu Tools Pvt. Ltd. for last 2 years. My residential Address is Flat No-J-003, Sonam Pushup Chs Ltd, Mira-Bhayandar Road, Near Golden Nest Police Station Signal, Golden Nest Phase-1, Bhayander (East), Thane Maharashtra-401105. My office address is A/44, Nandjyot Indl. Estate, Kurla Andheri road, Safed Pool, Sakinaka, Mumbai, Andheri East, Maharashtra-400072. My mobile No is 9773502600 and my E-mail ID is export@devutools.com.

Q.2. Are you aware as to why you have been summoned by SIIB(I)?

Ans.: Yes, I have been summoned vide DIN No. 20250178NY0000666BB5 regarding reasons for classifying the goods imported by M/s Devu Tools Pvt. Ltd. under CTH 72286011.

Q.3 Do you have any idea what were the goods imported vide Bills of Entry No. 6709852 dated 31.01.2019, 7030779 dated 27.02.2019, 7032224 dated 27.02.2020, 8284891 dated 26.07.2020, 2024376 dated 19.12.2020, 2176491 dated 30.12.2020 & 3049605 dated 08.03.2021?

Ans. As per my knowledge, the goods imported vide above mentioned B.E.s were Forged Alloys Tool Steel Bar ESR grade 1.2316, 1.2083 & 1.2738.

Q.4. What is your role/responsibilities in the imports made in past by M/s Devu Tools Pvt. Ltd.? Have you been authorised by importer's firm for recording statement on their behalf?

Ans. I have been managing the customs clearance procedure for company M/s Devu Tools Pvt. Ltd for the last 4-5 years. All the instructions related to the customs procedure i.e. HSN Code for filing Bill of Entry, are directed by me to the CHA.

Q.5. Please speak in details about the profile of your importer firm? What are the goods they manufacture?

Ans. M/s Devu Tools Pvt. Ltd imported the raw material (Forged Alloys Tool Steel Bar ESR grade 1.2316, 1.2083 & 1.2738) from European Countries for manufacturing of "Plastic Injection Mould" at our plant in Andheri, Mumbai as well as our factory located at Plot Survey 57/7, Mumbai-Nashik Road, Pundhe Post, Atgaon, Tal- Shahapur, Thane, Maharashtra- 421601.

Q.6. What are the goods imported by your importer firm? Please tell in details about the specifications of the goods imported by your firm?

Ans. Basically we import Forged Alloy Tools Steel of different grade (Heat Treated - ESR, Peeled, Hardened & tempered) from European manufacture to fulfill our steel requirements for manufacturing of Plastic Injection mould which are then used for manufacturing of PVC pipe fittings.

Q.7. What are the products manufactured with the use of the imported goods?

Ans: Imported steel of Grade 1.2738 use as Base plate of Plastic Injection Mould. Basically Grade 1.2316 steel is used for Cavity & Core plate of injection mould, & other grades of steel like 1.2083 & 1.2085 are used for other requirement like guide pin, guide bush and for other miscellaneous parts of Plastic Injection mould.

Q.8. Who has the role for the classification of the previously imported goods under CTH 72286011?

Ans: I directly instructed the CHA to file the following Bills of Entry No. 6709852 dated 31.01.2019, 7030779 dated 27.02.2019, 7032224 dated 27.02.2020, 8284891 dated 26.07.2020, 2024376 dated 19.12.2020, 2176491 dated 30.12.2020 & 3049605 dated 08.03.2021 on behalf of our company under CTH 72286011.

Q.9. What are the grounds/basis for classification of the subject goods under CTH 72286011?

Ans: As per our knowledge, goods imported under above mentioned bills of entry were appropriately classified under CTH 72286011. All the imported goods consist of Alloy Steel Bars that posses corrosion resistant property, feature a

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clean surface finish, and can be further utilized in manufacturing of plastic product tools/dies. Additionally, the chemical composition of steel grades 1.2083, 1.2738, 1.2316 & 1.2085 falls within the Alloy Steel bars category.

Q.10. What are the grounds/basis for availing the benefits of notification No 50/2017 for the goods imported by your import firm?

Ans. As per Notification No 50/2017 dated 30.06.2017 at Serial No. 370, there was a provision of 10% duty on products listed under CTH 7228.

Q.11. Who are your overseas suppliers? Can you provide the Mill Test Certificates and also the detailed manufacturing procedure for the imported goods?

Ans. Our overseas manufacturers/suppliers are Schmidewerke Groditz GMH Gruppe, Germany, SIJ Metal Ravne - Slovenia, BGH Edelstahl GmbH - Germany. I am submitting the copy of MTC for the goods imported against the above mentioned bill of entry for your ready reference.

Q.12. What are the documents you received from your overseas suppliers before filing of the Bill of Entries?

Ans: Before filing the Bill of Entries, we receive Invoice, Packing List, Bill of Lading, Certificate of Origin, Mill Test Certificate & insurance copy which further shared with CHA for filling the Bill of Entry.

Q.13 Who are your vendors/buyers in India and abroad?

Ans: Our customers in India are Ashirvad Pipes, Finolex Pipes & Supreme Industries etc. We exports our product to New Product Industries - Saudi Arabia, Banga Building Materials- Bangladesh, Wavin Limited- Italy Netherland Brazil & Al Watania Plastic - Saudi Arabia.

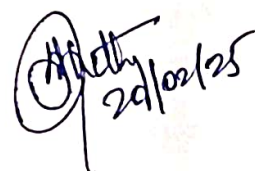
Q.14. What is the specifications of Alloy Steel Bar/Tool Bar imported by your firm?

Ans. For your information, I am submitting a signed copy of the chart that details the specification (including the composition of carbon, manganese, phosphorus, sulphur, silicon, chromium etc) of the imported goods based on their grade.

Q.15. Explain the complete procedure involved in manufacturing of Alloy Steel Bar/Tool Steel Bar?

Ans. There are 7 stages to produce alloy steel bar/tool bar which are as follows:

1. EAF (Electrical Arc Furnance)- it involves the complete melting of scrap of steel through electrical arc.
2. Laddel Furnance- similarly after stage 1, the goods are futher melt in ladden to maintain the desired chemical compoisiton for manufacturing of finished product.


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3. V.D. process- further the melted component is placed in vacuum chamber for removal of excess hydrogen & oxygen content.
4. ESR (Electro Slag Remelting)- this process is used to remove impurities like unwanted carbon content.
5. Heat treatment- it involves annealing/hardening+tempering
6. Rolling/Forged- to get desired result, the final product underwent through rolling/forging process according to customer demand.
7. Peeling- final product is further proceed to get the even and shiny surface.

Q.16. Please explain about the different grades of Alloy Steel Bars imported by your firm?

Ans. We have imported various grades of steel like 1.2083, 1.2738, 1.2316 & 1.2085 etc.

Q.17. What is the difference between forged Steel and Rolled Steel Products?

Ans: Rolled steel product is processed between the roller while forged product processed by hammering to achieve the desired shape & structure of final product.

Q.18. Please specify as to whether the different grades of Alloy Steel Bars imported by your firm are 'Rolled' or 'Forged'?

Ans: We are importing both forged and rolled steel bar.

Q.19. What is a Mill Test Report? Can you provide the Mill Test Reports wrt Bill of Entries filed on behalf of your firm?

Ans: Mill test Certificate specifies the manufacturer name, heat number, manufacturing process & Chemical composition of the steel products.

Q.20. What were the reasons for not uploading/e-sanchit the supporting documents i.e. product catalogue and MTC during the submission of Bills of entry?

Ans. We provided all the necessary documents to CHA for filing Bills of Entry including product catalogue and MTC, however the CHA failed to upload the MTC when submitting B.E.s and we are unaware of the reason for not uploading the said documents.

Q.21. It has been noted that there are X Bond and warehouse Bills of entry filed in the name of your company M/s Devu Tools Pvt. Ltd. Were those Bills of entry used for home consumption?

Ans. Yes, all the bills of entry whether it was X Bond and Warehouse bill of entry, were used of home consumption.

Q.22. How many Bills of entry were filed for forged and rolled steel bar?

Ans. At the moment, I don't have sufficient information to corroborate. I will submit the same within the next 8-10 days.

Q.23. Please explain in details about the grounds on which the Alloy Steel Bars/Alloy Tool Steel imported by your firm has been classified under CTH

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7228 while the packing list from the supplier categorizes these same imported goods under HSN Code 7222 vide B.E. 3049605 dated 08.03.2021?

Ans: As per our knowledge, goods imported under above mentioned bill of entry were appropriately classified under CTH 7228. The imported goods consist of Alloy Steel bars that possess corrosion resistant property, feature a clean surface finish, and can be further utilized in manufacturing of plastic product tools/dies. Additionally, the chemical composition of steel grade 1.2083 falls within the bright bar category. For packing list CTH declaration, I require additional time to confirm whether any communication has occurred with the supplier regarding classification of imported goods under HSN Code 7222.

Q.24. Do you have any other information or knowledge regarding the grade, specifications, applications of Alloy Tool Steel imported by your firm?

Ans: All the steel grades such as 1.2083, 1.2085, 1.2316 & 1.2738 are classified as bright bars. All these steel grades are resistance to corrosion and are particularly used for production of plastic injection tools.

Q.25. Do you have to say anything else?

Ans. I have nothing else to add on this topic. I am ready to cooperate whenever this office reaches out to us in the future.

The above statement running into pages from 01 to 05 is my true and correct statement given by me voluntarily without being subjected to any threat, force, coercion, duress, pressure or inducement.

I have read and understood the complete statement. I undertake to appear before you to give any further statement as and when called for.

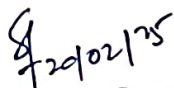


20/02/25

(Mr. Manohar R. Shetty)

(Manager of firm M/s Devu Tools Pvt. Ltd.)

Typed and Drawn before me



20/02/25

(Sandeep Kumar Gupta)

Superintendent/SIIB(I), JNCH

STATEMENT OF SHRI MANOHAR SHETTY S/O SHRI RAMESH SHETTY, UNDER SECTION 108 OF THE CUSTOMS ACT, 1962 IN THE OFFICE OF SPECIAL INVESTIGATION AND INTELLIGENCE BRANCH (IMPORT), JNCH AT TAL. URAN, DIST RAIGAD, MAHARASHTRA 400707 ON DATE 16.07.2021.

In response to the Summons issued vide DIN 20210778NX00005505FA dated 06.07.2021 and F. No. SG/Misc-225/2020-21/D-Cell/SIIB (I)/JNCH, I, Manohar Shetty, residing at J/003, Sonam Pushp CHS Ltd., Golden Nest Phase-1, Mira Bhayandar Road, Mira Road (East), Thane-401104, present myself before Shri Rakesh Kumar, Superintendent of Customs, SIIB (Import), JNCH for giving evidence under Section 108 of the Customs Act, 1962, in reference with past imports of Alloy Tool Steel Flat Bars made by M/s. Devu Tools Private Limited. I have been explained the provisions and implications of Section 108 of the Customs Act, 1962 according to which giving false evidence in the enquiry proceedings is an offence punishable under Section 193 of the Indian Penal Code, 1860. I have also been explained that this statement of mine can be used as evidence against me or my firm or any other person or persons or any other firm in any judicial or quasi-judicial proceedings in any court of law.

My name is Manohar Shetty and I am a resident of J/003, Sonam Pushp CHS Ltd., Golden Nest Phase-1, Mira Bhayandar Road, Mira Road (East), Thane-401104. I have been working as the Export Assistant Manager in M/s. Devu Tools Private Limited for the last 03 years. The company was incorporated in the year 1997. My Mobile No. is 9773502600. I have done B.Com from Vivek College, Goregaon, Mumbai. I am 33 Years old. I can read, write and understand Hindi and English. My company's E-Mail Id is export@devutools.com and devugroup@devutools.com. My company address is A/44, 2nd Floor, Nandjyot Indl. Estate, Kurla Andheri Road, Safed Pool, Sakinaka, Mumbai-400072. My office landline number is 022-61282626. My company's website address is www.devutools.com.

Q1. Do you know the purpose of calling you in this office?

Ans. I have been called here to give my statement under section 108 of the Customs Act, 1962 in the case of past imports of Alloy Tool Steel Flat Bars made by M/s. Devu Tools Private Limited.

Q2. What is your designation in the importing firm M/s. Devu Tools Private Limited?

Ans. I have been working as the Export Assistant Manager in M/s. Devu Tools Private Limited for the last 03 years.

Q3. Have you been authorized by M/s. Devu Tools Private Limited to get your statement recorded on their behalf?

16/07/21
Manohar. Shetty

STATEMENT OF SHRI MANOHAR SHETTY S/O SHRI RAMESH SHETTY, UNDER SECTION
108 OF THE CUSTOMS ACT, 1962 IN THE OFFICE OF SPECIAL INVESTIGATION AND
INTELLIGENCE BRANCH (IMPORT), JNCH AT TAL. URAN, DIST RAIGAD, MAHARASHTRA
400707 ON DATE 16.07.2021.

Ans. I have been authorized by M/s. Devu Tools Private Limited to get my statement recorded. I am submitting authority letter issued by Shri D. M. Sheregar, Director, M/s. Devu Tools Private Limited in this regard.

Q4. What are your responsibilities in the firm?

Ans. As the Assistant Manager (Export & Import) in the company, I have the responsibilities of preparing necessary documents pertaining to import and export of goods and monitoring the clearance of import and export of goods.

Q5. What is the core business of your firm?

Ans. Our company, M/s. Devu Tools Private Limited is involved in the export and sale of PVC Die Moulds. In addition to that, we import Forged Alloy Steel Bars. We import these types of steels mainly from Italy and Germany. Our company also manufactures Moulds of Automobile Parts which are sold to our customers in India and also exported abroad.

Q6. Who are the major suppliers for the goods imported by your company?


Ans. Our company imports mainly from suppliers as follows:

- (i) Germany- M/s. BGH EdelStahl Freital
- (ii) Germany- M/s. Grodritz
- (iii) Italy- M/s Verona S.P.A

Q7. Who are your vendors/buyers in India and abroad?

Ans. Our company manufactures products using the imported goods which in turn are sold in India to M/s. Ashirwad Pipes, M/s. Prince Pipes, M/s. Finolex etc. Goods manufactured in our company using the imported goods are also exported abroad to M/s. New Products Industries Company Limited (Saudi Arabia), M/s. Petrochemicals Conversion Company Limited (Saudi Arabia) etc.

Q8. Alloy Steel Bars had been imported vide Bills of Entry No. (2024376 DATED 19.12.2020, 3757157 DATED 21.06.2019, 4053324 DATED 13.07.2019, 4739898 DATED 03.09.2019, 4742094 DATED 03.09.2019, 5397921 DATED 22.10.2019, 5777209 DATED 21.11.2019, 5842327 DATED 04.04.2018, 6069012 DATED 13.12.2019, 6278123 DATED 07.05.2018, 6709852 DATED 31.01.2020, 7030779 DATED 27.02.2020 and 7032224 DATED 27.02.2020) and classified under CTH 7228 by your company in the past. What are Alloy Steel/Tool Steel Bars?

 16/07/21
Manohar Shetty

STATEMENT OF SHRI MANOHAR SHETTY S/O SHRI RAMESH SHETTY, UNDER SECTION 108 OF THE CUSTOMS ACT, 1962 IN THE OFFICE OF SPECIAL INVESTIGATION AND INTELLIGENCE BRANCH (IMPORT), JNCH AT TAL. URAN, DIST RAIGAD, MAHARASHTRA 400707 ON DATE 16.07.2021.

Ans. I will not be able to give a pointed and exact reply to this question as I am not well versed in the technical specification and the terminologies related to Alloy Tool Steel.

Q9. Explain the complete process involved in the manufacture of Alloy Tool Steel.

Ans. I do not know about the process.

Q10. Please specify about the different grades of Alloy Tool Steel imported by your company.

Ans. The grades of Alloy Tool Steel imported by our company are 1.2738, 1.2738HH, 1.2311, 1.2510.

Q11. What is the difference between the grades mentioned in Q9?

Ans. As far as I know, grades of Alloy Tool Steel changes with the contents used in the materials.

Q12. What is the difference between Forged Steel and Rolled Steel Products?

Ans. I am not aware about the same.

Q13. Please specify as to whether the different grades of Alloy Tool Steel imported by your company are 'Forged' or 'Rolled'.

Ans. I do not have exact knowledge regarding the same. These specifications are mentioned in the Mill Test Reports pertaining to the imported goods.

Q14. What is the basis on which Alloy Tool Steel is classified under CTH 7228 in the Bills of Entry filed by your company?

Ans. I cannot give a pointed reply to the question but I can tell you that the Alloy Tool Steel imported by our company are 'Forged Steel' which are classified under CTH 7228. Alloy Tool Steel imported by our company are classified under CTH 7228 in consultation with our seniors by referring to the past Bills of Entry as they were also classified under CTH 7228. Customs Broker is then informed about the said classification who then files the Bills of Entry.

Q15. What is a Mill Test Report?

Ans. It is the report containing details of the contents of Alloy Tool Steel and it is generated by the overseas supplier in their factories.

Q16. Please furnish the Mill Test Reports pertaining to the import of Alloy Tool Steel as mentioned in Q8.

Shetty 16/07/21
Manohar Shetty

STATEMENT OF SHRI MANOHAR SHETTY S/O SHRI RAMESH SHETTY, UNDER SECTION
108 OF THE CUSTOMS ACT, 1962 IN THE OFFICE OF SPECIAL INVESTIGATION AND
INTELLIGENCE BRANCH (IMPORT), JNCH AT TAL. URAN, DIST RAIGAD, MAHARASHTRA
400707 ON DATE 16.07.2021.


Ans. I do not have the Mill Test Reports right now. I assure you that the same will be submitted in your office as early as possible.


Q17. Do you have any other information or knowledge regarding the grade, specifications, applications of Alloy Tool Steel by your company.

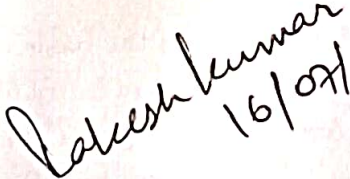
Ans. I will not be able to provide reasonable explanation to the queries raised by you as I do not possess complete information regarding the specifications related to Alloy Tool Steel imported by our company. However, Shri Shivanand Devabiga who holds the post of Manager, SCM (Supply Chain Management) & Operations in M/s. Devu Tools Private Limited have complete technical information regarding Alloy Tool Steel and the terminologies.

Q18. Do you have to say anything else?

Ans. I will submit necessary documents such as Mill Test Reports as mentioned in the statement. I have given my voluntary statement running into 03 pages at my free will and without any coercion, entice or threat. I have been treated courteously and all the COVID-19 protocols were adhered to. This statement is correct to the best of my knowledge and belief. I am willing and ready to come again and record my statement if I am called again by the department. My above statement is typed by Shri Deepak Kumar Pal, EO/SIIB(I), JNCH as I have dictated.


(Manohar Shetty)
Assistant Manager (Import & Export),
M/s. Devu Tools Pvt. Ltd.


(Typed by me on SIIB(I), D-Cell office computer
as per say of Shri Manohar Shetty)
Deepak Kumar Pal,
EO, SIIB(I), JNCH


16/07/2021

Before me
Rakesh Kumar
Supdt/SIIB(I).



OFFICE OF THE COMMISSIONER OF CUSTOMS, NS-V
SPECIAL INVESTIGATION & INTELLIGENCE BRANCH (IMP),
JAWAHARLAL NEHRU CUSTOM HOUSE, NHAVA SHEVA,
DIST- RAIGAD, MAHARASHTRA - 400 707.
Tel. No. 022-27244949, FAX: 022-27243303

Dated: 03.03.2021

F. No. SG/Misc-146/2020-21/D-Cell/ SIIB (I) JNCH

To,

All Principal Chief Commissioner of Customs/Chief Commissioner of Customs,
All Chief Commissioner of Central GST,
The Director General of Valuation, Mumbai,
The Additional Director General, RMCC, Mumbai,
The Principal Additional Director General / Additional Director General of Directorate
of Revenue Intelligence, DRI Hqrs, Ahmedabad, Bengaluru, Chennai, Cochin, Delhi,
Guwahati, Hyderabad, Indore, Kolkata, Lucknow, Ludhiana, Mumbai.

ALERT CIRCULAR NO.: 01/2021/JNCH

Madam/Sir,

**Sub : Mis-declaration and mis-classification of Flat Rolled Steel Products
as 'Other Bars and Rods' under CTH 7228-reg.,**

Upon receipt of intelligence, this office has initiated enquiry against some importers who regularly import Flat Rolled Steel Products of various types and grades and mis-declare the description of the goods as 'Other Bars and Rods' of 'Other Alloy Steel' and mis-classify them under CTH 7228, instead of their correct classification under CTH 7225 or 7226, as the case may be, and thereby evading applicable customs duty leviable thereon.

2. The relevant terms, 'Other Alloy Steel', 'Other Bars and Rods' and 'Flat Rolled Steel Products' have been defined in Chapter Note 1 (l), 1(m) and 1 (k) of Chapter 72, respectively.

3.1 The terms, 'Other Alloy Steel' has been defined in Chapter Note 1(l) of Chapter 72 which states that:-

"Steels not complying with the definition of stainless steel and containing by weight one or more of the following elements in the proportion shown:

0.3 % or more of aluminium

0.0008 % or more of boron

0.3 % or more of chromium

0.3 % or more of cobalt

0.4 % or more of copper

0.4 % or more of lead

1.65 % or more of manganese
 0.08 % or more of molybdenum
 0.3 % or more of nickel
 0.06 % or more of niobium
 0.6 % or more of silicon
 0.05 % or more of titanium
 0.3 % or more of tungsten (wolfram)
 0.1 % or more of vanadium
 0.05 % or more of zirconium
 0.1 % or more of other elements (except sulphur, phosphorus, carbon and nitrogen), take separately.'

3.2 Further, Chapter Note 1 (k) of Chapter 72 defines 'Flat Rolled Products' of steel which is reproduced below:-

"Rolled products of solid rectangular (other than square) cross-section, which do not conform to the definition at (i) above in the form of:

- coils of successively superimposed layers, or
- **straight lengths, which if of a thickness less than 4.75 mm are of a width measuring at least ten times the thickness or if of a thickness of 4.75 mm or more are of a width which exceeds 150 mm and measures at least twice the thickness.**

Flat-rolled products include those with patterns in relief derived directly from rolling (for example, grooves, ribs, chequers, tears, buttons, lozenges) and those which have been perforated, corrugated or polished, provided that they do not thereby assume the character of articles or products of other headings.

Flat-rolled products of a shape other than rectangular or square, of any size, are to be classified as products of a width of 600 mm or more, provided that they do not assume the character of articles or products of other headings."

3.3 In this regard, Chapter Note 1(m) of Chapter 72 defines 'Other bars and rods' in the following terms:-

"Products which **do not conform to any of the definitions at (i), (k) or (l) above** or to the definition of wire, which have a uniform solid cross-section along their whole length in the shape of circles, segments of circles, ovals, rectangles(including squares), triangles or other convex polygons(including "flattened circles" and "modified rectangles", of which two opposite sides are convex arcs, the other two sides being straight, of equal length and parallel). These products may:-have indentations, ribs,

grooves or other deformations produced during the rolling process(reinforcing bars and rods);
-be twisted after rolling."

3.4 Further, CTH 7228 which covers "Other bars and rods of other alloy steel; angles, shapes and sections, of other alloy steel; hollow drill bars and rods, of alloy or non-alloy steel(+)..."

7228.10 - Bars and rods, of high speed steel

7228.20 - Bars and rods, of silico-manganese steel

7228.30 - Other bars and rods, not further worked than hot-rolled, hot-drawn or extended

7228.40 - Other bars and rods, not further worked than forged

7228.50 - Other bars and rods, not further worked than cold-formed or cold-finished

7228.60 - Other bars and rods

7228.70 - Angles, shapes and sections

7228.80 - Hollow drill bars and rods "

4. It appears from the above Chapter Notes and the terms employed in CTH 7228 that Flat Rolled products of other alloy steel in the form of coils or straight lengths, depending upon specific dimension and composition of the goods, are to be classified as Flat Rolled Products of Other Alloy Steel under CTH 7225 or 7226, as the case may be, but not under 7228 which is specifically for "Other bars and rods".

5. For the Flat Rolled Products of Other Alloy Steel of straight lengths, there are two criteria provided in the Chapter Note 1 (k) of Chapter 72:-

- i. If thickness < 4.75mm, are of a width measuring at least 10 times the thickness; And
- ii. If thickness > 4.75mm or more, are of a width which exceeds 150mm and measures at least twice the thickness.

6. 'Flat-Rolled Products of Other Alloy Steel, of a width Of 600 MM or more', is classifiable under **CTH 7225**, whereas, 'Flat-Rolled Products of Other Alloy Steel, of a width of less than 600 MM' is classifiable under **CTH 7226**.

7. During the course of investigation into the subject issue, it was also noticed that the correct/complete description of such steel products are not declared in the Bill of Entry and in the Invoice, Packing List and that the Mill Test Reports are not conclusive. Such correct/complete description viz. dimension of the products, cold rolled or hot rolled, annealed or otherwise,

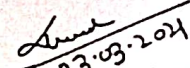
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further worked out or electroplated, etc., are required to determine the correct classification of such Flat Rolled Products of Other Alloy Steel under appropriate CTI (CTH 7225, 7226 or 7228).

8. Analysis of past imports of such goods by certain importers also indicates that the importers had mis-declared the correct description and mis-classified the subject goods under CTH 7228, instead of the correct classification under CTH 7225/7226, with intent to evade the applicable customs duty leviable thereon.

9. Some such importers have accepted the mis-declaration and mis-classification the goods and have voluntarily paid the differential customs duty, interest and penalty @ 15% of the evaded customs duty for their past imports of such goods. Efforts are being made to recover the evaded customs duty leviable on such flat rolled steel products from other importers, as well.

10. In view of the above, field officers under your charge may be advised to exercise due diligence when clearing consignments of 'Flat Rolled Products of Other Alloy Steel' to ensure proper valuation. The antecedents of IEC holders may also be verified diligently. The result achieved, if any, may be communicated to this office in due course.

Yours faithfully,


03.03.2021
(R. K. Mishra)

Commissioner of Customs,
NS-V, JNCH, Nhava Sheva.