



प्रधानआयुक्त(सामान्य)सीमाशुल्ककाकार्यालय
**OFFICE OF THE PRINCIPAL COMMISSIONER / COMMISSIONER OF
CUSTOMS (GENERAL)**

कस्टमब्रोकरअनुभाग, नवीनसीमा शुल्कभवन,
CUSTOMS BROKER SECTION, NEW CUSTOM HOUSE,
बेलाईडिस्टेट, मुंबई - I
BALLARD ESTATE, MUMBAI ZONE - I

F.NO. GEN/CB/208/2024-CBS

Date: 31.05.2024

DIN: 20240577000000419394

SHOW CAUSE NOTICE No. 10/2024-25
UNDER REGULATION 17 OF THE CUSTOMS BROKER LICENSING
REGULATION, 2018

Customs Broker M/s. Anagha Logistics Pvt. Ltd. (PAN AANCA2264JCH001), having address registered at 204, Swaroop Center, Om Nagar, Andheri (East) Mumbai – 400099 (hereinafter referred as the Customs Broker/CB) is holder of Customs Broker License No. 11/1674, issued by the Commissioner of Customs, Mumbai under regulations of CHALR, 1984, [Now regulation 7(2) of CBLR, 2018] and as such they are bound by the regulations and conditions stipulated therein.

2. On the basis of specific intelligence received by the DRI, MZU, Mumbai, investigation was conducted. Investigation revealed that various export firms including M/s. Vista International (hereinafter referred as exporter) were procuring fake purchase bills against the export consignments from one Mr. Suhel Ansari, through fake firms floated by him. Searches were conducted at the premises of Suhel Ansari, which led to the recovery of copies of bogus bills in the names of several companies issued by him.

2.1. The office premises from where Shri Suhel Ansari was operating, i.e. Room No. 30, 4th Floor, Chunnwala Building, 38-Kolsa Street, Pydhonie, Mumbai – 400003 was searched on 14.08.2015. During the course of search of the said premises, certain records/documents, three laptops and one hard disk and various rubber stamps were recovered.

2.2. During the course of investigation, statement of Shri Suhel Parvez Ansari and Shri Shaikh Mohammed Arshad employee of Shri Suhel Parvez Ansari was recorded on 24.08.2015 by DRI, Mumbai wherein inter-alia they stated that they had supplied fake invoices to the export firms including M/s. Vista International.

2.3. DRI, MZU, Mumbai forwarded the case to SIIB(X)/ACC for carrying out further investigation wherein exporters including M/s. Vista International have

claimed undue drawback by overvaluing the export goods and to justify the over-values of the goods, they had procured fake invoices from Shri Suhel Ansari.

2.4. Further, on scrutiny of the shipping bills filed by the exporter M/s. Vista International. Ltd., it was found that the Customs Broker M/s. Anagha Logistics Pvt. Ltd. (PAN AANCA2264JCH001) (CB No. 11/1674) had cleared consignments/shipping bills of the said exporter. Therefore, Statement of Shri Premchand Gupta proprietor of M/s. Anagha Logistics Pvt. Ltd. was recorded on 22.12.2021 wherein he inter alia stated that:

- i. He started M/s. Anagha Logistics Pvt. Ltd. as proprietorship in 2012 and he reconstituted it as company in 2015 from proprietorship to a Private Limited Company.
- ii. Their firm was appointed by M/s. Vista International and the exporter contacted them through market reference.
- iii. They had collected KYC documents of exporter and made address verification by phone as well as by a representative who visited exporter's office.
- iv. As shipment is very old, hence they could not recollect that whether they had carried out First Time Export Procedure or not.
- v. They had filed less than 6 shipping bills for M/s. Vista International.
- vi. They used to check classification declared by the exporter with reference to actual cargo as well as previous records and they always update their clients with respect to restrictions or prohibitions if any.
- vii. They used to take invoice& packing list by email and after arrival of cargo they take original documents viz. Export Invoice, packing list, SDF form, drawback declaration etc.

2.5 Statement of Shri Khaja Mustafa Kamal, authorised representative of M/s. Vista International has been recorded under Custom Act, 1962 on 25.04.2022 wherein he inter alia stated that:

- i. His brother started the merchant export business under name of M/s. Vista International along with his father as partner in year 2011 and closed the business after 2016 and they were exporting the goods mainly Imitation Jewellery to South African and Middle East Countries.
- ii. On behalf of his brother, he used to visit trade exhibitions and trade fairs in middle east and African countries and met overseas buyers directly. As per orders, they used to purchase goods from local karigars and local market, prepared invoice and packing list and dispatched the goods directly to Air Cargo Complex for export.

- iii. At Air Cargo Complex they had authorized Custom Broker M/s. Anagha Logistics Solutions (now M/s. Anagha Logistics Pvt. Ltd.) who look after all necessary customs formalities.
- iv. They used to purchase goods for export from local market/ karigars and some of the invoices might have been procured from local buyers/karigars of the companies floated by Shri Suhel Parvez Ansari.
- v. They did not know Shri Suhel Parvez Ansari, they might had got some invoices (in name of companies floated by Shri Suhel Parvez Ansari) through local karigars from whom they purchased the goods.
- vi. Further the statement of Shri Suhel Parvez Ansari recorded by DRI MZU Mumbai on 24.08.2015 was shown to Khaja Mustafa Kamal wherein Shri Suhel Parvez Ansari had interalia admitted that he had supplied fictitious invoices to various firms and M/s. Vista International was one of them and he put the signature as token of seen the same which indicates that he accepted the statement of Shri Suhel Parvez Ansari.
- vii. Further the statement of Shri Karan Ashoklal Ranka recorded by DRI MZU, Mumbai on 29.07.2015 and 30.7.2015 were shown to Shri Khaja Mustafa Kamal wherein Shri Karan Ashoklal Ranka explicitly stated that there is no physical movement of goods from suppliers and that exist only on paper, although payments have been shown to be made by the exporter to the supplier through RTGS in bank, he put the signature as token of seen the same which indicates that he accepted the statement of Shri Karan Ranka.
- viii. Further the copies of invoices of the Memon Chamber of Commerce were shown to Shri Khaja Mustafa Kamal wherein the price had been quoted very low as compared to the prices mentioned in the shipping bills and invoices, for the same he stated that he could not verify or recollect the same.

2.6. Special Intelligence and Investigation Branch (Exports) of Air Cargo Complex, Sahar, Mumbai issued Summon to the Customs Brokers M/s. Anagha Logistics Solutions (now M/s. Anagha Logistics Pvt. Ltd.), but they never appeared themselves before SIIB(X) to records their oral evidence.

2.7. During investigation, the details of exports made by the exporter M/s. Vista International, were retrieved from the ICES System. During the period from 2012 to 2016, the exporter made total exports of 06 Shipping Bills of FOB Rs. 108.93 Lakhs and availed total drawback of Rs. 1.51 Lakhs. Further, BRC details of M/s. Vista International was generated from ICES System for the period 01.01.2012 to 31.03.2022, which show that BRC in all the 6 S/Bs have been realized.

2.8. On scrutiny of documents sent by DRI, MZU, Mumbai viz. copies of invoices submitted with The Memon Chamber of Commerce in respect of M/s. Vista International, the rate per pcs and total values of exports made from Air Cargo Complex, Sahar, Mumbai, were compared with the concerned shipping bills and it was found that values were highly over-valued by 5 to 10 times at the time of export by using fake and bogus invoices in all the six export consignments made by the exporter, the same are detailed as below:

| Sr. No | Shipping No. & Date | Invoice No. & Date | Total FOB Value (in USD) declared as per Invoice submitted with Shipping Bill | Total FOB Value (in USD) submitted with the — Memon Chambers of Commerce, Mumbai. |
|--------|----------------------------|-------------------------|---|---|
| 1 | 5928512 dtd. 07.11.2014 | E003 dtd. 03.11.2014 | 25084.00 US\$ | 3515.00 US\$ |
| 2 | 1290769 dtd. 19.06.2015 | E03 dtd. 19.06.2015 | 9500.00 US\$ | 3325.00 US\$ |
| 3 | 1537657 dtd, 01.07.2015 | E04 dtd. 30.06.2015 | 29950.00 US\$ | 5137.50 US\$ |
| 4 | 1782574 dtd. 14.07.2015 | E05 dtd. 07.07.2015 | 12296.50 US\$ | 1086.30 US\$ |
| 5 | 8853993 dtd. 07.04.2015 | E01 dtd. 06.04.2015 | 50065.00 US\$ | 6146.90 US\$ |
| 6 | 2746187 dtd. 01.09.2015 | E06 dtd . 27.08.2015 | 48334.00 US\$ | 6462.70 US\$ |

2.9. Further on scrutiny of the documents viz. Purchase register (for year 2014 & 2015) submitted by the exporter vide letter dated 25th September 2017, wherein Purchase Register shows the names of the fictitious companies viz. M/s. Cadillac Tradelink Pvt. Ltd., M/s. Combo Traders Pvt. Ltd., M/s. Imperious Mercantile Pvt. Ltd., M/s. B.A. Trading etc. all floated by Shri Suhel Ansari.

2.10. During investigation, a statement dated 01.07.2016 of Shri Suryabhan Eknath Dhurphate, Proprietor of M/s. Sanket Overseas, Navi Mumbai, was recorded before the DRI, MZU, who was a logistics provider and was involved in clearing the consignments through CHA M/s. Indo Foreign Agents. From the perusal of his statement, it was disclosed that usually the cost and expenses incurred on the export material was only around 35% of the drawback amount. He also stated that the benefits availed by them and the exporter were to the extent of 65%. This was the modus operandi adopted by all such exporters including this exporter, who was exporting the goods on the basis of fake supplier's invoice.

2.11. During investigation DRI enquired with the Consulate General of India, Dubai, UAE who vide letter dated 08.03.2018 reported that from the scrutiny of the documents provided by Federal Customs Authority, Dubai it emerged that goods had been cleared and unit values had been much lower than what has been declared to Indian Customs. As per DRI, the instant exporter had also adopted the similar modus-operandi.

2.12. Further, from the investigation, it appears that goods were procured from Domestic Tariff Area (DTA) without any invoices, so no details of its manufacturing, production, using imported material or excisable material therein were available. So, it could not be ascertained whether any duty had been paid or otherwise. During investigation, exporter could not produce any such details in respect of manufacturing, production or use of any imported material in impugned export goods. Although, he had enough opportunity for recording of his statement, he failed to produce himself as well as any such details. Therefore, it appears from investigation that necessary ingredient of second proviso to Rule 3(I) Drawback Rule, 1995 is attracted in this case which does not permit any amount of drawback in such cases where no duty has been paid.

Rule 3 of the Drawback Rules 1995 reads as under;

"Rule 3. Drawback – (1) Subject to provisions of –

Provided further that no drawback shall be allowed: -

(ii) if the said goods are produced or manufactured, using imported materials or excisable materials in respect of which duties have not been paid."

2.13. From the investigations made by DRI, MZU and the investigations conducted by SIIB(X), ACC, Mumbai following appears:

- M/s. Vista International procured fake and bogus invoices from Shri Suhel Ansari.

- Goods of inferior quality were procured from the local market without any invoice.
- Incorrect bank transactions were made with the fake suppliers, whose invoices were raised by Shri Suhel Ansari. This was done to conceal the actual transactions and give cover to the bogus transactions.
- This automatically explained the facts that there was no physical movement of the goods against the fake invoice raised by Shri Suhel Ansari.
- As export goods were procured from local market, which were of inferior quality and having low value, therefore impugned export by M/s. Vista International was grossly overvalued and only done for the purpose of fraudulent claim of drawback.
- Aforesaid fact of overvaluation are supported by statements as mentioned above and by the enquiry caused by DRI with the Consulate General of Dubai.

3. As per the Offence Report, it appears that the Customs Broker M/s. Anagha Logistics Pvt. Ltd. cleared the consignments of the exporter, in which the exporter knowingly and deliberately submitted fake and bogus export invoices and inflated the export value to obtain undue drawback fraudulently. Further, from the above, it appears that it is unlikely that CB was receiving goods based on fictitious bills and he was not aware of the same.

Had the CB seen these documents relating to meeting the criteria to claim both types of drawbacks and checked the correctness of relevant declaration, such fraudulent export could not have been possible.

4. Under the fact and circumstances, it appears that the CB actively connived with exporters in claiming undue drawback through over valuing the export goods and mis-declaring in Shipping Bill. While dealing with exporter, they did not care to follow the obligation imposed through Regulation and Act. Therefore, the CB appears to have failed to comply with the regulation 10(d), 10(e)10(f)&10(q) of the Customs Brokers Licensing Regulations 2018:-

4.1 Violation of regulation 10(d):

Regulation 10(d) i.e. "advise his client to comply with the provisions of the Act, other allied Acts and the rules and regulations thereof, and in case of noncompliance, shall bring the matter to the notice of the Deputy Commissioner of Customs or Assistant Commissioner of Customs, as the case may be"

CB was supposed to advise his client with respect to false declaration of value of goods which appears to be on higher side, and in case of non compliance should have brought the matter to the DC/AC docks. Instead of advising IEC holder regarding overvaluation, CB connived with the IEC holder and never brought the matter in notice of DC/AC concerned. The, admissibility of such duty drawback is dependent upon correct declaration of certain details i.e.

the name and address of the trader from whom they have purchased the goods at the time of export, in terms of the prescribed format annexed with the Circular No. 16/2009-Customs dated 25.05.2009. The bills did not show the duty payment aspect of the goods.

From the above, the CB appears to have not advised the exporter and abetted the exporter by declaring the incorrect value of the goods in SBs against the fake invoices to avail undue drawback. Thus, it appears that CB has violated the regulation 10(d) of CBLR 2018 by abetting the exporter and not bringing the matter to the notice of the Deputy Commissioner of Customs or Assistant Commissioner of Customs.

4.2 Violation of regulation 10(e):

Regulation 10(e) i.e. "exercise due diligence to ascertain the correctness of any information which he imparts to a client with reference to any work related to clearance of cargo or baggage"

From the investigations it appeared that the exporter had grossly overvalued the impugned goods which were of very inferior quality by way of procuring fake invoices and defrauded the exchequer by fraudulently availing drawback of Rs 1.51 lakhs.

From the investigations, it also appeared that the Exporter has made false and incorrect declaration with respect to value of the goods, liable to be penalized under Section 114 (i) / 114(iii) and also under 114 AA of the Customs Act, 1962. Therefore, it appears that no drawback is allowable in respect of export made vide 6 Shipping Bills filed through the Customs Broker M/s. Anagha Logistics Pvt. Ltd. Had the exporter paid any duties in respect of processing, producing and manufacturing of the goods, they would have provided the necessary documents with regard to duty payment of excise, customs and service tax duties.

Actual movements of goods are always under cover of Challan and Invoices. There are other requirements of local Government which prevent movement of goods without documentation. It is also unlikely that Customs Broker has been receiving goods based on fictitious Bills and he was not aware. Further the Customs Broker has responsibility to guide exporter and inform about the requirement that only in certain cases, both types of Drawback can be claimed by the exporter. Had the Customs Broker seen these documents relating to meeting the criteria to claim both types of Drawback and checked the correctness of relevant declaration, such fraudulent export could not have been possible. Therefore, under the fact and such circumstances, it appears that the Customs Broker actively connived with exporters in claiming

undue Drawback and over valuing the export goods and mis-declaring in Shipping Bill.

Thus it appears that, the Customs Broker Ltd. failed to exercise due diligence and aided the exporter for availing the undue drawback by the exporters by overvaluing the exports, whereas cheaper material was exported, and to justify the value of the goods, fake invoices from Suhel Ansari, were procured showing the higher purchase price. Thus, it appears that the CB has violated the provisions of Regulation 10 (e) of the CBLR, 2018.

4.3 Violation of regulation 10(f):

Regulation 10(f) i.e. *"not withhold information contained in any order, instruction or public notice relating to clearance of cargo or baggage issued by the Customs authorities, as the case may be, from a client who is entitled to such information;"*

The exporter did not furnish the declarations at the time of exports in format annexed with the Circular No. 16/2009-Customs dated 25.05.2009. As per the said format exporter were interalia required to declare the name and complete address of the traders from whom export goods had been purchased. Thus, the CB failed to inform the exporter regarding Circular No. 16/2009-Customs dated 25.05.2009 and also failed to verify the said declaration at the time of exports in format annexed with the circular, which is gross negligence on the part of the CB. Thus, it appears that CB has violated the regulation 10(f) of CBLR 2018.

4.4 Violation of regulation 10(q):

Regulation 10(q) i.e. *"co-operate with the Customs authorities and shall join investigations promptly in the event of an inquiry against them or their employees."*

As per said order in original, even after given multiple opportunities the CB never appeared for personal hearing before adjudicating authority nor they submitted their written reply, which shows their reluctance to co-operate with the Customs authorities and joining investigations promptly in the event of an inquiry against them or their employees. Thus, it appears that CB has violated the regulation 10(q) of CBLR 2018.

5. In view of the above, it is evident that the exporter claimed duty drawback using fake invoices and Customs Broker M/s. Anagha Logistics Pvt. Ltd abetted the exporter to avail this non-eligible duty drawback and did not bring the matter to the notice of the Customs authorities.

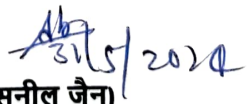
6. The evidence on record clearly indicates that the CB was working in a serious negligent manner and was in violation of the obligations casted upon them under the CBLR 2018. A Custom Broker occupies a very important position in the Customs House and supposed to safeguard the interests of both the importers and the Customs department. It appears that the CB by their acts of omission and commission have violated Regulation 10(d), 10(e), 10(f) & 10(q) of the Customs Brokers Licensing Regulations, 2018 and rendered himself for penal action under Regulations 14, 17 & 18 of CBLR, 2018.

7. In view of the above, as per provision of Regulation 17(1) of CBLR, 2018, Customs Broker M/s. Anagha Logistics Pvt. Ltd is hereby called upon to show cause within 30 days from the date of issue of this notice, (under Regulation 14 read with 17 & 18 of the CBLR, 2018 for their failure to comply with the provisions of CBLR, 2018 as elaborated in Para above) of this show cause notice **as to why:**

- I. The Customs Broker license bearing no. 11/1674 issued to them should not be revoked.
- II. Security deposit should not be forfeited
- III. Penalty should not be imposed upon them.

8. They are directed to appear for personal hearing on the date as may be fixed and to produce proof of evidence/documents, if any, in their defence to the Inquiry Officer, Shri Manoj Kumar Hessa, Deputy Commissioner of Customs, who shall conduct inquiry under Regulation 17 of CBLR, 2018. If no reply is received within the stipulated time period, it will be presumed that they have no explanation to offer and it will be presumed that they do not want personal hearing and the issue will be decided on the facts available on records.

This notice is being issued without prejudice to any other action that may be taken against the CB or any other person(s)/firm(s) etc. under the provision of the Customs Act, 1962 and Rules/Regulation framed there under or any other law for the time being in force in Union of India.


(सुनील जैन)
प्रधान आयुक्त सीमा शुल्क (सामान्य)
एनसीएच, मुंबई - I

To,

M/s. Anagha Logistics Private Limited (PAN AANCA2264J)
204, SwaroopCenter,
Om Nagar, Andheri (East)
Mumbai - 400099

Copy to:

Sh. Manoj Kumar Hessa, Deputy Commissioner of Customs, NS-II, Zone-II, JNCH, appointed as the Inquiry Officer to conduct inquiry into the case under regulation 17 of CBLR, 2018.

1. The Pr./Chief Commissioner of Customs, MumbaiZone I, II, III
2. CIU's of NCH, ACC & JNCH
3. The Commissioner of Customs, MumbaiZone I, II, III
4. EDI of NCH, ACC & JNCH
5. Bombay Custom House Agent Association
6. Office copy
7. Notice Board.