प्रधान आयुक्त, सीमाशुल्क (सामान्य) का कार्यालय
OFFICE OF THE PRINCIPAL COMMISSIONER OF CUSTOMS (GENERAL),
नवीन सीमाशुल्क भवन,बेलार्ड इस्टेट, मुंबई -400001.NEW CUSTOM HOUSE, BALLARD ESTATE, MUMBAI – 400001.

संचिका सं /.F. No.- GEN/3101/2024–CBS आदेश दिनांक/Date of Order: 21.07.2026

CAO No.24/2026-27/CAC/PCC(G)/AKP/Adj-CBS जारी दिनांक/Date of issue: 22.07.2026

संख्या:

DIN:- 20260777NO0000E8073C

द्वारा जारी : अजय कुमार पाण्डेय	Issued By : Ajay Kumar Pandey
प्रधान आयुक्त, सीमाशुल्क (सामान्य)	Pr. Commissioner of Customs (Gen.)
मुंबई - 400 001	Mumbai – 400 001

ORDER-IN-ORIGINAL मूल आदेश

ध्यान दीजिए/ N.B.:

1. यह प्रति उस व्यक्ति को निजी उपयोग हेतु निःशुल्क प्रदान की जाती है, जिसे यह जारी की जा रही है। This copy is granted free of Charge for the private use of the person to whom it is issued.

2. इस आदेश के विरुद्ध अपील माँगे गए राशी के **7.5%** के भुगतान पर सीमाशुल्क अधिनियम, 1962 की धारा 129A(1B)(i) के संबंधमें सीमाशुल्क, केंद्रीय उत्पाद शुल्क एवं सेवाकर अपील अधिकरण में स्वीकार्य है, जहाँ शुल्क या शुल्क एवं जुर्माना विवादित हों, या जुर्माना, जहाँ सिर्फ जुर्माना ही विवादित हो।यह अपील इस आदेश के संप्रेषण की तारीख के तीन महीने के अंदर दायर की जाएगी। यह अपील सीमाशुल्क, केंद्रीय उत्पाद शुल्क एवं सेवाकर अपील अधिकरण (कार्यविधि) नियमावली, १९८२, के प्रावधानों के अंतर्गत, यथोतखंडपीठ में स्वीकार्य है।
An appeal against this order lies with the Customs, Central Excise and Service Tax Appellate Tribunal in terms of section 129A(1B)(i) of the Customs Act, 1962, on payment of **7.5%** of the amount demanded where duty or duty and penalty are in dispute, or penalty, where penalty alone is in dispute. It shall be filed within three months from the date of communication of this order. The appeal lies with the appropriate bench of the Customs, Central Excise and Service Tax Appellate as per the applicable provisions of the Customs, Excise and Service Tax Appellate Tribunal (Procedure) Rules, 1982.

3. यह सूचित किया जाता है की इस आदेश के अमल में आते ही,न्याय निर्णयन अधिकारी का अधिकार क्षेत्र समाप्त होता है और सीमाशुल्क, केंद्रीय उत्पाद शुल्क एवं सेवाकर अपील अधिकरण, पश्चिम क्षेत्री यखंडपीठ, के M/s Knowledge Infrastructure Systems Pvt. Ltd. & Others vs ADG, DRI, Mumbai के संदर्भ में जारी आदेश क्रमांक A/86617-86619/2018 दिनांक के अनुसार न्यायिक आदेश तदोउ 31.05.2018 प्रांत न्याय निर्णयन अधिकारी‘ *functus officio* ’बन जाता है
It is informed that the jurisdiction of the Adjudicating Authority stands alienated with the conclusion of the present adjudication order and the Adjudicating Authority attains the status of ‘*functus officio*’ as held by Hon’ble CESTAT, Mumbai

in its decision in the case of M/s Knowledge Infrastructure Systems Pvt. Ltd. & Others vs ADG, DRI, Mumbai vide Order No. A/86617-86619/2018 dated 31.05.2018.

4. यदि एक ही प्रकरण में उसी पक्षकार के विरुद्द कई कारण बताओ नोटिस लगाकर आदेश पारित किया जाता है तो प्रत्येक प्रकरण में अलग अपील दायर की जाए।
In case where an order is passed by bunching several show cause notices on an identical issue against the same party, separate appeal may be filed in each case.

5. यह अपील फॉर्म C.A.-3 में दायर की जानी चाहिए जो कि सीमाशुल्क (अपीलस) नियमावली, १९८२ के नियम के तहत निर्धारित है एवं उसी नियमावली के नियम 3 के उपनियम 2 में उल्लेखित व्यक्ति 6 द्वारा हस्ताक्षरित एवं सत्यापित की जाएगी।
The Appeal should be filed in Form C.A.-3 prescribed under Rule 6 of the Customs (Appeals) Rules, 1982 and shall be signed and verified by the person specified in sub-rule 2 of rule 3 rules ibid.

6. (i) यदि प्रतिवादित आदेश, जिसके विरुद्ध अपील की गई है, में शुल्क एवं मांगे गए ब्याजवलगाएगए जुर्माने की राशि रु-/पाँच लाख या इस से कम होतो रु. 1000 ., (ii)यदि यह राशि रु पाँच लाख से अधिक .) हो किंतु पचास लाख से अधिक न होतो रु. 5000/- एवंiii) यदि यह राशि रु पचास लाख से अधिक होतो . रु. 10000/- के शुल्क का भुगतान क्रॉस्ड बैंक ड्राफ्ट के माध्यम से अधिकरण की खंडपीठ के सहायक पंजीयक के पक्ष में जिस स्थान पर खंडपीठ स्थित है, के किसी भी राष्ट्रीय क्रत बैंक की शाखा में किया जाए एवं डिमांड ड्राफ्ट अपील के साथ संलग्न किया जाए।
A fee of (i) Rs. 1000/- in case where the amount of duty and interest demanded and the penalty imposed in the impugned order appealed against is Rupees Five Lakhs or less, (ii) Rs. 5000/- in case where such amount exceeds Rupees Five Lakhs but not exceeding Rupees Fifty Lakhs and (iii) Rs. 10000/- in case where such amount exceeds Rupees Fifty Lakhs, is required to be paid through a crossed bank draft in favour of the Assistant registrar of the Bench of the Tribunal on a branch of any nationalized bank located at the place where the bench is situated and demand draft shall be attached to the Appeal.

7. अपील की एक प्रति में कोर्ट फी अधिनियम, की अनुसूची मद 6 के तहत निर्धारित रु. 50 1870 का कोर्ट फी स्टैम्प लगा होना चाहिए एवं इसके साथ संलग्न इस आदेश की उक्त प्रति में रु 50 .का कोर्ट फी स्टैम्प लगा होना चाहिए।
One copy of the Appeal should bear a Court Fee Stamp of Rs. 50 and said copy of this order attached therein should bear a Court Fee Stamp of Rs. 50 as prescribed under Schedule item 6 of the Court Fee Act, 1870, as amended.

Brief Facts of the Case:

M/s DNC Logistics LLP (PAN No. AAPFD8227R) (CB No. 11/2584), having registered address: 4th floor, 402E, Fly Colour Bldg, Near Mulund Check Naka Bus Depot, D.D.U. Marg, Mulund West, Mumbai-400080 (hereinafter referred to as 'the Custom Broker' or 'the CB') is holder of Customs Broker License No. 11/2584, issued by the Commissioner of Customs, Mumbai under Regulation 7(2) of CBLR, 2018 and as such they are bound by the regulations and conditions stipulated therein.

2. An Offence Report in the form of Show Cause Notice (SCN) No. 1350/2025-26/ADC/CEAC/NS-II/CAC/JNCH dated 19.11.2025 issued by the Additional Commissioner of Customs, CEAC, NS – II, JNCH was received in this office on 21.11.2025, wherein, inter-alia the following were informed:

2.1 M/s. Mkapper Traders Pvt. Ltd. (IEC: AAQCM9217J) having its office at Ground Floor E-3, Vikas Industrial Estate, Near Railway Crossing, Goddev-Phatak Road, Mira Bhayander-Thane, Maharashtra had filed the following Shipping bills for export of following items destined to UAE. The details are as under:

Table-I

SB NO./Date	Description	Quantity (pcs)	Quantity found during 100% examination (pcs)	FOB (INR)	DBK (INR)	ROSCTL (INR)	IGST
6494041 dated 03.01.2024	Girls Frock of MMF	8787	8697	52,68,465.53	2,05,470.16	2,50,252.11	LUT
	Girls Frock with jacket of MMF	1350	1350	9,21,071.25	35,921.78	43,750.88	LUT
6494047 dated 03.01.2024	Girls Frock of MMF	12384	12384	74,25,136.80	2,89,580.34	3,52,694.00	LUT
Total		**22521**	**21621**	**1,36,14,674**	**5,30,972**	**6,46,697**	

2.2 On the basis of specific intelligence regarding export of suspicious consignment by M/s. Mkapper Traders Pvt. Ltd. (IEC: AAQCM9217J) covered under Shipping Bills No. 6494041 & 6494047 dated 03.01.2024 filed by Customs Broker M/s. DNC Logistics LLP (License No. 11/2584) at JWR CFS, the goods covered under the said Shipping Bills having items declared as Readymade Garments (Girls Frock, Girls Frock with Jacket) were put on hold vide Hold No. 242/2022-23-SIIB(X) vide letter F.No. CUS/SIIB/MISC/101/2021-22-SIIB(E) dated 08.01.2024. The goods were put on hold for examination as the supply chain of the exporter appeared to be fake/manipulated and the declared value of the goods appeared to be highly overvalued and mis-declared to avail illegitimate claim of drawback and other export incentives.

2.3 Consequently, the subject goods pertaining to Shipping bills no. 6494041 & 6494047 dated 03.01.2024 were examined 100% vide Panchanama dated 10.01.2024 in the presence of two independent Panchas and representatives of Customs broker. During the examination, the quantity and physical description of the goods were found as per declaration in the said Shipping Bills, corresponding invoices and packing lists w.r.t. declared quantity and description except for 01 package no. 119 of shipping bill no. 6494041 dated 03.01.2024 wherein the quantity of items found to be 144 pcs instead of declared 234 Pcs (i.e., 90 PCS less). Representative Sealed Samples (RSS) of the goods were drawn randomly for the purpose of testing and further investigation.

2.4 Further, vide letter dated 23.01.2024, Representative Sealed Samples (RSS) of the subject goods were forwarded to the Deputy Commissioner of Customs (DYCC), JNCH, for testing to ascertain their exact characteristics, nature, and composition. Based on the test reports received from DYCC, JNCH, it was found that the subject goods were mis-declared in terms of their description, composition, classification (CTH), and the corresponding Drawback Serial Number. Accordingly, the eligible CTH and Drawback Serial Number were re-determined as detailed below:

Table - II

Sr. No	**Item Description**	**Declared**						**Re-Determined**					
		RITC	**Drawback**		**ROSCTL**	**Rate**		**RITC**	**Drawback**		**ROSCTL**	**Rate**	
			SI	**Rate**		**State**	**Central**		**SI**	**Rate**		**State**	**Central**
1	Girl Frock of MMF	62042390	62040103B	3.9	62040103B	2.65	2.1	62044390	62040303B	2.9	62040303B	2.65	2.1
2	Girl Frock with Jacket of MMF	62042390	62040103B	3.9	62040103B	2.65	2.1	62044390	62040303B	2.9	62040303B	2.65	2.1
3	Girl Frock of MMF	62042390	62040103B	3.9	62040103B	2.65	2.1	62044390	62040303B	2.9	61040303B	2.65	2.1

2.5 To ascertain prevailing market value of the goods, market enquiry of the goods found covered under the subject shipping bills was required to be conducted. Hence, the market enquiry was conducted on 27.01.2024 along with an authorised representative of the exporter. As per the market enquiry the value of the goods was re-determined and consequently, the export incentives were re-determined. The re-determined FOB value of the goods and corresponding export incentives under the Shipping Bills was as below:

Table - III

Sr. No	Shipping bill no. and date	Description of goods	Avg. Whole sale price	PMV	Declared FOB (INR)	Re-determined FOB value= Declared FOB*	Draw back rate	Re-determined drawback	State ROSCTL Rate	Re-determined State ROSCTL Rate	Central ROSCTL Rate	Re-determined Central ROSCTL Rate	Total Re-determined ROSCTL
1	6494041 dated 03.01.2024	Girls Frock of MMF	311.67	659.53	52,68,465.53	24,64,185.69	2.9	71,461.38	2.65	65,300.92	2.1	51,747.89	1,17,048.81
2		Girls Frock with jacket of MMF	346.67	750.5	921071.25	4,25,455.96	2.9	12,338.22	2.65	11,274.58	2.1	8,934.58	20,209.16
3	6494047 dated 03.01.2024	Girls Frock of MMF	311.67	659.53	7425136.80	35,08,813.30	1.8	63,158.64	2.65	92,983.55	2.1	73,685.08	1,66,668.63
				Total	**1,36,14,674/-**	**63,98,453/-**		**1,46,958/-**					**3,03,927/-**

Table – IV

Sr. No.	Shipping Bill No. and date	Description of goods	Quantity	Declared			Re-determined		
				FOB (INR)	**Drawback (INR)**	**ROSCTL (INR)**	**FOB (INR)**	**Drawback (INR)**	**ROSCTL (INR)**
1.	6494041 dated 03.01.2024	Girls Frock of MMF	8787	52,68,465.53	2,05,470.16	2,50,252.11	24,64,185.69	72,200.12	1,18,258.82
		Girls Frock with jacket of MMF	1350	9,21,071.25	35,921.78	43,750.88	4,25,455.96	12,338.22	20,209.16
2.	6494047 dated 03.01.2024	Girls Frock of MMF	12384	74,25,136.80	2,89,580.34	3,52,694.00	35,08,813.30	63,158.64	1,66,668.63
	Total		**22521**	**1,36,14,674/-**	**530972/-**	**6,46,697/-**	**63,98,453/-**	**1,46,958/-**	**3,03,927/-**

It was thus seen that the exporter attempted to claim undue export incentives summarised as under:

Table - V

Re-determined FOB (in Rs.)	Differential Drawback (in Rs.)	Differential ROSCTL (in Rs.)	Total excess Export benefits (in RS.)
63,98,453/-	3,84,014/-	3,42,770/-	7,26,784/-

2.6 As can be seen from the table above, based on the report received from DYCC, JNCH and market enquiry conducted on 27.01.2024, it appeared that the goods declared by the exporter in the Shipping bills no. 6494041 & 6494047 dated 03.01.2024 had been mis-declared in terms of their value. The value of the goods was re-determined based on the market survey report dated 27.01.2024 and the DYCC Test report. The export incentives such as drawback & ROSCTL were therefore re determined with respect to the new re-determined FOB of the goods as mentioned in the table above. Hence, the declared value i.e. Rs. 1,36,14,674/- appeared to be liable for rejection in terms of Rule 8 of the Customs Valuation (Determination of Value of Export Goods) Rules, 2007 and the value needed to be re-determined as per the provisions of the said Rules. For the purpose of Customs Tariff Act, 1975, valuation of export goods was to be done in terms of Section 14 of the Customs Act, 1962 read with Customs Valuation (Determination of value of Export Goods) Rules, 2007 (CVR). As per the provisions of Act/Rules, transaction value of the goods is to be accepted, subject to Rule 8 of Customs Valuation (Determination of value of Export Goods) Rules, 2007. Prima facie on examination of the subject consignment, the declared value of the goods appeared to be on the higher side; the declared transaction value appeared liable for rejection under Rule 8 of the CVR and the said value was required to be re-determined by sequentially proceeding in terms of Rule 4 to 6 of the Customs Valuation Rules, 2007.

3. Re-determination of Valuation

Accordingly, as per Rule 3(3) ibid, since the value of the impugned goods could not be determined under the provisions of Sub Rule (1), the value was to be re- determined by proceeding sequentially through Rule 4 to Rule 6 of the Customs Valuation (Determination of Value of Export Goods) Rules, 2007. As the export goods were not standard goods, the export data in Export Commodity Data Base (ECDB) could not be used for comparing price of the goods of like kind and quality as required under Rule 4 of CVR, 2007. Further, the subject goods were not identified specifically with any brand, mark, style and other specifications, the goods of like kind and quality exported could not be identified to compare their transaction value with the declared value of the subject goods. Hence, value of the subject goods could not be determined under the said Rule 4 of the Customs Valuation (Determination of Value of Export Goods) Rules, 2007. The Exporter had neither produced any cost of production details, manufacturing or processing of export details and correct transport details nor produced cost design or brand or an amount towards profit etc. to derive computed value of the goods. In absence of complete cost data details, value could not be determined as per Rule 5 of the Customs Valuation (Determination of Value of Export Goods) Rules, 2007. As the provisions of Rule 4 & 5 ibid, were not applicable in the instant case, the value of the goods was required to be determined under the provisions of Rule 6 of the CVR 2007. Rule 6 of the said Rules reads as: Residual Method. – "Subject to the provisions of rule 3, where the value of the export goods cannot be determined under the provisions of rules 4 and 5, the value shall be determined using reasonable means consistent with the principles and the general provisions of these rules provided that local market price of the export goods may not be the only basis for determining the value of export goods". As per the provisions of Rule 6 ibid, the assessable value of the goods was proposed to be re-determined under Rule 6 ibid, i.e. as per the residual method. Accordingly, Market survey was conducted by the officers of SIIB (Export) on 04.06.2024 to ascertain the valuation of the impugned goods.

4. Past Exports:

In order to investigate past consignments, data was retrieved from the date of issuance of IEC i.e., 01.11.2023 till 28.02.2025 for Exporter M/s. Mkapper Traders Pvt. Ltd. (IEC: AAQCM9217J). However, on the perusal of the ICES 1.5 system, it was seen that the exporter had exported goods vide 05 Shipping Bills prior to the 02 live shipment under investigation. The details of those Shipping Bills are as under:

Table - VI

Sr. No	SB No. and date	Declared FOB value	Drawback claimed	RoSCTL	RoDTEP Claimed	IGST
1	5646055 28/11/2023	50,22,773.5	75,342	0	25,114	LUT

2	5646059 28/11/2023	51,49,996.07	77,250	0	25,753	LUT
3	6206331 21/12/2023	24,07,158	84,251	1,16,266	0	LUT
4	6301167 26/12/2023	48,34,228.5	1,16,021	2,92,471	0	LUT
5	6301183 26/12/2023	52,72,125	1,26,531	3,18,964	0	LUT
	TOTAL	**2,26,86,281/-**	**5,24,395/-**	**7,27,701/-**	**50,867/-**	

As the prescribed timeline for realization of foreign remittance is nine months as per RBI Master Circular No. 14/2014-15 dated 01.07.2014, which states that "it has been decided in consultation with the Government of India that the period of realization and repatriation of export proceeds shall be nine months from the date of export for all exporters including units in SEZs, Status Holder Exporters, EOUs, units in EHTPs, STPs and BTPs, until further notice". As per Table-VI, 05 Shipping Bills were mentioned therein for which the FOB value had not been realized despite completion of the prescribed realization period as mandated by RBI. Accordingly, the Drawback claimed in respect of the Shipping Bills mentioned in Table-VI was liable to be demanded back from the exporter on account of non-receipt of foreign remittance under Sections 75 and 75A of the Customs Act, 1962, read with Rules 17 and 18 of the Customs and Central Excise Duties Drawback Rules, 2017, along with applicable interest. Further, ROSCTL and RoDTEP claimed in respect of the said Shipping Bills were also liable to be demanded back on account of non-receipt of foreign remittance in terms of Notification No. 76/2021-Cus (N.T.) dated 23.09.2021, Notification No. 77/2021-Cus (N.T.) dated 24.09.2021 and Notification No. 25/2023-Cus (N.T.) dated 01.04.2023, along with applicable interest under Section 28AA of the Customs Act, 1962. The total drawback claimed in the said 05 Shipping Bills, in which FOB had not been realized within the prescribed time period, amounted to Rs. 5,24,395/-, ROSCTL claimed amounted to Rs. 7,27,701/-, and RoDTEP claimed amounted to Rs. 50,867/-. Further, an alert to withhold the export incentives against the exporter M/s. Mkapper Traders Pvt. Ltd. (IEC: AAQCM9217J) was inserted during the investigation.

5. In the meantime, on the exporter's request, the goods were allowed to be released provisionally for Export on execution of bond equivalent to 100% FOB value of the subject goods and on submission of Bank Guarantee amounting to Rs. 2,00,000/- (Rupees Two

Lakh only). Further, the jurisdictional DC/CGST authorities of the exporter was requested to verify the genuineness of the exporter, M/s. Mkapper Traders Pvt. Ltd. (IEC: AAQCM9217J) vide letter dated 05.12.2024 followed by reminders dated 24.12.2024, and 15.01.2025, to which no reply was received. A final letter addressed to Commissioner of Concerned CGST/SGST formation was sent on 31.01.2025 informing that the investigation for violations under Customs Act 1962 was being done and for violations if any, under GST may be carried out at their end. Furthermore, the jurisdictional DC/CGST authorities of the suppliers of the exporter was requested to verify the genuineness of the suppliers, M/s. Mitesh Metal Industries (GSTIN: 27AAAPV9761B1ZI) and M/s. Shree Aadeshwar Industries (GSTIN: 27DQWPK1252D1ZP), vide letters 05.12.2024, 24.12.2024, and 15.01.2025, to which no reply was received. A final letter addressed to Commissioner of Concerned CGST formation was sent on 31.01.2025 informing that the investigation for violations under Customs Act 1962 was being done at this end and for violations if any, under GST may be carried out at their end. Furthermore, as the goods were found to be mis-declared in terms of composition, description, and classification, the suppliers, M/s. Mitesh Metal Industries (GSTIN: 27AAAPV9761B1ZI) and M/s. Shree Aadeshwar Industries (GSTIN: 27DQWPK1252D1ZP), also appeared to have manipulated the records. Furthermore, the supplier, M/s. Shree Aadeshwar Industries (GSTIN: 27DQWPK1252D1ZP), was registered for the manufacturing of goods under HS Code 71, 72, 73, 30, and B2602. As such, the wrongful GST/ITC at 5%, amounting to approximately Rs. 6,80,733/-, on the total declared FOB of Rs. 1,36,14,673/- in respect of the 02 shipping bills (No. 6494041 and 6494047 dated 03.01.2024) was at stake. This clearly indicated the malafide intention of the Proprietor, and thus, by the acts and omission, he had rendered himself liable for a penalty under Section 114AC.

SUMMONS & STATEMENT:

6. In order to record the statement of M/s Mkapper Traders Pvt. Ltd., under section 108 of Customs Act, 1962, 04 Summonses were issued vide DIN 20240478NW0000775607 dated 17.04.2024 to appear on 06.05.2025, DIN

20250178NT000000FF15 dated 27.01.2025 to appear on 04.02.2025, DIN 20250278NT000000C02A dated 11.02.2025 to appear on 17.02.2025 & DIN 20250278NT0000666B11 dated 17.02.2025 to appear on 21.02.2025 in the name of M/s Mkapper Traders Pvt. Ltd. to appear before the office of SIIB(X) under Section 108 of the Customs Act, 1962. However, all the summonses sent via speed post were returned undelivered with postal remark that the ‘No Such firm’ or ‘Insufficient address’.

6.1 Further, statement of Shri. Pankaj Monji Katarmal, G-Card holder/authorised representative of M/s. DNC Logistics LLP (CB License No. 11/2584) was recorded on 18.02.2025 wherein, he interalia stated that the firm is engaged in the business of clearance and forwarding since very long time; that the Shipping Bills no. 6494041 & 6494047 both dated 03.01.2024 had been filed by M/s. DNC Logistic on behalf of M/s Mkapper Traders Pvt. Ltd. and the goods being exported under the said Shipping Bill were ‘RMG’; that they guide their exporters verbally to send them all necessary documents as per exporting commodity on their mail id and also asked whether they wanted to claim export benefits or not. After that they created checklist based on the documents submitted by the exporter. Thereafter, they sent the checklist to exporter for approval, post getting approval from exporter, they filed the Shipping Bill on behalf of exporter on ICEGATE; that they came in contact with the exporter through a friend who was a forwarding agent; they had taken the KYC details of the Company M/s Mkapper Traders Pvt. Ltd.; that they did not physically verify the address of M/s Mkapper Traders Pvt. Ltd. at the time of KYC before filing Shipping Bills; that they were not in contact with the exporter since long and hence were not aware about their present GST status; that they admitted that they did not conduct any visit for physical verification of the premises/address of the exporter.

Summary of Investigation:

7. M/s. Mkapper Traders Pvt. Ltd. (IEC: AAQCM9217J) having its office at Ground floor, E-3, Vikas Industrial Est. Nr. Bhayander Fhatak, Bhayander East, Thane, Maharashtra 401105 filed 02 Shipping bills no. 6494041 & 6494047 dated 03.01.2024 through Customs Broker M/s. DNC Logistics LLP (CB License No. 11/2584). The consignments were put on hold by the officers of SIIB(X), JNCH. During the investigation,

the re-determined FOB value of the said goods covered under the above-mentioned Shipping Bills came to Rs. 63,98,453/- as against the declared FOB value of Rs. 1,36,14,674/-. By inflating the FOB value, the exporter was attempting to claim Drawback of Rs. 5,30,972/- and RoSCTL of Rs. 6,46,697/- whereas they were eligible for Drawback of Rs. 1,46,958/- and RoSCTL of Rs. 3,03,927/- respectively (tabulated in Table-IV above).

7.1 On the basis of DYCC Report and Market Enquiry conducted on 27.01.2024, it appeared that the goods declared by the Exporter in the Shipping Bill Nos. 6494041 & 6494047 both dated 03.01.2024 had been mis-declared in terms of their description, classification and valuation. During the market enquiry it was found that the value of the goods filed under the said Shipping Bills were inflated and hence needed to be re-determined under Rule 6 of the Customs Valuation (Determination of Value of Export Goods) Rules, 2007. The Export incentive such as drawback & RoSCTL were therefore re-determined with respect to the redetermined FOB as mentioned in Table-III above.

7.2 The exporter had declared the FOB value in the shipping bills as Rs. 1,36,14,674/- whereas the re-determined FOB value after conducting the Market Survey was Rs. 63,98,453/- only and hence higher Drawback & ROSCTL and other export incentives were claimed. Thus, it appeared that the said goods were attempted to be exported in violation of Section 50(2) of the Customs Act, 1962 read with Section 11(1) of Foreign Trade (Development & Regulation) Act 1992 & Rule 11 of Foreign Trade Rules 1993, as the exporter had furnished wrong declaration to the Custom Authorities. Also, as per ICES 1.5 system, the drawback & ROSCTL claimed in the live Shipping Bills as mentioned in Table-I were claimed by the Exporter. The drawback & RoSCTL claimed in the live Shipping Bills as mentioned in Table-I were not liable to be demanded back from the Exporter since the goods were cleared for Provisional Export without disbursing the Export incentives to the Exporter. Also, as detailed supra, the value of the impugned goods was, re-determined at Rs. 63,98,453 /- as per the market enquiry conducted of the subject goods.

7.3 On perusal of the data from ICES 1.5 system, it was seen that the exporter had exported goods vide 05 Shipping Bills (tabulated in Table-VI above) prior to the 02 live shipments which were under investigation as. The ICES 1.5 system showed that no foreign remittance was received within the prescribed 09 months as mandated under FEMA regulations, by the exporter in any of the past 05 shipments. The goods under the said 05 shipments had thus been rendered liable to confiscation under Section 113(ia) and 113 (ja) of the Customs Act, 1962. The export incentives claimed by the exporter in all the past 05 Shipping Bills shall be demanded back alongwith applicable interest in terms of rule 18 of Customs and Central Excise Duties Drawback Rules, 2017 and section 28AAA read with section 28AA of the Customs Act, 1962, read with CBIC Notification No. 77/2021 dated 24.09.2021.

7.4 It was thus cogent and clear that the exporter M/s. Mkapper Traders Pvt. Ltd. (IEC: AAQCM9217J) had mis-declared the impugned goods in terms of their value and attempted to defraud the Government by claiming undue higher amount of Drawback and ROSCTL and thereby acted in a manner which rendered the said goods under Table-I above liable for confiscation in terms of the provisions of Section 113(i), 113(ia) and 113 (ja) of the Customs Act, 1962. It further appeared that the exporter M/s. Mkapper Traders Pvt. Ltd. (IEC: AAQCM9217J) had rendered themselves liable to penalty in terms of Section 114(iii) of the Customs Act, 1962 on account of mis-declaration of value of the impugned goods and attempting to export improperly as their omission and commission had rendered the goods liable for confiscation u/s 113(i), 113(ia) and 113 (ja) of the Customs Act, 1962. M/s. Mkapper Traders Pvt. Ltd. (IEC: AAQCM9217J), had knowingly & intentionally caused to sign & used the documents with malafide intent to avail undue/excess export benefits in form of Drawback and ROSCTL. Further, as per the GST verification report, exporter was operating as fly by night and was not traceable at his principal place of business and was a bogus firm. Therefore, M/s. Mkapper Traders Pvt. Ltd. (IEC: AAQCM9217J) was also liable for penalty u/s 114 AA of Customs Act, 1962. The exporter M/s. Mkapper Traders Pvt. Ltd. (IEC: AAQCM9217J) had exported 05 shipments in the past wherein they had claimed Drawback and ROSCTL knowing fully well that the remittance in all those shipping Bills would not be received, since they were anyways operating merely to defraud the government by claiming export incentives till the time they were apprehended. Once, their shipment was brought under investigation, they chose to close their operation and vanish. As they had attempted to obtain RoSCTL by fraud and suppression of facts, hence the exporter M/s. Mkapper Traders Pvt. Ltd. (IEC: AAQCM9217J) was also liable for penalty under section 114AB of the Customs Act, 1962.

7.5 The Customs Broker M/s. DNC Logistics LLP (License No. 11/2584) failed to ascertain the veracity and genuineness of the export firm M/s. Mkapper Traders Pvt. Ltd. (IEC: AAQCM9217J). The regulation 10(n) of the CBLR, 2018 mandates that the CB has to verify correctness of Importer Exporter Code (IEC) number, Goods and Services Tax Identification Number (GSTIN), identity of his client and functioning of his client at the declared address by using reliable, independent, authentic documents, data or information. In the instant case, as stated by the CB, they had merely taken copies of the IEC and GST registration from the exporter and started filing Shipping Bills on their behalf. The CB has to verify the antecedents of the exporter by using reliable, independent, authentic documents, data or information, which the CB failed to do in this case. The CB in their voluntary statement submitted that they did not verify the principal place of business of the exporter. Had the CB confirmed the veracity and genuineness of the exporter through their own independent and reliable sources, he could have easily known that the exporter and their supply chain was dubious. The CB has thereby violated the provisions of the CBLR, 2018 and had rendered themselves liable for penalty under section 114(iii) and 114AA of the Customs Act, 1962.

8. Role of Customs Broker:

8.1 Regulation 10(d) of the CBLR, 2018:

> *"advise his client to comply with the provisions of the Act, other allied Acts and the rules and regulations thereof, and in case of non-compliance, shall bring the matter to the notice of the Deputy Commissioner of Customs or Assistant Commissioner of Customs, as the case may be".*

From the offence report and investigation, it appeared that the exporter M/s. Mkapper Traders Pvt. Ltd. had filed Shipping Bills declaring export of readymade garments, wherein the declared value of the goods was subsequently found to be highly inflated and mis-declared in terms of valuation, classification and export incentive eligibility. The export incentives such as Drawback and RoSCTL were re-determined after market enquiry and test reports, indicating that the declarations filed were not in conformity with the provisions of the Customs Act, 1962, the Customs Valuation Rules, 2007 and the applicable export incentive notifications. Being a licensed Customs Broker, M/s. DNC Logistics LLP (Licence No. 11/2584) was expected to advise the exporter to ensure compliance with the provisions of the Customs Act and allied laws, particularly in respect of correct valuation and eligibility of export incentives, before filing the Shipping Bills. However, the records indicated that the Customs Broker filed the Shipping Bills based solely on the documents provided by the exporter, without advising the exporter regarding the apparent discrepancies in valuation and incentive claims, nor was any such non-compliance brought to the notice of the Customs authorities. By not advising the exporter to comply with the relevant statutory provisions and by not bringing the apparent non-compliance to the notice of the proper officer, the Customs Broker appeared to have failed to discharge the obligation cast upon him under Regulation 10(d) of the CBLR, 2018.

8.2 Regulation 10(n) of the CBLR, 2018:

> *"a Customs Broker shall verify correctness of Importer Exporter Code (IEC) number, Goods and Services Tax Identification Number (GSTIN), identity of his client and functioning of his client at the declared address by using reliable, independent, authentic documents, data or information".*

In the present case, it appeared that the Customs Broker M/s. DNC Logistics LLP (Licence No. 11/2584) failed to adequately ascertain the veracity and genuineness of the exporter M/s. Mkapper Traders Pvt. Ltd. (IEC: AAQCM9217J). As admitted by the Customs Broker in their voluntary statement recorded under Section 108 of the Customs Act, 1962, they had merely obtained copies of the IEC and GST registration documents from the exporter and proceeded to file the Shipping Bills on their behalf. The Customs Broker had further admitted that they did not carry out any physical or independent verification of the exporter's principal place of business prior to filing the Shipping Bills. The obligation under Regulation 10(n) requires verification of not only documentary particulars such as IEC and GSTIN, but also verification of the functioning of the client at the declared address using reliable and independent means. In the absence of any such verification, the Customs Broker could not have reasonably satisfied himself regarding the genuineness of the exporter or the authenticity of its supply chain. Had the Customs Broker verified the exporter through independent and reliable sources, the dubious nature of the exporter’s operations and supply chain could have come to notice at an earlier stage. Thus, it appeared that the Customs Broker failed to adequately verify the functioning of the exporter at the declared address as required under Regulation 10(n) of the CBLR, 2018, warranting examination of his role under the said Regulation.

9. As brought out in the offence report and the investigation findings, it was evident that the Customs Broker M/s. DNC Logistics LLP (Licence No. 11/2584) failed to exercise the due diligence expected of a licensed Customs Broker while handling the export consignments of M/s. Mkapper Traders Pvt. Ltd., inasmuch as it neither verified the correctness and genuineness of the exporter’s credentials nor ensured compliance with the statutory requirements relating to proper declaration of description, classification, valuation and eligibility of export incentives, and further failed to advise the exporter to comply with the provisions of the Customs Act, 1962, the Customs Valuation (Determination of Value of Export Goods) Rules, 2007 and the relevant export incentive notifications or to bring the apparent non-compliance to the notice of the Customs authorities, thereby appearing to have contravened Regulations 10(d) and 10(n) of the Customs Brokers Licensing Regulations, 2018.

10. Accordingly, the CB licence of Customs Broker M/s DNC Logistics LLP (CB License No. 11/2584) was suspended with immediate effect under the provisions of Regulation 16(1) of the CBLR, 2018 vide Suspension Order No. 22/2025-26 dated 14.01.2026 and post decisional Personal Hearing was granted to the CB on 29.01.2026. However, on request from the CB vide their email dated 21.01.2026, the Personal Hearing was postponed to 30.01.2026. Shri Darshan N. Chheda, Partner of the CB along with Shri R.K Tomar, Advocate, appeared for the PH. They made their written submissions in reply to the Suspension Order and re-iterated the same during the Personal Hearing.

Subsequently, the suspension of the license of Customs Broker M/s DNC Logistics LLP (CB License No. 11/2584) was revoked vide Suspension Revocation Order No. 27/2025-26 dated 11.02.2026 pending further inquiry proceedings under CBLR,2018.

10.1 Further, a Show Cause Notice (SCN) No. 46/2025-26 dated 17.02.2026 was issued to the CB M/s. DNC Logistics LLP (CB License No. 11/2584) under the provisions of Regulation 17(1) of the CBLR, 2018 wherein, the CB was charged with violations of Regulations 10(d) and 10(n) of the CBLR, 2018 and was called upon to show cause, as to why:

a. The Customs Broker License bearing no. 11/2584 issued to them should not be revoked under regulation 14 read with regulation 17 of the CBLR, 2018;
b. Security deposited should not be forfeited under regulation 14 read with regulation 17 of the CBLR, 2018;
c. Penalty should not be imposed upon them under Regulation 18 read with Regulation 17 of the CBLR, 2018.

10.2 Shri Alok Kumar, Assistant Commissioner of Customs was appointed as Inquiry Officer (IO) to conduct the inquiry proceedings against the CB M/s. DNC Logistics LLP (CB License No. 11/2584) under Regulation 17 of the CBLR, 2018.

INQUIRY REPORT: -

11. The Inquiry Officer (here in after referred to as the 'IO') concluded the inquiry proceedings and submitted the Inquiry Report dated 22.04.2026, wherein, all the charges levelled against the CB vide Show Cause Notice No. 46/2025-26 dated 17.02.2026 were held as "Proved".

FINDINGS OF THE INQUIRY OFFICER: -

12. From the offence report and investigation, the IO found that the exporter M/s. Mkapper Traders Pvt. Ltd. had filed Shipping Bills declaring export of readymade garments, wherein the declared value of the goods was subsequently found to be highly

inflated and mis-declared in terms of valuation, classification and export incentive eligibility. The IO stated that the export incentives such as Drawback and ROSCTL were re-determined after market enquiry and test reports, indicating that the declarations filed were not in conformity with the provisions of the Customs Act, 1962, the Customs Valuation Rules, 2007 and the applicable export incentive notifications.

12.1 The IO also found that being a licensed Customs Broker, M/s. DNC Logistics LLP had to advise the exporter to ensure compliance with the provisions of the Customs Act and allied laws, particularly in respect of correct valuation and eligibility of export incentives, before filing the Shipping Bills. On the contrary, the Customs Broker filed the Shipping Bills solely based on the documents provided by the exporter, without advising the exporter regarding the apparent discrepancies in valuation and incentive claims, nor was any such non-compliance brought to the notice of the Customs authorities.

12.2 The IO submitted that on perusal of the offence report, the investigation revealed that the exporter M/s. Mkapper Traders Pvt. Ltd. (IEC: AAQCM9217J) had claimed Drawback and RoSCTL by fraud and suppression of facts. The CB failed to verify correctness of Importer Exporter Code (IEC) number, Goods and Services Tax Identification Number (GSTIN), identity and functioning of their client at the declared address by using reliable, independent, authentic documents, data or information.

12.3 The IO submitted that in the voluntary statement recorded under Section 108 of the Customs Act, the CB's representative admitted that they did not physically verify the address of the exporter before filing the shipping bills. The CB has argued that there is no requirement of physical verification of address as per CBLR, 2018. Regulation 10(n) of the CBLR, 2018 mandates that a Customs Broker shall "verify correctness of Importer Exporter Code (IEC) number, Goods and Services Tax Identification Number (GSTIN), identity of his client and functioning of his client at the declared address by using reliable, independent, authentic documents, data or information". The IO submitted that many times IEC/GSTIN/PAN holders operate at a rented place and they may frequently change the address of their office or place of operation. In these situations, physical verification of the address is a very reliable/independent and authentic tool to gather information about the functioning of an exporter at the declared address. The IO stated that the CB cannot escape the responsibility of verification of their client merely stating that physical verification of address is not mandated in the regulations. The IO found that physical verification of the address is an effective tool to fulfil the requirement of verification of functioning of the client at the declared address as mandated under the regulation 10(n) of the CBLR, 2018.

12.4 The IO found that the regulation 10(n) of the CBLR, 2018 should be given a comprehensive interpretation by giving special attention on the word ‘and’ which is employed between the words ‘client and functioning’. The IO submitted that here, the subject regulation not only simply prescribes that the Customs Broker has to collect documents viz, IEC/GSTIN/PAN for verification of his client, rather, it casts a bigger responsibility upon the customs broker for verification of ‘functioning of his client at the declared address’. Further, the subject regulation goes beyond that and prescribes that in doing so i.e. verification of functioning of his client at the declare address, customs broker should use reliable, independent, authentic documents, data or information. The IO found that comprehensive reading of the regulation 10(n) of the CBLR, 2018 gives an impression that by this regulation, the regulators have prescribed that customs broker should use other reliable, independent, authentic document data or information for verification and not just simply collect IEC/GSTIN/PAN documents from his client as a means of verification. The IO found that customs broker in the present case has given attention only on the first half i.e. “verify correctness..........identity of his client” of the regulation 10(n) of the CBLR, 2018, however, form the comprehensive interpretation of the subject regulation, it is amply clear that in the second half of the subject regulation, it is prescribed for the customs broker to use reliable, independent, authentic documents, data or information for the verification of the functioning of his client at the declared address. The IO found that physical verification can be an effective tool for the prescribed purpose.

12.5 The IO found that the fact that all summons sent to the exporter were returned by the postal department with remarks like “No Such firm” or “Insufficient address” proves that the CB failed to ensure the client was actually operating from the declared location. The IO submitted that regulation 10(n) requires a CB to verify the veracity and genuineness of the client; had the CB performed independent due diligence, they would have discovered that the exporter and their supply chain were dubious.

12.6 The IO submitted that the CB had claimed to have provided an “Authorisation Letter” explaining the law, and stated that they have completed their obligation. Such authorisation letter is a fixed format form, which has to be submitted by every exporter mandatorily. The IO found that there is no evidence on record proving they had advised the exporter in any manner on valuation rules or the eligibility criteria for export incentives like Drawback and RoSCTL etc. The CB filed shipping bills solely based on documents provided by the exporter, ignoring the massive inflation in value (the declared FOB of 1.36 Crore was later re-determined to be only 63.98 Lakh). The IO submitted that the exporter’s supplier M/s. Shree Aadeshwar Industries (GSTIN: 27DQWPK1252D1ZP) was registered for manufacturing items under HS Codes related to metals and pharmaceuticals, which were entirely unrelated to the exported Readymade Garments (RMG). The IO submitted that a diligent CB should have flagged this inconsistency. The IO found that there is no evidence on record which proves that the CB had advised the exporter about the provisions of the Customs Act, 1962, the Customs Valuation (Determination of Value of Export Goods) Rules, 2007 and the relevant export incentive notifications or to bring the apparent non-compliance to the notice of the Customs authorities.

12.7 Summary of the Findings:

The IO concluded his findings as under:

Sr. No.	**Violation of Regulation**	**Conclusion**
1.	Regulation 10(d) of the CBLR, 2018.	Proved
2.	Regulation 10(n) of the CBLR, 2018.	Proved

<u>RECORDS OF PERSONAL HEARING</u>: -

13. The personal hearing in the matter was held on 29.06.2026 before me. Shri Darshan N. Chheda, Managing Director at M/s. DNC Logistics LLP (CB License No. 11/2584) and

Shri R.K. Tomar, Advocate appeared for the hearing on behalf of the CB. They submitted a written reply dated 29.06.2026, reiterated the facts of the same and prayed for leniency in the matter. Accordingly, the oral and written submissions of the CB were taken on record.

<u>WRITTEN SUBMISSION OF THE CB</u>: -

14. The CB submitted that their License was suspended vide the Order No. 22/2025-26 dated 14-01-2026 however, the suspension was revoked vide Order No. 27/2025-26 dated 11-02-2026 and they were permitted to operate their business in normal course. The findings made by the Competent Authority while passing the order for revoking the suspension of the CB License of the CB are as under:

> *“ **<u>Discussion and Findings</u>***
>
> *21.1 I have carefully examined the records of the case, the Suspension Order dated 14.01.2026, the Offence Report, the written submissions filed by the Customs Broker, and the submissions made during the personal hearing.*
>
> *21.2 The only issue for determination at this stage is whether the continuation of suspension of the Customs Broker licence is warranted under Regulation 16 of the CBLR, 2018.*
>
> *21.3 I observe that the suspension of the Customs Broker licence was ordered on the basis of allegations pertaining to mis-declaration and overvaluation of export goods by the exporter. At this stage, the allegations against the Customs Broker have not attained finality, as the matter is yet to be adjudicated by the jurisdictional Commissionerate. On a prima facie examination of the material available on record, there is no conclusive evidence to establish deliberate knowledge, intentional facilitation, or active connivance on the part of the Customs Broker in the alleged acts or omissions of the exporter. In the absence of such clear and demonstrable involvement, and following the CBIC Instruction No. 24/2023 dated 18.07.2023 issued vide F No. 520/01/2023-Cus. VI, continuation of suspension at this stage would be premature.*
>
> *21.4 I further note that suspension of a Customs Broker licence is an extraordinary and preventive measure, to be exercised only where immediate action is necessary to prevent misuse of the licence. In the present case of M/s DNC Logistics LLP, the allegations arise out of specific export consignments handled for one exporter and relate to alleged mis-declaration and overvaluation of goods. The*

material on record does not indicate any continuing misconduct or likelihood of repetition by the Customs Broker at this stage. The allegations are yet to be conclusively established through adjudication/inquiry proceedings. In such circumstances, continuation of suspension would be disproportionate and may cause undue hardship to the Customs Broker and its employees pending completion of proceedings under the CBLR, 2018.

21.5 Further, I find that as per the records available, there is no past precedence against the charged CB & the CB does not appear to be a habitual offender.

21.6 In view of the above discussion and findings, prima facie, at this stage, it's important to gather all the facts and ensure a thorough examination of the Customs broker's role. Jumping to conclusions without a comprehensive review could lead to an unfair assessment. Each piece of evidence needs to be meticulously scrutinized to determine the true extent of the Customs broker's involvement and whether any breaches of duty occurred. Hence, keeping in mind the principle of proportionality of punishment and considering the livelihood of CB and their employees, I find that the submissions made by the CB appear to be acceptable as of now to the extent of not continuing the Suspension, pending further Inquiry Proceedings as per CBLR, 2018. I reiterate that the Revocation of Suspension does not jeopardise further proceedings under CBLR, 2018.

21.7 In view of the above, I find that in the facts & circumstances of this case, there is no case for continuation of the suspension of the CB Licence

22. Accordingly, I pass the following Order:

ORDER

22.1 I, Commissioner of Customs (General), Mumbai, in exercise of powers conferred upon me under the provisions of Regulation 16(2) of the CBLR. 2018, hereby revoke the suspension of Customs Broker Licence of M/s DNC Logistics LLP (PAN No. AAPFD8227R) (CB No. 11/2584) which was suspended vide Order No. 22/2025-26 dated 14.01.2026, pending further inquiry proceedings under CBLR, 2018.”

14.1 The CB submitted that the findings as above record as under:

(i) On a prima facie examination of the material available on record, there is no conclusive evidence to establish deliberate knowledge, intentional facilitation, or active connivance on the part of the Customs Broker in the alleged acts or omissions of the exporter.

14.2 The CB submitted that the above findings prima facie show that they did not know about the offence being committed by the exporter and did not connive with the exporter in his acts of omission and commission. Another fact recorded in the findings is that there is no past precedence against them and the CB is not a habitual offender. The CB prayed that these facts may be kept in mind while proceeding to adjudicate the said SCN.

14.3 The CB submitted that the said SCN alleges that they had violated provisions of Regulation 10(d) and 10(n) of the CBLR, 2018. The same are explained in para 16 of the said SCN. The CB submitted that in respect of alleged violation of Regulation 10(d) of the CBLR, 2018, the Inquiry Officer had submitted that the charge is proved. The grounds of this submission are as under:

> *"30. I find that the Customs Broker M/s. DNC Logistics LLP (Licence No. 11/2584) had admitted in their voluntary statement recorded under Section 108 of the Customs Act, 1962 that they had merely obtained copies of the IEC and GST registration documents from the exporter and proceeded to file the Shipping Bills on their behalf. The Customs Broker has further admitted that they did not carry out any physical or independent verification of the exporter's principal place of business prior to filing the Shipping Bills. The obligation under Regulation 10(n) requires verification of not only documentary particulars such as IEC and GSTIN, but also verification of the functioning of the client at the declared address using reliable and independent means. In the absence of any such verification, the Customs Broker could not have reasonably satisfied himself regarding the genuineness of the exporter or the authenticity of its supply chain. Hence, the above mentioned case law submitted by the CB is not relevant in this matter.*
>
> *31. From the offence report and investigation I find that the exporter M/s. Mkapper Traders Pvt. Ltd. had filed Shipping Bills declaring export of readymade garments, wherein the declared value of the goods was subsequently found to be highly inflated and mis-declared in terms of valuation, classification and export Incentive eligibility. The export incentives such as Drawback and RoSCTL were re-determined after market enquiry and test reports, indicating that the declarations filed were not in conformity with the provisions of the Customs Act, 1962, the Customs Valuation Rules, 2007 and the applicable export incentive notifications."*

14.4 The CB submitted that they had not violated provisions of Regulation 10(d) of the CBLR 2018. The CB submitted that they had in person obtained the Authorisation Letter dated 08-11-2023 from the exporter along with KYC documents. The Authorisation Letter dated 08-11-2023 clearly shows that relevant provisions of the Customs Act, 1962, FEMA, FTDR Act, 1992 etc. have been explained to the exporter which they have understood. The exporter has signed the said Authorisation Letter dated 08-11-2023, which shows that the exporter has understood the laws and also undertook to abide by the same. In view of the same, it cannot be alleged that they had not advise the clients to comply with the provisions of the Customs Act, 1962 and other allied act and rules and regulations thereof. The CB submitted that they had placed the copy of the authorisation and KYC as Annexure-D.

14.5 The CB further submitted that they do not have access to the export goods before the same are carted in the Customs Areas such as the CFS. Upon carting of the said goods in the Customs areas, no person is permitted to touch the said goods before the same are examined by the Proper Officer of the Customs. Any discrepancy in the said goods will be known only once the Proper Officer examines the said goods, and not before. There is no opportunity available to the CB to intimate the Customs Authorities about any perceived discrepancy in the said goods prior to the same examined by the Proper Officer of Customs. Further, the CB submitted that the discrepancies found in the said goods could be ascertained only after the said goods were examined by the DYCC, which is impossible for the CB to ascertain. Under the circumstances, there was no discrepancy which the CB could have known prior to examination of the said goods by the Proper Officer of the Customs based on the DYCC report. The CB submitted that there being no discrepancy in the said goods, there was nothing to be reported to the Customs Authorities. This being the case, the CB stated that they had not violated the obligation mandated under Regulation 10(d) of the CBLR 2018.

14.6 The CB submitted that they placed reliance upon the order of the Hon'ble CESTAT, New Delhi in the matter of M/s. Primus Logistics Pvt. Ltd. Vs. Commissioner of Customs (Airport & General), New Delhi reported vide 2025 (12) TMI 901 CESTAT New Delhi, a copy of which is placed as Annexure-E hereto. The relevant part of the same is as under:

> *"Revocation of Customs Broker License - forfeiture of security deposit - levy of penalty - violation of Regulation 10(a), 10(d), 10(e) and 10(n) in the inquiry report.*

Violation of Regulation 10(d) and 10(e) import of goods which were not declared in the Invoices/Packing List, on the basis of which the Bill of Entry was filed by the CB firm -failure to carry out due diligence while filing the bill of Entry-

HELD THAT: -Regulation 10(d) requires the Customs Broker to advise his client to follow the provision of other allied Acts, Rules etc. and in case of non-compliance bring the matter to the Deputy Commissioner of Customs or the Assistant Commissioner of Customs. Regulation 10(e) requires the Customs Broker to ascertain that the information which he imparts to the client i.e., the importer or exporter is correct. Nothing in the finding of the Commissioner establishes that the appellant had not advised the importer or that the appellant was aware that the importer was violating any provision or Acts or Rules and had not brought to the knowledge of the Assistant Commissioner/ Deputy Commissioner.

The findings in the impugned order that the appellant had violated Regulation 10(a), 10(d), 10(e) and 10(n) of CBLR is not correct. Consequently, the revocation of the Customs Brokers' licence of the appellant, forfeiture of the security deposit and imposition of penalty on the appellant cannot be sustained - the impugned order is set aside - appeal allowed."

14.7 In respect of alleged violation of Regulation 10(n) of the CBLR 2018, the CB submitted that they had obtained the Authorisation Letter along with the KYC documents from the exporter personally. None of the said documents such as the IEC, GSTIN, PAN, bank Authorisation etc. have been fund to be false of fictitious. Further, the CB submitted that there is no allegation that any of the said documents were false or manipulated in any manner whatsoever therefore, it is the admitted position that all of the said documents were correct and genuine. The CB submitted that the genuineness of the said documents proves the genuineness of the antecedents of the exporter and the existence of the exporter. This also proves correctness of the address of the exporter. The CB submitted that there is no mandatory requirement to physically visit the declared address of the exporter in absence of any discrepancy in the said documents. The CB submitted that since the said documents were issued by the Government authorities, some were issued by the authorities under CBIC itself, there genuineness is beyond doubt. The CB further added that the CBLR, 2018 does not state that physical visit of the place of business of the exporter/ importer is mandatory, however, it is mandatory to verify the correctness of antecedents of the exporter based on IEC, GSTIN, identity of the clients and their functioning at the declared address by using reliable, independent, authentic documents, data or information. The CB submitted that the said documents constitute reliable, independent, authentic documents, data or information. Therefore, the CB submitted that they had duly complied with the obligation cast upon them under Regulation 10(n) of the CBLR 2018.

14.8 The CB submitted that they placed reliance upon the order of the Hon'ble CESTAT. New Delhi in the matter of M/s. Primus Logistics Pvt. Ltd. Vs. Commissioner of Customs (Airport & General), New Delhi reported vide 2025 (12) TMI 901-CESTAT New Delhi, a copy of which is placed as Annexure-E hereto. The relevant part of the same is as under:

> *"Revocation of Customs Broker License - forfeiture of security deposit - levy of penalty - violation of Regulation 10(a), 10(d), 10(e) and 10(n) in the inquiry report.*
>
> *Violation of Regulation 10(n) requirement to verify the correctness of Importer Exporter Code (IEC) number, Goods and Services Tax Identification Number (GSTIN), identity of his client and functioning of his client at the declared address by using reliable, independent, authentic documents, data or information –*
>
> *HELD THAT: - It is not in dispute that the appellant had verified the existence of the appellant through KYC documents and had also verified the genuineness of the documents online. The appellant did not physically visit the place and verify the existence of the importer. Undisputedly, the IEC was issued by the DGFT and the GSTIN was issued by GST authorities with the address indicated in the documents. The customs broker cannot sit in judgment over the decision of the officers who issued the documents and verify if the documents were correctly issued by the officers. If benami IEC or DGFT were issued to entities which did not exist at all at their stated places of business, the officers who issued such benami documents can alone be responsible and NOT the Customs broker who trusted the documents issued by the officers. In Kunal Travels, Delhi High Court examined the scope of the responsibility of the Custom House Agent under CHA Licensing Regulations, 2004 the findings that the appellant had violated Regulation 10(n) cannot be sustained.*
>
> *The findings in the impugned order that the appellant had violated Regulation 10(a), 10(d), 10(e) and 10(n) of CBLR is not correct. Consequently, the revocation of the Customs Brokers' licence of the appellant, forfeiture of the security deposit and imposition of penalty on the appellant cannot be sustained - the impugned order is set aside appeal allowed."*

15. The CB submitted that in the absence of proof of knowledge, intent, or benefit, no adverse inference can legally be drawn against them, and the allegations are liable to be rejected as speculative and unsustainable. The CB further added that the mere fact that documents were obtained or routed through intermediaries or logistics operators, i.e., freight forwarders, does not, ipso facto, constitute bypassing or circumvention of statutory obligations under the CBLR, 2018. The CB submitted that in the present case, all documents relied upon were verified, genuine, and issued by competent statutory authorities. Significantly, there is no allegation or finding by the Competent Authority that the exporter was fictitious, non-existent, or untraceable. Therefore, the CB stated that in the absence of any such allegation, the mode through which documents were received is wholly irrelevant and cannot give rise to any presumption of illegality. The CB placed reliance upon the Order of Hon'ble CESTAT Mumbai in the matter of Bablani Clearing Forwarding & Logistics Co. Pvt. Ltd. Versus Principal Commissioner of Customs (General), Mumbai 2025 (6) TMI 206-CESTAT MUMBAI. The relevant part of the same is as under:

> *8.3 We also find that on the above issue, the Tribunal in the case of K.S. Sawant & Co.(supra) had already held that accepting the documents through logistics operator is not barred by CBLR. The relevant paragraph of the said order is extracted below:*
>
> *"5.1 From the records, it is clear that the business in respect of the client M/s. Advanced Micronics Devices Ltd., was brought in by Shri Sunil Chitnis, who claims himself to be a sub-agent of the appellant CHA. The statements of Shri Badrinath and Shri Sunil Chitnis amply proves this fact. The question is, merely because the appellant procured the business through an intermediary who is not his employee, can it be said that he has sub-let or transferred the business to intermediary. The Tribunal in the case of Principal Commissioner of Customs v. Chhaganlal Mohanlal & Co. Ltd. [2006 (203) E.L.T. 435 (Tri. - Mum.)], held that if the Customs clearance has been done through intermediary and business was got through intermediary, the same is not barred by the provisions of CHALR, 2004 and it cannot be stated that the appellant has sub-let or transferred his licence. In the case of Krishan Kumar Sharma v. Principal Commissioner of Customs, New Delhi reported in 2000 (122) E.LT. 581 (Tri.), this Tribunal held that the mere fact of bills raised on the intermediary cannot be held against the CHA firm to prove that the CHA licence was sub-let or transferred. Therefore, in the light of the judgments cited above, the charge of*

violation of Regulation 12 is not established. As regards the violation of Regulation 13(a), the adjudicating authority himself has observed that the "I have no doubt to say that the CHA might have obtained the authorisation but it is surely not from the importer. Therefore, the authorisation submitted is not a valid one". This finding is based on a presumption. Obtaining an authorisation from the importer does not mean that the same should be obtained directly; so long as the concerned import documents were signed by the importer, it amounts to authorisation by the importer and, therefore, it cannot be said that there has been a violation of Requlation 13(a).... The question now is whether revocation of licence is warranted for such a violation. In our view, the punishment should be commensurate with the gravity of the offence. Revocation is an extreme step and a harsh punishment, which is not warranted for violation of Regulation 13(b). Accordingly, we are of the view that forfeiture of security tendered by the appellant CHA is sufficient punishment and revocation is not warranted. Accordingly, we set aside the order of the revocation and direct the Principal Commissioner of Customs (General) to restore the CHA licence subject to the forfeiture of entire security amount tendered by the CHA."

15.1 The CB submitted that therefore Regulation 10(d) of the CBLR, 2018, cannot be invoked mechanically on vague allegations. The CB submitted that regulation 10(d) of the CBLR 2018 casts a duty upon the Customs Broker to advise the client to comply with the provisions of the Customs Act, 1962, and the rules made thereunder; it does not impose any obligation to investigate the client's internal commercial arrangements or the source of documents beyond the prescribed statutory framework. Further, the CB submitted that even after advice by the CB, the exporter may choose to ignore the same, which is beyond the control of the CB. Under the circumstances, allegation of violation of Regulation 10(d) of the CBLR 2018 does not sustain. The CB submitted that the allegations regarding non-compliance with Regulation 10(n) of the CBLR 2018 does not stand as the same has been fully complied with, as the IEC, identity, and functioning of the client at the declared address were duly verified on the basis of reliable and authentic documents. The allegations are thus contrary to settled law and liable to be rejected.

15.2 The CB submitted that the goods in question were subjected to physical examination at the time of clearance, and no objection, discrepancy, or adverse finding was ever recorded by the examining or assessing officers of Customs with regard to the description, valuation, or classification of the goods. The CB submitted that determination of classification of goods involves technical interpretation of the tariff, explanatory notes, and sometimes laboratory or expert analysis, which squarely falls within the statutory domain of the Customs authorities and not within the limited technical expertise or interpretative role of a Customs Broker. The CB submitted that they therefore relied upon CBIC Instruction No. 20/2024-Customs dated 03-09-2024 (F. No. 520/01/2023-Cus.VI), wherein the very instruction issued by the Board cautions against routine implication of Customs Brokers in matters involving interpretational disputes, including classification, unless clear evidence of abetment is brought on record. The relevant extract reads as under:

> *"3. Pr. Bench of CESTAT, New Delhi, in its Study Report on the Final Orders has also highlighted that the offence report sent by the organization booking such offence case should clearly contain the role played by the Custom Broker in the offence case. The Custom Broker being a Co-Noticee in the offence case under Customs Act 1962 has to be linked to the proceedings initiated against the Custom Broker under CBLR, 2018. In these Offence cases, it is necessary to prove the element of 'abetment of Custom Broker in the offence.*
> *4. Accordingly, implicating Customs Brokers as Co-Noticee in a routine manner, in matters interpretation of statute, must be avoided unless the element of abetment of the Customs Brokers in the investigation is established by the investigating authority. Further, the element of abetment should be clearly elaborated in the Show Cause Notice issued for the offence case under the provisions of the Customs Act, 1962. Further, as regard the suspension of licenses of Customs Brokers, Instruction No. 24/2023 dated 18/07/2023 shall continue to be followed."*

15.3 The CB mentioned that a Customs Broker is primarily a document-processing and facilitation agent and cannot be expected to possess specialized or technical expertise relating to the nature, composition, or classification of goods, particularly when such classification depends upon technical parameters. The CB submitted that they had placed reliance upon order of Hon'ble High Court of Delhi in the matter of Kunal Travels (Cargo) Versus Commissioner of Customs (Import & General) New Customs House, IGI Airport, New Delhi 2017 (3) TMI 1494 DELHI HIGH COURT a copy of which is placed as Annexure-G hereto. The relevant part of the same is as under:

"Revocation of CHA licence forfeiture of security deposit -penalty - genuineness of the transaction - it was alleged that there was a deliberate mis-declaration apropos the quality, quantity, value and weight of the consignments with the intention to defraud the government and illegitimately claim the benefit of duty-drawback Held that: Any act to defraud presupposes the intention to obtain something fraudulently - In the present case there is no evidence of active facilitation of clearance of the consignment through customs by the appellant, hence, no mens rea can be inferred to defraud the government for obtaining duty drawback through a fraudulent transaction. Consequently, the appellant cannot be faulted or punished in the manner it has been. The CHA is not an inspector to weigh the genuineness of the transaction. It is a processing agent of documents with respect to clearance of goods through customs house and in that process only such authorized personnel of the CHA can enter the customs house area. What is noteworthy is that the IE Code of the exporter M/s H.M. Impex was mentioned in the shipping bills, this itself reflects that before the grant of said IE Code, the background check of the said importer/ exporter had been undertaken by the customs authorities, therefore, there was no doubt about the identity of the said exporter. It would be far too onerous to expect the CHA to inquire into and verify the genuineness of the IE Code given to it by a client for each import/export transaction. When such code is mentioned, there is a presumption that an appropriate background check in this regard i.e. KYC etc. would have been done by the customs authorities. There is nothing on record to show that the appellant had knowledge that the goods mentioned in the shipping bills did not reflect the truth of the consignment sought to be exported. In the absence of such knowledge, there cannot be any mens rea attributed to the appellant or its proprietor.

The revocation of the appellant's CHA license is unjustified and is accordingly, set aside the forfeiture of the security amount and the imposed penalty of 1 lakh also is set aside appeal allowed - decided in favor of appellant-CHA."

15.4 The CB submitted that in view of the foregoing submissions, the Competent Authority failed to demonstrate the existence of any mens rea, knowledge, or intentional act on the part of them with regard to the alleged consciousness of misclassification of goods. The CB submitted that mere suspicion or hindsight inference cannot substitute the strict standard of proof required to fasten penal or disciplinary liability upon a customs broker. The CB stated that in the absence of any material establishing conscious knowledge, active connivance, or deliberate facilitation of misclassification beyond reasonable cause.

15.5 The CB submitted that Regulation 10(n) of the CBLR, 2018 does not cast any obligation upon the Customs Broker to physically verify the existence, business operations, or commercial functioning of the IEC holder. At best, such an obligation, if at all, would fall within the scope of Regulation 10(n), which itself does not mandate physical verification of the importer's or exporter's premises, as consistently held by judicial authorities. The CB submitted that they relied upon the order of Hon'ble CESTAT, Delhi in the matter of Friends Cargo Services Vs. Commissioner of Customs, (Airport & General), NCH, IGI, Airport, New Delhi reported vide 2024 (2) TMI 739 CESTAT New Delhi- copy of which is placed as Annexure-H hereto. The relevant part of the same is as under:

> *"Revocation of Customs Broker license forfeiture of security deposit* - *levy of penalty* - *involvement in fraudulent IGST refunds, who were not traceable, along with the details Customs Brokers involved in the clearance of the alleged risky consignments violation of Regulation 10(n) of CBLR, 2018 HELD THAT: -Regulation 10(n) requires the Customs Broker to verify the identity of the client using reliable, independent, authentic documents, data or information. In other words, he should know who the client is and the client cannot be some fictitious person. As per the Regulation, this identity can be established by independent, reliable, authentic: a) documents; b) data; or c) information. Any of these methods can be employed by the Customs Broker to verify the identity of its client. It is not necessary that the CB appellant has to only conduct a physical verification or launch an investigation. So long as the CB can find documents which are independent, reliable and authentic to establish the identity of his client, this obligation is fulfilled. In addition, under Regulation 10(n) the Customs Broker is required to verify the functioning of the client at the declared address using reliable, independent, authentic documents, data or information there is nothing on record to show that either of these documents were fake or forged. Therefore, once verification of the address is complete, the responsibility cast on the appellant under Regulation 10(n) stands fulfilled.*
>
> *The impugned order revoking the Customs Brokers license of the appellant, forfeiting their security deposit and further imposing penalty on the appellant cannot be sustained and are set aside* - *Appeal allowed.*

15.6 The CB submitted that on the contrary, in the present case, all requisite KYC documents, including the Importer Exporter Code (IEC), GST registration certificate, Aadhaar Card, and PAN Card, were duly submitted to the revenue authorities. These documents are issued by competent statutory authorities only after due verification of the existence and identity of the concerned entities. More importantly, both IEC holders were admittedly produced before the Revenue/DRI authorities during the course of investigation, and their statements were duly recorded. The CB submitted that these undisputed facts conclusively establish the existence, traceability, and operational status of the IEC holders and do not cast mandatory physical verification of the exporters. In such circumstances, the CB stated that the allegation of failure on the part of them to verify the correctness of importer-related information is wholly misconceived, academic, and infructuous, and cannot be sustained either on facts or in law.

15.7 The CB submitted that in the said SCN the Hon'ble Competent Authority or the Revenue have not established any relationship, nexus, prior knowledge, or connivance between the CB and the exporter. In the absence of any such finding or evidence, the allegations remain purely conjectural and speculative and cannot form the basis for fastening any liability upon them under the Customs Act, 1962 or the Customs Brokers Licensing Regulations, 2018. The CB submitted that there are no records to prove that they had not advised their clients to follow the Act and Rules. There is not an iota of evidence to suggest that the appellant had violated Regulation 10(d) of the CBLR 2018.

15.8 In respect of compliance with Regulation 10(n) of the CBLR, 2018 the CB submitted that the IEC number is issued by the Director General of Foreign Trade and the GSTIN is issued by the GST officers under the Central Board of Indirect Taxes and Customs of the Government of India or under the Governments of State or Union territory. The CB submitted that the obligation is that they had to satisfy themselves that these documents or their copies given by the client were, indeed, issued by the concerned government officers. The CB submitted that the obligations under Regulation 10(n) of CBLR 2018 cannot be read to mean that the CB has to verify the correctness of the documents issued by the Government Agencies as it would amount to treating the Customs Broker as one who can and is responsible to oversee and ensure the correctness of the actions by the Government officers. It would also mean that the Regulations under the

Customs Act prevail over the actions under the Foreign Trade (Development and Regulation) Act, 1992 under which the IEC is issued by DGFT and the Central Goods and Services Tax Act (or state GST Act) under which the GSTIN is issued by the GST officers which is not the correct construction of the legal provisions. Therefore, the CB submitted that the verification of certificates part of the obligation under Regulation 10(n) of the CBLR 2018 on the Customs Broker is fully satisfied as long as it satisfies itself that the IEC and the GSTIN were, indeed issued by the concerned officers. The CB submitted that the verification can be done through online, comparing with the original documents, etc. and does not require an investigation into the documents by the Customs Broker. The CB submitted that they relied upon the Final Order No. 51765/2025 dated 18-11-2025 of the Hon'ble CESTAT, New Delhi in the matter of M/s. ATR Logistics Pvt. Ltd. passed in Appeal No. 50858 of 2025, a copy of which is placed as Annexure-I hereto.

16. The CB submitted that initially their License was suspended but the suspension was revoked by the Competent Authority on the following grounds among many other grounds (refer para 21 of the suspension revocation order dated 11-02-2026):

> *"I further note that suspension of a Customs Broker licence is an extraordinary and preventive measure, to be exercised only where immediate action is necessary to prevent misuse of the licence. In the present case of M/s DNC Logistics LLP, the allegations arise out of specific export consignments handled for one exporter and relate to alleged mis-declaration and overvaluation of goods. The material on record does not indicate any continuing misconduct or likelihood of repetition by the Customs Broker at this stage. The allegations are yet to be conclusively established through adjudication/inquiry proceedings. In such circumstances, continuation of suspension would be disproportionate and may cause undue hardship to the Customs Broker and its employees pending completion of proceedings under the CBLR, 2018."*

16.1 The CB submitted that the above being the case, and further that they had not come to the adverse notice of any law enforcement agency before the present case and afterwards, any penal action under CBLR, 2018 will lead to mis-carriage of justice against the CB. In view of the above, the CB submitted that they had not violated any Regulation of the CBLR

2018, including Regulation 10(d) and 10(n) of the CBLR 2018. Accordingly, the CB prayed as below:

i. That the Hon'ble Competent Authority may hold that they had not violated any Regulation of the CBLR 2018 or the provisions of the Customs Act, 1962 and the Rules and Regulations made thereunder;
ii. That the Hon'ble Competent Authority may drop all charges made in the said SCN against them as there are no violation of any of the Regulation of the CBLR 2018 or the provisions of the Customs Act, 1962 and the Rules and Regulations made thereunder;
iii. That the Hon’ble Competent Authority may drop the present proceedings initiated against them under the Customs Brokers Licensing Regulations, 2018, as being untenable and devoid of any element of violation of any of the Regulations under CBLR, 2018;
iv. That the Hon'ble Competent Authority may hold that there is no violation of Regulations 10(d) and/ or 10(n) of the CBLR, 2018, or any other provision of the CBLR 2018 or the Customs Act, 1962, as alleged or otherwise;
v. That the Hon'ble Competent Authority may propose such other or further reliefs as may be deemed fit and proper in the facts and circumstances of the case, in the interest of justice.

<u>DISCUSSIONS AND FINDINGS</u>: -

17. I have gone through the facts and records of the case; the offence report received in the form of SCN No. 1350/2025-26/ADC/CEAC/NS-II/CAC/JNCH dated 19.11.2025 issued by the Additional Commissioner of Customs, CEAC, NS – II, JNCH, Mumbai - II; Show Cause Notice No. 46/2025-26 dated 17.02.2026 issued under Regulation 17(1) of CBLR, 2018; Inquiry Report dated 22.04.2026; PH records dated 29.06.2026 and the CB’s written submission dated 29.06.2026.

17.1 Briefly stating, the case at hand stems from specific intelligence received by SIIB (Export), JNCH regarding suspicious export consignments destined for the UAE, covered under two Shipping Bill(s) No. 6494041 & 6494047 both dated 03.01.2024, filed by the exporter M/s. Mkapper Traders Pvt. Ltd. through the CB M/s. DNC Logistics LLP. Detailed investigation, including a 100% physical examination, DYCC test reports, and market surveys, revealed that the exporter grossly mis-declared the goods in terms of physical description, composition, classification, and valuation. The declared FOB value of Rs. 1.36 crore was re-determined to be only Rs. 66.98 lakhs, uncovering an attempt to defraud the Government by claiming excessive and illegitimate export amounting to Rs. 7.26 lakhs. Furthermore, verification of past exports from ICES data showed that the exporter had executed five prior shipments for which no foreign remittance was realized within the RBI-prescribed 9-month window, pointing to a fraudulent operational model designed to claim ineligible government incentives. The voluntary statement of the G-Card holder of CB M/s. DNC Logistics LLP recorded during the investigation revealed significant compliance failures. The Customs Broker admitted that they merely collected copies of the IEC and GST registration documents from the exporter through a forwarding agent friend, failing to physically visit or verify the actual premises or functioning of the client at the declared address. Owing to the evident lapses, the CB license was initially suspended under Regulation 16(1) of the CBLR, 2018 on 14.01.2026. The suspension was however, revoked vide Order dated 11.02.2026 post the personal hearing granted to the CB. Further, a show cause notice was issued under Regulation 17(1) of the CBLR, 2018 charging the CB for violation of Regulations 10(d) and 10(n) of the CBLR, 2018.

18. I find that 02 articles of charges have been framed against the CB i.e. violation of Regulations 10(d) and10(n) of the CBLR 2018. Now, I proceed to discuss the articles of charges, sequentially.

18.1 Violation of Regulation 10(d) of the CBLR, 2018:

(a) I find that the charge of violation of Regulation 10(d) of the CBLR, 2018 has been levelled against the CB on the grounds that, ‘from the offence report and investigation, it appeared that the exporter M/s. Mkapper Traders Pvt. Ltd. had filed Shipping Bills declaring export of readymade garments, wherein the declared value of the goods was subsequently found to be highly inflated and mis-declared in terms of valuation, classification and export incentive eligibility. The export incentives such as Drawback and RoSCTL were re-determined after market enquiry and test reports, indicating that the declarations filed were not in conformity with the provisions of the Customs Act, 1962, the

Customs Valuation Rules, 2007 and the applicable export incentive notifications. Being a licensed Customs Broker, M/s. DNC Logistics LLP (Licence No. 11/2584) was expected to advise the exporter to ensure compliance with the provisions of the Customs Act and allied laws, particularly in respect of correct valuation and eligibility of export incentives, before filing the Shipping Bills. However, the records indicated that the Customs Broker filed the Shipping Bills based solely on the documents provided by the exporter, without advising the exporter regarding the apparent discrepancies in valuation and incentive claims, nor was any such non-compliance brought to the notice of the Customs authorities. By not advising the exporter to comply with the relevant statutory provisions and by not bringing the apparent non-compliance to the notice of the proper officer, the Customs Broker appeared to have failed to discharge the obligation cast upon him under Regulation 10(d) of the CBLR, 2018'.

(b) I find that the Inquiry Officer held the charge as proved. The IO submitted that being a licensed Customs Broker, M/s. DNC Logistics LLP had to advise the exporter to ensure compliance with the provisions of the Customs Act and allied laws, particularly in respect of correct valuation and eligibility of export incentives, before filing the Shipping Bills. On the contrary, the Customs Broker filed the Shipping Bills solely based on the documents provided by the exporter, without advising the exporter regarding the apparent discrepancies in valuation and incentive claims, nor was any such non-compliance brought to the notice of the Customs authorities. The IO submitted that the CB had claimed to have provided an "Authorisation Letter" explaining the law, and stated that they have completed their obligation. Such authorisation letter is a fixed format form, which has to be submitted by every exporter mandatorily. The IO found that there is no evidence on record proving they had advised the exporter in any manner on valuation rules or the eligibility criteria for export incentives like Drawback and RoSCTL, etc. The CB filed the shipping bills solely based on documents provided by the exporter, ignoring the massive inflation in value (the declared FOB of 1.36 Crore was later re-determined to be only 63.98 Lakh). The IO submitted that the exporter's supplier M/s. Shree Aadeshwar Industries (GSTIN: 27DQWPK1252D1ZP) was registered for manufacturing items under HS Codes related to metals and pharmaceuticals, which were entirely unrelated to the exported Readymade Garments (RMG). The IO submitted that a diligent CB should have flagged this inconsistency. The IO found that there is no evidence on record which proves that the CB had advised the exporter about the provisions of the Customs Act, 1962, the Customs Valuation (Determination of Value of Export Goods) Rules, 2007 and the relevant export incentive notifications or to bring the apparent non-compliance to the notice of the Customs authorities.

(c) I find that the CB denied the allegations arguing that they fully complied with Regulation 10(d) by obtaining a signed Authorization Letter and KYC documents from the exporter, which explicitly documented that the provisions of the Customs Act and allied laws had been explained to and understood by the client. The CB emphasizes that they do not have physical access to export goods before they are carted into the Customs Area, after which the goods cannot be handled until examined by the Proper Officer. Since the alleged mis-declaration and overvaluation could only be ascertained after official inspection and a specialized chemical laboratory (DYCC) test report, the CB had no prior knowledge or means of identifying any discrepancies to bring to the notice of the Customs authorities. Furthermore, the CB placed reliance on the Hon'ble CESTAT ruling in *M/s. Primus Logistics Pvt. Ltd. Vs. Commissioner of Customs (Airport & General), New Delhi reported vide 2025 (12) TMI 901 CESTAT New Delhi* and CBIC Instruction No. 20/2024 to assert that Regulation 10(d) cannot be invoked mechanically on vague allegations or routine interpretational disputes. They maintain that a customs broker is primarily a document-processing agent without the specialized technical expertise to evaluate the composition or valuation of goods. The CB contends that in the absence of definitive evidence proving conscious knowledge, intent, or active abetment on their part they cannot be held liable if a client chooses to ignore their advice or statutory undertakings.

(d) Regulation 10(d) mandates that a Customs Broker shall advise his client to comply with the provisions of the Act and allied Acts, and in case of non-compliance, shall bring the matter to the notice of the Deputy/Assistant Commissioner of Customs. Having gone through the facts and records of the case, I find that the investigation revealed that the exporter, M/s. Mkapper Traders Pvt. Ltd., filed Shipping Bills No. 6494041 and 6494047 dated 03.01.2024, declaring an inflated Free on Board (FOB) value of Rs. 1,36,14,674/- for Readymade Garments. The subsequent 100% physical examination, DYCC laboratory test reports, and systematic market surveys conducted in accordance with the Customs Valuation Rules, 2007 established that the goods were severely overvalued and mis-declared to claim ineligible Drawback and RoSCTL incentives. The actual, re-determined market value of the live shipments was found to be only Rs. 63,98,453/-, exposing an attempt to defraud the exchequer of excess export benefits to the tune of Rs. 7,26,784/-. I find that the CB has defended itself by producing a standard-format Authorization Letter dated 08.11.2023, claiming that since the exporter signed it, the relevant provisions of the Customs Act and allied laws were technically explained and complied with. I find this line of defence untenable. As rightly observed by the Inquiry Officer, such authorisation letter is a fixed format form, which has to be submitted by every exporter mandatorily and that there is no evidence on record proving they had advised the exporter in any manner on valuation rules or the eligibility criteria for export incentives like Drawback and RoSCTL, etc. The CB processed shipping documents showing an inflated value of nearly double the actual market price without raising a query or advising the client against such gross mis-declaration. The investigation also revealed that the exporter's declared supplier, M/s. Shree Aadeshwar Industries, was registered under GST for manufacturing metals and pharmaceuticals, which are completely unrelated to the exported Readymade Garments (RMG). A diligent and compliant Customs Broker examining the commercial invoice chain would have immediately flagged that a metal and pharmaceutical manufacturer could not be generating authentic invoices for fabric garments. By completely ignoring this glaring mismatch and processing the documentation blindly, the CB failed to act as a responsible intermediary as envisaged under the CBLR, 2018. I find that the CB has relied upon the case of *M/s. Primus Logistics Pvt. Ltd. v. Commissioner of Customs* to argue that in the absence of absolute proof of active knowledge, the charge under 10(d) cannot stand. The facts of that case are completely distinguishable. Here, we have clear structural negligence where the commercial documents themselves contained explicit inconsistencies regarding the supplier's line of business and highly overvalued commercial invoices. I find that the CB failed to advise the exporter against inflated declarations claiming ineligible export incentives and further failed to inform the customs authorities of the fraudulent exports being affected by their client. In light of the facts and evidences on record, I am inclined to concur with the IO's findings and uphold the charge of violation of Regulation 10(d) of the CBLR, 2018.

18.2 Violation of Regulation 10(n) of the CBLR, 2018:

(a) I find that the charge of violation of Regulation 10(n) of the CBLR, 2018 has been levelled against the CB on the grounds that, 'in the present case, it appeared that the Customs Broker M/s. DNC Logistics LLP (Licence No. 11/2584) failed to adequately ascertain the veracity and genuineness of the exporter M/s. Mkapper Traders Pvt. Ltd. (IEC: AAQCM9217J). As admitted by the Customs Broker in their voluntary statement recorded under Section 108 of the Customs Act, 1962, they had merely obtained copies of the IEC and GST registration documents from the exporter and proceeded to file the Shipping Bills on their behalf. The Customs Broker had further admitted that they did not carry out any physical or independent verification of the exporter's principal place of business prior to filing the Shipping Bills. The obligation under Regulation 10(n) requires verification of not only documentary particulars such as IEC and GSTIN, but also verification of the functioning of the client at the declared address using reliable and independent means. In the absence of any such verification, the Customs Broker could not have reasonably satisfied himself regarding the genuineness of the exporter or the authenticity of its supply chain. Had the Customs Broker verified the exporter through independent and reliable sources, the dubious nature of the exporter's operations and supply chain could have come to notice at an earlier stage. Thus, it appeared that the Customs Broker failed to adequately verify the functioning of the exporter at the declared address as required under Regulation 10(n) of the CBLR, 2018, warranting examination of his role under the said Regulation'.

(b) I find that the Inquiry Officer submitted that on perusal of the offence report, the investigation revealed that the exporter M/s. Mkapper Traders Pvt. Ltd. (IEC: AAQCM9217J) had claimed Drawback and RoSCTL by fraud and suppression of facts. The CB failed to verify correctness of Importer Exporter Code (IEC) number, Goods and Services Tax Identification Number (GSTIN), identity and functioning of their client at the declared address by using reliable, independent, authentic documents, data or information. The IO submitted that in the voluntary statement recorded under Section 108 of the Customs Act, the CB's representative admitted that they did not physically verify the address of the exporter before filing the shipping bills. The IO submitted that many times IEC/GSTIN/PAN holders operate at a rented place and they may frequently change the address of their office or place of operation. In these situations, physical verification of the address is a very reliable/independent and authentic tool to gather information about the functioning of an exporter at the declared address. The IO stated that the CB cannot escape the responsibility of verification of their client merely stating that physical verification of address is not mandated in the regulations. The IO found that physical verification of the address is an effective tool to fulfil the requirement of verification of functioning of the client at the declared address as mandated under the regulation 10(n) of the CBLR, 2018.

The IO found that the regulation 10(n) of the CBLR, 2018 should be given a comprehensive interpretation by giving special attention on the word 'and' which is employed between the words 'client and functioning'. The IO submitted that here, the subject regulation not only simply prescribes that the Customs Broker has to collect documents viz, IEC/GSTIN/PAN for verification of his client, rather, it casts a bigger responsibility upon the customs broker for verification of 'functioning of his client at the declared address'. Further, the subject regulation goes beyond that and prescribes that in doing so i.e. verification of functioning of his client at the declared address, customs broker should use reliable, independent, authentic documents, data or information. The IO found that comprehensive reading of the regulation 10(n) of the CBLR, 2018 gives an impression that by this regulation, the regulators have prescribed that customs broker should use other reliable, independent, authentic document data or information for verification and not just simply collect IEC/GSTIN/PAN documents from his client as a means of verification. The IO found that customs broker in the present case has given attention only on the first half i.e. "verify correctness..........identity of his client" of the regulation 10(n) of the CBLR, 2018, however, form the comprehensive interpretation of the subject regulation, it is amply clear that in the second half of the subject regulation, it is prescribed for the customs broker to use reliable, independent, authentic documents, data or information for the verification of the functioning of his client at the declared address. The IO found that physical verification can be an effective tool for the prescribed purpose. The IO found that the fact that all summons sent to the exporter were returned by the postal department with remarks like "No Such firm" or "Insufficient address" proves that the CB failed to ensure the client was actually operating from the declared location. The IO submitted that regulation 10(n) requires a CB to verify the veracity and genuineness of the client; had the CB performed independent due diligence, they would have discovered that the exporter and their supply chain were dubious. Consequently, the IO held the charge of violation of Regulation 10(n) as proved.

(c) I find that the CB denied the charge stating that they duly verified the correctness of the exporter's antecedents and functioning by personally obtaining official KYC documents, including the IEC, GSTIN, PAN, and Aadhaar cards. They point out that none of these statutory documents were found to be fake, forged, or manipulated, which serves as an admission of their genuineness and the actual existence of the exporter. The CB underscores that the operational status and traceability of the clients are conclusively established by the fact that the IEC holders were produced before the investigating authorities and had their statements recorded under Section 108 of the Customs Act. The CB further contends that Regulation 10(n) does not mandate a physical visit to the client's place of business, but rather requires verification using reliable, independent, and authentic documents, data, or information. Citing judicial precedents such as *Kunal Travels*, *Friends Cargo Services*, and *M/s. ATR Logistics Pvt. Ltd.*, the CB states that they verified the credentials online and cannot be expected to sit in judgment over valid certificates issued by competent government agencies like the DGFT or GST authorities. Additionally, they argued that receiving business or documents through logistics intermediaries is a legally permitted industry practice that does not dilute their compliance under the CBLR, 2018.

(d) I have gone through the facts and records of the case in detail. I observe that Regulation 10(n) mandates that a Customs Broker shall verify correctness of the Importer Exporter Code (IEC) number, Goods and Services Tax Identification Number (GSTIN), identity of his client, and functioning of his client at the declared address by using reliable, independent, authentic documents, data, or information. I find that the CB has argued that because the IEC and GSTIN were genuine, validly issued by government departments, and verified online, their statutory obligation was completed. They further claim that Regulation 10(n) does not explicitly mandate a physical visit to the client's premises and that online validation of statutory documents is sufficient. This line of reasoning completely ignores the plain language and essence of Regulation 10(n). As accurately emphasized by the Inquiry Officer, regulation 10(n) of the CBLR, 2018 should be given a comprehensive interpretation by giving special attention on the word 'and' which is employed between the words 'client and functioning'. The regulation not only simply prescribes that the Customs Broker has to collect documents viz, IEC/GSTIN/PAN for verification of his client, rather, it casts a bigger responsibility upon the customs broker for verification of 'functioning of his client at the declared address' using reliable, independent, and authentic means. In his voluntary statement recorded under Section 108 of the Customs Act, 1962, Shri Pankaj Monji Katarmal, the G-Card holder and authorized representative of the CB, explicitly admitted that the client was introduced through a friend who is a freight forwarding intermediary. He categorically admitted that the CB never conducted any physical verification, never visited the principal place of business of the exporter, and had no actual contact with the exporter. From the records of the investigation, it is seen that four separate statutory summonses issued to M/s. Mkapper Traders Pvt. Ltd. by SIIB (Export) were returned completely undelivered by the postal authorities with the explicit remarks "No Such firm" or "Insufficient address". The CB's defense that they cannot sit in judgment over documents issued by statutory officers, and that the mode of routing documents through a freight forwarder is legally acceptable, misses the legal point. The obligation to verify the functioning of the client as mandated under Regulation 10(n) rests solely upon the licensed Customs Broker. Had the CB deployed basic, reliable, or independent means to verify the operational reality of the exporter they would have discovered that the exporter was a fictitious, fraudulent entity involved in illicit export operations. The CB's role is that of a gatekeeper. By accepting a client without meeting them, relying on an intermediary, and failing to verify the functioning of the entity at a declared address which turned out to be non-existent, the CB violated the trust placed in them by the Department. Under the factual matrix of the case, I observe the IO's findings to be very cogent and clear and consequently uphold the charge of violation of Regulation 10(n) of the CBLR, 2018.

18.3 I also observe that the CB in their submission heavily relied upon the Suspension Revocation Order dated 11.02.2026, arguing that because the suspension was revoked on the grounds that there was no prima facie conclusive evidence of active connivance or deliberate knowledge, the charges in the SCN should be dropped. This argument is legally fallacious and is hereby rejected. Suspension under Regulation 16 is an extraordinary, interim, preventive measure exercised to handle immediate risks pending regular inquiry. As explicitly recorded in paragraph 21.6 of the revocation order itself, the temporary withdrawal of the suspension was done without prejudice and did not jeopardize or bind the regular inquiry or final adjudication proceedings. Adjudication is a distinct, full-scale quasi-judicial process where charges are evaluated based on the complete inquiry findings. Therefore, the interim observation of a lack of connivance does not absolve the CB from structural and statutory negligence under the CBLR, 2018. The CB's argument lacks merit and thus stands rejected.

19. I find that a Customs Broker occupies a very important position in the Custom House and is supposed to safeguard the interests of both the importers/exporters and the Customs Department. A lot of trust is kept in CB by the Government Agencies; however, by their acts of omission and commission, the Customs Broker M/s. DNC Logistics LLP

(CB License No. 11/2584) has violated Regulations 10(d) and 10(n) of the CBLR, 2018. I find that for the violation of obligations provided under the CBLR, 2018 and for their acts of omission and commission, the Customs Broker M/s. DNC Logistics LLP has rendered itself liable for penal action under the CBLR, 2018. Hence, while deciding the matter, I rely on the following caselaws:

a) **The Hon'ble Supreme Court in the case of Commissioner of Customs V/s. K. M. Ganatra and Co.** in civil appeal no. 2940 of 2008 upheld the observation of Hon'ble CESTAT Mumbai in M/s. Noble Agency V/s. Commissioner of Customs, Mumbai that:

"the CB occupies a very important position in the Custom House. The Customs procedures are complicated. The importers have to deal with a multiplicity of agencies viz. carriers, custodians like BPT as well as the Customs. The importer would find it impossible to clear his goods through these agencies without wasting valuable energy and time. The CB is supposed to safeguard the interest of both the importers and the Customs. A lot of trust is kept in CB by the importers/exporters as well as by the government agencies. To ensure appropriate disharge of such trust, the relevant regulations are framed. Regulation 14 of the CB Licensing Regulations lists out obligations of the CB. Any contravention of such obligations even without intent would be sufficient to invite upon the CB the punishment listed in the Regulations".

b) **The Hon'ble CESTAT Delhi in case of M/s. Rubal Logistics Pvt. Ltd. Versus Commissioner of Customs (General)** wherein in (para 6.1) it is opined that: -

"6.1 These provisions require the Customs Broker to exercise due diligence to ascertain the correctness of any information and to advice the client accordingly. Though the CB was accepted as having no mensrea of the noticed mis-declaration /under- valuation or mis-quantification but from his own statement acknowledging the negligence on his part to properly ensure the same, we are of the opinion that CH definitely has committed violation of the above mentioned Regulations. These Regulations caused a mandatory duty upon the CB, who is an important link between the Customs Authorities and the importer/exporter. Any dereliction/lack of due diligence since has caused the Exchequer loss in terms of evasion of Customs Duty, the original adjudicating authority has rightly imposed the penalty upon the appellant herein."

20. As discussed above, I conclude that the CB M/s. DNC Logistics LLP (CB License No. 11/2584) is guilty of violating Regulations 10(d) and 10(n) of the CBLR, 2018. In view of the detailed discussion and analysis above, it is established that the CB M/s. DNC Logistics LLP has failed to discharge the professional and statutory obligations mandated under the CBLR, 2018. I find that the CB acted in a callous manner by simply processing export documents received through an intermediary without the necessary checks and balances. The significantly high declared value of the consignment coupled with the export incentives claim should have called for greater scrutiny on the part of the CB but unfortunately the CB failed to exercise the necessary due diligence. The CB acted as a mere conduit, processing fraudulent export declarations for a non-existent/fly-by-night exporter without verifying their operational status as mandated under Regulation 10(n). Further, from the records of the investigation and the inquiry proceedings, I find that the CB acted in a negligent manner but there is no evidence so as to indicate active connivance of the CB in the fraud perpetrated by the exporter. Hence, under the factual matrix of the case and applying the principle of proportionate punishment I am not inclined to revoke the License and forfeit the security deposit of the CB as the punishment of revocation of license and forfeiture of security deposit is much harsher and disproportionate to the offence committed. However, I am of the considered view that the ends of justice will be met by imposing a penalty on the CB, under Regulation 18 of the CBLR, 2018 which suffices both as a punishment for the infraction and as a deterrent to future violations. In this regard, I place reliance on the following caselaws:

a) Delhi High Court has, in the case of Falcon Air Cargo and Travels (P) Ltd [2002 (140) ELT 8 (DEL)] held as follows:

"13. By order dated 15-7-2000, licence was revoked. It is not clear how there could be revocation when the licence itself was not functional after 13-1-2000. Licence can be suspended or revoked on any of the grounds as mentioned in Regulation 21. It is, therefore, clear that if any of the grounds enumerated existed, two courses are open to the Commissioner. One is to suspend the licence and the other is to revoke it. Suspension would obviously mean that licence would be for a particular period inoperative. An order of revocation would mean that licence is totally inoperative in future, it loses its currency irretrievably. Obviously, suspension/revocation, as

the case may be, has to be directed looking to the gravity of the situation in the background of facts. For minor infraction or infraction which are not of very serious nature order of suspension may suffice. On the contrary, when revocation is directed it has to be only in cases where infraction is of a very serious nature warranting exemplary action on the part of the authorities, otherwise two types of actions would not have been provided for. Primarily it is for the Commissioner/Tribunal to decide as to which of the actions would be appropriate but while choosing any of the two modes, the Commissioner/Tribunal has to consider all relevant aspects and has to draw a balance sheet of gravity of infraction and mitigating circumstances. The difference in approach for consideration of cases warranting revocation or suspension or non-renewal has to be borne in mind while dealing with individual cases. In a given case the authorities may be of the view that non-renewal of licence for a period of time would be sufficient. That would be in a somewhat similar position to that of suspension of licence though it may not be so in all cases. On the other hand, there may be cases where the authorities may be of the view that licencee does not deserve a renewal either. Position would be different there. Though we have not dealt with the question of proportionality, it is to be noted that the authorities while dealing with the consequences of any action which may give rise to action for suspension, revocation or nonrenewal have to keep several aspects in mind. Primarily, the effect of the action vis-a-vis right to carry on trade or profession in the background of Article 19(l)(g) of the Constitution has to be noted. It has also to be borne in mind that the proportionality question is of great significance as action is under a fiscal statute and may ultimately lead to a civil death."

b) Delhi High Court has in case of Ashiana Cargo Services [2014 (302) ELT 161 (DEL)] held as follows:

"11. Viewing these cases, in the background of the proportionality doctrine, it becomes clear that the presence of an aggravating factor is important to justify the penalty of revocation. While matters of discipline lie with the Commissioner, whose best judgment should not be second- guessed, any administrative order must demonstrate an ordering of priorities, or an appreciation of the aggravating (or mitigating) circumstances. In this case, the Commissioner and the CESTAT (majority) hold that —there is no finding nor any allegation to the effect that the appellant was aware of the misuse of the said G cards, but do not give adequate, if any weight, to this crucial factor. There is no finding of any mala fide on the part of the appellant, such that the trust operating between a CB and the Customs Authorities (as a matter of law, and of fact) can be said to have been violated, or be

irretrievably lost for the future operation of the license. In effect, thus, the proportionality doctrine has escaped the analysis".

c) In the case of ACE Global Industries [2018 (364) ELT 841 (Tri Chennai)], Hon'ble Tribunal observed as follows:

"6. We are unable to appreciate such a peremptory conclusion. The CBLR, 2013 lays down that stepwise procedures are to be followed before ordering any punishment to the Customs broker. True, the said regulations do contain provisions for revocation of the license and for forfeiture of full amount of security deposit, however these are maximum punishments which should be awarded only when the culpability of the Customs broker is established beyond doubt and such culpability is of very grave and extensive nature. In case of such fraudulent imports, for awarding such punishment, it has to be established without doubt that the Customs broker had colluded with the importer to enable the fraud to take place. No such culpability is forthcoming in respect of the appellant herein….."

d) Hon'ble CESTAT, Mumbai in the matter of Setwin Shipping Agency Vs. CC (General), Mumbai – 2010 (250) E.L.T 141 (Tri.-Mumbai) observed:

"it is a settled law that the punishment has to be commensurate and proportionate to the offence committed".

21. Having gone through the facts of the case and evidences on record, it is noted that the role of the CB, though marked by negligence and lack of professional caution, appears to be one of omission and failure to adhere to prescribed standards rather than a thought after modus operandi to effect illegal exports. This distinction is of material importance while determining the proportionality of punishment under the licensing regulations. The objective of action under the CBLR is not punitive alone but also corrective and deterrent, aimed at ensuring that Customs Brokers adhere to the high standards of diligence and responsibility expected of them as licensed intermediaries. In the present case, the regulatory lapses established on record justify the imposition of a monetary penalty under Regulation 18 of the CBLR, 2018, so as to underscore the seriousness of the obligations violated and to deter recurrence of such lapses in future. However, having regard to the absence of proven abetment, the nature of the violations, and the fact that revocation of the licence would have severe and disproportionate consequences on the livelihood of the CB

and its employees, the extreme penalty of revocation or forfeiture of the security deposit is not warranted.

22. In view of the above judgements and the "Doctrine of Proportionality" which propagates the idea that the punishment for an offence should be proportional to the gravity of the offence, I am not inclined to revoke the license and forfeit the security deposit of the CB. However, for their acts of omission and commission, the Customs Broker M/s. DNC Logistics LLP (CB License No. 11/2584) is held liable and guilty for violating the provisions of the CBLR, 2018, as mentioned above. Accordingly, I pass the following order:

ORDER

23. I, Principal Commissioner of Customs (General), in exercise of the power conferred upon me under Regulation 17(7) of the CBLR, 2018, pass the following order:

(i) I hereby impose a penalty of Rs. 50,000/- (Rupees Fifty Thousand only) on the Customs Broker M/s. DNC Logistics LLP (CB License No. 11/2584) under Regulation 18(1) of the CBLR, 2018.

This order is passed without prejudice to any other action which may be taken or purported to be taken against the Customs Broker and their employees under the Customs Act, 1962, or any other act for the time being in force in the Union of India.

21.7.26

(AJAY KUMAR PANDEY)
Pr. Commissioner of Customs (Gen.)
NCH, Mumbai-I

To,

M/s. DNC Logistics LLP (PAN – AAPFD8227R)
(CB License No. 11/2584)
4th floor, 402E, Fly Colour Bldg,
Near Mulund Check Naka Bus Depot,
D.D.U. Marg, Mulund West, Mumbai - 400080.

Copy to:

1. The Pr. Chief Commissioner/ Chief Commissioner of Customs, Mumbai - I, II, III.
2. The Principal Commissioner of Customs, NS-II, JNCH, Mumbai - II.

3. EDI of NCH, ACC & JNCH.
4. ACC (Admn), Mumbai with a request to circulate among all departments.
5. JNCH (Admn) with a request circulate among all the concerned.
6. Cash Section, NCH.
7. Notice Board.
8. Office copy.