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/CB/110/2026-CBS आदेश दिनांक/Date of Order:08.09.2026

CAO No.37/2026-27/CAC/PCC(G)/AKP/Adj-CBS जारी दिनांक/Date of issue:08.09.2026

संख्या:

DIN:- 20260977NO000049181D

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 सत्याापित 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. City Transport Syndicate Pvt. Ltd. having PAN: AAACC1734A and registered address at 208, Gulab, 237, P.D'Mello Road, Fort, Mumbai-400001 (hereinafter referred to as the Customs Broker/CB) is holder of Customs Broker License No. 11/434, issued by the Commissioner of Customs, Mumbai under Regulation 8 of CHALR, 1984, [Now 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. 1991/2025-26/ADC/CEAC/NS-II/CAC/JNCH dated 09.02.2026 issued by the Commissioner of Customs (in-situ), CEAC, NS-II, JNCH was received in Customs Broker Section (CBS) on 11.02.2026, wherein inter-alia the following was informed:

2.1 The Customs Broker, M/s City Transport Syndicate Pvt. Ltd. filed a Shipping Bill No. 5657095 dated 29.11.2023 on behalf of the exporter, M/s Shree Shyam Impex (IEC - HHWPB7172J) for export of goods declared as "60% Cotton & 40% Synthetic Readymade Men's Shirt" under CTH 62053090 having FOB value of Rs 46,16,541/- and claimed Drawback of Rs 1,15,414/-; ROSCTL of Rs 2,27,595.47/- and IGST of Rs 2,31,609.38/-.

2.2 During examination by the docks officer, it was observed that the goods were soiled shirts, school uniform and substandard goods which were most likely old and used. Accordingly, the said matter was forwarded to SIIB(X), JNCH for further investigation. The goods covered under Shipping Bill No. 5657095 dated 29.11.2023 were examined 100% under Panchanama dated 15.12.2023 by the Officers of SIIB(X), JNCH and the goods were found to be old, used and soiled. During examination, the consignment was found to contain only 5715 pcs of shirts, contrary to the declared 7500 nos. Subsequently, the said goods were seized vide seizure memo dated 28.12.2023 and the RSS of the goods forward to DYCC, JNCH for testing. Though the textile composition/classification was found matching the declared description, the goods were found old/used and overvalued.

2.3 Further for determination of the valuation of the goods, data of contemporary export was retrieved from ICES system for period 23.10.2023 to 23.01.2024 wherein value of similar goods i.e. old and used clothing (CTH 6309) was found to be in rage from Rs 0.91/- to Rs 4.50/-. The average value per piece was at Rs 2.7/-. The quantity of the goods found during examination was 5715 Pcs. Based on the examination, it appeared that the goods covered under shipping Bill No. 5657095 dated 29.11.2023 had been mis-declared in terms of description, drawback serial no. and value. Hence, the value of the said goods was rejected under Rule-8 of CVR, 2007 and same was redetermined under Rule-4 of CVR, 2007, at Rs 15,430.50/- (FOB) as against the declared FOB value of Rs 46,16,541/-. By inflating the FOB value, the exporter was attempting to claim ineligible export incentives - drawback of Rs 1,15,414/-; ROSCTL of Rs 2,27,595.47/- and IGST of Rs 2,31,609.38/-. Since, the exporter mis-declared the goods in terms of description, classification and value and attempted to defraud the government by claiming undue higher amount of drawback and ROSCTL the said goods were liable for confiscation under section 113(i), 113(ia) and 113(ja) of the Customs Act, 1962.

2.4 During the investigation, letters dated 29.12.2023, 18.04.2024, 14.11.2024 and 08.01.2025 were sent to the jurisdictional CGST authority i.e. Division III, Range-V, Raipur Commissionerate to verify genuineness of the exporter, M/s Shree Shyam Impex. However, no reply was received from the concerned jurisdictional authority till the issuance of show cause notice under the Customs Act, 1962. As per GST portal, the GSTIN of the taxpayer had been cancelled on this request with effect from 15.07.2024. Further, letters dated 14.11.2024, 08.01.2025 and 27.01.2025 were also sent to jurisdictional CGST authorities i.e. Division Mundka, Range-115, Delhi West Commissionerate to verify genuineness of the supplier, M/s Purple Unites Sales Limited. However, no reply was received till the issuance of show cause notice under the Customs Act, 1962.

2.5 Statement of Shri Ramayan Verma, authorized representative of the exporter M/s Shree Shyam Impex was recorded on 29.01.2024, wherein, he interalia stated that:-

- he is the supervisor in the company and submitted authority letter for reference.

- their authorized representative, Mr. Ravindra Shantaram Pawar, G-card of CB was present during the examination of the goods; he further stated that he and the CB both were surprised when they got to know about the goods being old and used.
- he stated that they are genuine exporters and that this was their first consignment.
- On being asked about the supplier, he stated that they are merchant exporter and purchased goods on credit; that they had purchased goods from M/s Purple Unites Sales, Delhi; he further stated that the supplier sent them new garments but they didn't know how it changed to old and used garments.
- On being asked about the purchase order of the consignment, he submitted signed copy of PO-SSGT/01/2023 dated 01.10.2023 from Spark Star General Trading, UAE; he further stated due to the goods found as old and used they cancelled the order and requested for BTT.
- On being called a frontman, he stated that they are actual owner of the goods and have valid IEC issued by DGFT; that they were ready to pay bond and BG.
- On being asked how they contacted the CB, he stated that they came to know the CB through a friend; that Mr. Sanjay Kadam asked for KYC documents such as GSTR, ITR and address proof on behalf of the CHA.
- On being asked whether CHA was involved in changing goods from new to old, he did not agree; he further stated that CB told them about the mis-declaration and told them to inform Customs voluntarily.
- On being asked whether they had been penalized by any govt. agency till date, he replied in negative.

2.6 Summons dated 17.04.2024, 21.01.2025, 06.02.2025, 11.02.2025, 15.02.2025 were issued to the exporter through speed post. However, the same were returned with remark that the 'item return due to insufficient address & Addressee left without instruction'. Also summons were sent through e-mail. However, the exporter did not appear before the investigating agency i.e. SIIB(X), JNCH.

2.7 Statement of Mr. Ralph P. D'Souza, F-card Holder of CB, M/s. City Transport Syndicate was recorded on 29.01.2025 wherein, he interalia stated that:-

- he was working as Marketing and documentation head. On being asked whether he had given statement before any other agency, he replied in negative.
- On being asked whether they had filed the Shipping Bill No. 5657095 dated 29.11.2023 on behalf of the exporter, M/s Shree Shyam Impex (IEC - HHWPB7172J), he replied in positive.

- On being asked about the procedure followed by CB during filing of shipping bill, he stated that for new clients, KYC is initiated; first time export procedure is followed as per regulations; they check invoice, packing list, tax invoice of the exporter and make sure that the declared FOB is not more than 150% of the purchase value; then E-sanchit all documents.
- On being asked how they contacted the exporter, he stated that they did through their sister concern Global Consolidated and Forwarders via Swarex Shipping.
- On being asked about the discrepancy found during examination of the goods, he stated that such incident happened with them for the first time and this showed that the exporter was not genuine; they informed the exporter immediately about the old clothes and that the goods couldn't be exported.
- On being asked whether they had taken the KYC of the exporter, he replied in positive.
- He stated that they had filed shipping bill for M/s. Shyam Impex for the first time.
- On being asked whether they have followed the regulations of CBLR, 2018 before filing of the Shipping Bill, he stated that they had followed the regulation before filing of the Shipping Bill; that they were unaware that the exporter will not declare the goods correctly; that the exporter had played on them.
- On being asked why the exporter was not presenting himself for statement despite issuance of multiple summons, he stated that the exporter was not genuine; that they sent their representative at the initial stage but since then they are not contactable at all and was not receiving their calls.

2.8 As per the investigation, it appeared that the exporter was not genuine. Further, it appeared that the exporter connived with their supplier to obtain invoice by fraud and collusion to utilize input tax credit on the basis of such invoice for discharging tax on goods which had been entered for exportation under the SB filed by them.

3. Role of the Customs Broker:

As per the offence report, it was observed that the Custom Broker M/s. City Transport Syndicate Pvt. Ltd. failed to ascertain the veracity and genuineness of the Exporter firm M/s Shree Shyam Impex. Regulation 10(n) of the CBLR, 2018 has 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 in their voluntary statement submitted that they had verified the address of the Exporter, but had furnished only photographs of the place. No evidence was put forth by the CB to corroborate their claim of actually verifying the principal place of business of the Exporter. The role of the CB in this fraudulent export of a non-existing and non-genuine firm could not be ruled out. 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. As per investigation, it appeared that the Customs Broker M/s. City Transport Syndicate Pvt. Ltd, CB No. 11/434 had failed to fulfil the obligation laid down under Regulation 10(n) of the CBLR-2018:-

> *Regulation 10(n) - "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 this case, it appeared that the Customs Broker, M/s City Transport Syndicate Pvt. Ltd., failed to ascertain the veracity and genuineness of the exporter M/s. Shree Shyam Impex. The Customs Broker merely obtained copies of the IEC and GST registration from the exporter and started filing Shipping Bills on their behalf without conducting proper independent verification of the exporter's credentials. Though the Customs Broker claimed that the address of the exporter was verified, no documentary evidence was produced to substantiate such verification except photographs of the premises, which do not establish actual verification of the functioning of the exporter at the declared address. Further investigation revealed that the exporter was non-existent and non-genuine as reflected from the GST portal. The Customs Broker thus failed to verify the antecedents and genuineness of the exporter through reliable and independent sources. Had the Customs Broker fulfilled the obligation as prescribed under Regulation 10(n), the dubious nature of the exporter and its supply chain could have been detected at the initial stage. Therefore, it appeared that the Customs Broker failed to fulfil the obligations prescribed under Regulation 10(n) of the

CBLR, 2018 by not properly verifying the identity, antecedents and functioning of the exporter, thereby facilitating filing of Shipping Bills on behalf of a non-genuine exporter.

In view of the above, it appears that the CB had failed to fulfil the obligation laid down under Regulation 10(n) of the CBLR-2018. The evidence on record indicated that the Customs Broker was working in a negligent manner and was in violation of obligations cast upon them under the CBLR, 2018. A lot of trust is kept on the Customs Broker by the Government Agencies, but by their acts of omissions and commissions, it appeared that the Customs Broker, M/s City Transport Syndicate Pvt. Ltd., (CB No. 11/434) had violated Regulation 10(n) of CBLR 2018.

4. In view of the offence report received in the form of Show Cause Notice No. 1991/25-26/ADC/CEAC/NS-II/CAC/JNCH dated 09.02.2026 action under the CBLR, 2018 was initiated against the CB M/s. City Transport Syndicate Pvt. Ltd. (CB No. 11/434). Further, in view of Board’s Instruction No. 24/2023 dated 18.07.2023, the case was not considered appropriate for immediate suspension of the CB license under Regulation 16 of the CBLR, 2018. However, action under Regulation 17 of CBLR, 2018 was initiated against the CB and accordingly, based on the Offence Report, the following article of charge was framed against the CB:

(i) Article of Charge-I: Violation of Regulation 10(n) of the CBLR, 2018.

4.1 In light of the above, a Show Cause Notice (SCN) No. 03/2026-27 dated 11.05.2026 was issued to the CB M/s. City Transport Syndicate Pvt. Ltd. (PAN-AAACC1734A) (CB No. 11/434) under the provisions of Regulation 17(1) of the CBLR, 2018 wherein, the CB was charged with violation of Regulation 10(n) of the CBLR, 2018 and was called upon to show cause, as to why:

a. The Customs Broker License bearing no. 11/434 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.

4.2 Shri Harishkumar Parmar, Assistant Commissioner of Customs was appointed as Inquiry Officer (IO) to conduct the inquiry proceedings against the CB M/s City Transport Syndicate Pvt. Ltd. (CB No. 11/434) under Regulation 17 of the CBLR, 2018.

<u>INQUIRY REPORT</u>: -

5. The Inquiry Officer (here in after referred to as the 'IO') concluded the inquiry proceedings and submitted the Inquiry Report dated 08.06.2026, wherein, the charge levelled against the CB vide Show Cause Notice (SCN) No. 03/2026-27 dated 11.05.2026 was held as "Not Proved".

<u>FINDINGS OF THE INQUIRY OFFICER</u>: -

The IO submitted as below -

6. I have carefully gone through the Show Cause Notice No. 03/2026-27 dated 11.05.2026 along with the relied upon documents. I have gone through the records of the Personal Hearings and Defence submissions made during the personal hearings. I have also gone through the statements of all the persons taken during the investigation. I have also gone through the alleged Articles of Charges or contraventions mentioned in Show Cause Notice as well as legal provisions reflected in CBLR, 2018. I have already taken on record the submissions made by the CB and now I proceed to discuss all these submissions & examine their merits.

7. Article of Charge - I - Relating to violation of Regulation 10(n) of CBLR, 2018:

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

> *"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".*

7.1 I find that the CB has obtained proper authorization from the exporter and had also submitted the KYC documents. The DGFT records and other statutory records revealed that the exporter M/s. Shree Shyam Impex had not come to their adverse notice, while the IEC of the exporter was also valid at the time of filing the Shipping Bill No. 5657095 dated 29.11.2023. I find that apart from the IEC and GST registration copy, the CB has obtained following KYC documents from exporter M/s. Shree Shyam Impex:

- Copy of First Time Export F.No. S/6-Gen-02/4030/2023-24/CEAC
- Copy of IEC HHWPB7172J
- Copy of Form GST REG-06 with Annexure A and B.
- Copy of PAN Card No. HHWPB7172J of Shri Gangaram Bag, Proprietor of M/s. Shree Shyam Impex
- Copy of AADHAR Card No. of Shri Gangaram Bag, Proprietor of M/s. Shree Shyam Impex

7.2 The defense submission stated that the existence and functioning of the exporter was verified online with the above documents; that though no physical verification of the importer's/exporter's premises is mandated in the CBLR, 2018, they had physically visited the premises of the said exporter and took photograph; that the said photograph was submitted to the Department, however, as per the Department, the said photograph does not establish actual verification of the of the functioning of the exporter at the declared address. The CB further submitted that they have verified the IEC No., GST No. etc. from the Government website of DGFT and GST, which are considered as reliable source.

7.3 I find that procedure for the first time export was already completed by the charged CB, which is considered as KYC compliances. The CB enclosed copy of First Time Export F.No. S/6-Gen-02/4030/2023-24/CEAC. I find that it has not been alleged in the Show Cause Notice that IEC was forged. I find that the original KYC documents were duly received by the charged CB and are on record. The Charged CB relied upon the recent decision of the Hon'ble Delhi High Court in the case of *KVS Cargo v. Commissioner of Customs (General), NCH, New Delhi* reported in 2019 (365) E.L.T. 392 (Del.), wherein the Hon'ble Court observed that:

> *"4. ......The role of the appellant was merely one of a facilitator. There is no material on record to show that the KYC documents were fraudulent or incorrect or in any manner irregular. In these circumstances, to expect the CB holder to carry out further*

investigations and independent inquiry not only about the existence of importing firm but also about its real owner is beyond the mandate of the law".

Reliance is placed upon decision of Hon'ble CESTAT, new Delhi in case of *APS Freight & Travels Pvt. Ltd. Vs. Commissioner of Customs (General), New Delhi*, reported in 2016 (344) ELT 602 (Tri. - Del) wherein the Hon'ble Tribunal held that:

"4. We have heard both the sides and examined appeal records. The license of the appellant stands revoked only on the ground that they have failed in their obligation of verifying the identity of his client and their existence in the given address. The admitted facts of the case are that the importer's details as available in IEC, PAN Cards, Bank Account and electricity have been checked by the appellant. No physical verification of importer's premises is mandated in the regulations nor it is a general requirement as per business practice. No violations have been noticed in respect of transactions with Customs with reference to consignment cleared through the appellants. As such the order of revocation of license, only on the ground that on later verification the importer was not found in the indicated premises, is not justifiable"

I find that it was observed by the Hon'ble Tribunal that no physical verification of importer's premises is mandated in the Regulations nor it is a general requirement as per business practice; that though physical verification is not necessary; they have carried out physical verification.

The charged CB relied upon the decision in Final Order No. 50002/2022 dated 3.1.2022 in the case of *Anax Air Services Pvt.Ltd. V/s Commissioner of Customs, New Delhi (Airport and General)* wherein the Hon'ble CESTAT, New Delhi held that:

"22. We now proceed to examine the scope of the obligations of the Customs Broker under Regulation 10(n). It requires the Customs Broker 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. This obligation can be broken down as follows:

a) Verify the correctness of IEC number
b) Verify the correctness of GSTIN
c) Verify the identity of the client using reliable, independent, authentic documents, data or information

d) Verify the functioning of the client at the declared address using reliable, independent, authentic documents, data or information.

The Customs Broker is not Omniscient and Omnipotent. The responsibility of the Customs Broker under Regulation 10(n) does not extend to ensuring that all the documents issued by various officers of various departments are issued correctly. The Customs Broker is not an overseeing authority to ensure that all these documents were correctly issued by various authorities. If they were wrongly issued, the fault does not lie at the doorstep of the Customs Broker and it is not up to the Customs Broker to doubt the documents issued by the authorities and he cannot be faulted for believing them to be correct.

Learned departmental representative was correct in stating that the officers work within their mandate which may not include physical verification of the premises of the exporters. Nevertheless, the burden of this very liberal, open, scheme and its potential misuse cannot be put at the doorstep of a Customs Broker. Just as the officer's responsibility ends with doing his part of the job (which may be issuing a registration without physical verification or allowing exports without assessing the documents or examining the goods), the Customs Broker's responsibility ends with fulfilling his responsibilities under Regulation 10 of the CBLR, 2018. In dispute in this case is CBLR 10(n) which, as we have discussed above, does not require any physical verification of the address of the exporter/importer and the appellant has fully met his obligations under Regulation 10(n)."

The charged CB relied upon the decision in Final Order for Customs Appeal No. 50389 OF 2021 WITH CUSTOMS CROSS OBJECTION NO. 50408 OF 2021 in the case of *Commissioner of Customs, New Delhi (Airport and General) V/s M/s CRM Logistics Private Limited* wherein the Hon'ble CESTAT, New Delhi held that:

"32.... The SCN and the impugned order ignore several documents which were obtained by the appellant, which were issued by the various Government departments and authorities to the exporter with the same address. We find no reason to disbelieve all these officers of various government departments and believe only the verification report by the jurisdictional officer who submitted RUD2. We also find that this report is defective inasmuch as it does not say when the verification was carried out and when the exporter stopped operating from the premises or if the exporter never operated from the premises at all and the GST Registration and all the other documents issued by various government officers were issued carelessly or fraudulently or without any verification at all. If the exporter ceased to operate from that premises subsequent to the issue of GST Registration, the report does not say

whether the exporter ceased to operate prior to the date of export or after that date. Even if the exporter had ceased to operate from that premises and had not got amendments made in the official documents issued by various authorities, this cannot be held against the appellant Customs Broker to say that it violated Regulation 10(n) of the CBLR, 2018. For these reasons, RUD-2 also does not support the case of the Revenue".

7.4 I have perused para 13 of the impugned Show Cause Notice No. 1991/2025-26/ADC/CEAC/NS-II/CAC/JNCH dated 09.02.2026 issued from File No CUS/ASS/MISC/986/2025-CEAC // CUS/SIIB/OFF/2/2025-SIIB(E), issued by the Commissioner of Customs (In-Situ), CEAC, NS-II, JNCH, Nhava Sheva, which is offence report in the instant case, wherein it is stated that:

"13. Further, in order to record the statement of exporter M/s. Shree Shyam Impex (IEC: HHWPB7172J), under section 108 of Customs Act, 1962 Summonses have been issued vide DIN-20231278NW000000E02C dated 28.12.2023 to appear on 11.01.2024. In response to the summons, Shri Ramayan Verma, authorized representative of M/s. Shree Shyam Impex (IEC: HHWPB7172j) presented himself and his statement was recorded on 29.01.2024, in which he inter-alia stated that:….."

I find from aforementioned para 13 of the impugned Show Cause Notice, it is apparent that the said summonses were delivered at the Exporter's address and in response to the said Summons, the authorized representative of the exporter presented before the Investigating Agency and his statement was recorded. Thus, between 28.12.2023 and 29.01.2024, address of the exporter M/s Shree Shyam Impex was in existence. Hence, charge of violation of regulation 10(n) of CBLR, 2018 is unsustainable. The charged CB has placed reliance upon the findings of the Principal Commissioner of Customs (General), NCH, Mumbai in Order-in-Original CAO No. 10/CAC/PCC(G)/SJ/CBS Adj dated 17.05.2023 in case of the CB M/s. Anwita Logistics Pvt. Ltd. wherein in para 17.3.1, it was observed that:

"Para 17.3.1.

IV. The question of violation of Regulation 10(n) does not arise in the said circumstances as the authorized representative of exporter appeared for the statement in the subject case on receipt of the summons from the Customs

Department, which clearly indicates that the address of the exporter was existing at the time of export"

I have perused para 17.3.1 of the Order-in-Original CAO No. 10/CAC/PCC(G)/SJ/CBS Adj dated 17.05.2023, wherein Hon'ble Principal Commissioner of Customs (General), Mumbai Zone-I has observed that:

"From the above discussions, I find that the regulation of CBLR obligates the CB 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. The same was found in existence as the summons were received by the exporter at the declared address. It is also pertinent to mention here that out of 08 shipping bill, in 05 shipping bills remittance were received by the exporter so the existence of exporter is not questionable. There are also no corroborative evidences in the form of statements or in any form which can prove the involvement of the charged CB in the said fraud. Therefore, considering the above facts, I find that the charge against the Customs Broker for violation of the Regulation 10(n) of CBLR, 2018 is "Not Proved" and thus I hold that the CB has not violated the provisions of Regulation 10(n) of CBLR, 2018".

I find that Inquiry proceedings under Regulation 17 of the CBLR, 2018 against the said CB viz. M/s Anwita Logistics Pvt. Ltd. were dropped. I find that ratio of the above Order is applicable in the instant case as the facts and circumstance are identical as in the instant case, Summons dated 28.12.2023 was issued to the exporter to appear on 11.01.2024 and in response to the summons, Shri Ramayan Verma, authorized representative of M/s. Shree Shyam Impex (IEC: HHWPB7172j) presented himself and his statement was recorded on 29.01.2024.. Thus, it is apparent that address of exporter M/s. Shree Shyam Impex is in existence.

7.5 I have perused para 13 of the impugned Show Cause Notice dated 09.02.2026, wherein it is stated that summons were issued subsequently by SIIB (Export), JNCH, Nhava Sheva to M/s. Shree Shyam Impex, which were returned undelivered. Relevant para 13 of the Show Cause Notice is re-produced below:

> *"Further summonses having DIN-20240478NW0000227145 dated 17.04.2024 to appear on 03.05.2024, DIN- 20250178NT000000DBB9 dated 21.01.2025 to appear on 31.01.2025, DIN- 20250278NT000000D49A dated 06.02.2025 to appear on 14.02.2025, DIN- 20250278NT0000424467 dated 11.02.2025 to appear on 17.02.2025, DIN- 20250278NT000000FB16 dated 15.02.2025 to appear on 24.02.2025 in the name of M/s. Shree Shyam Impex (IEC: HHWPB7172J) (RUD-VIII) to appear before the office of SIIB(X), 6th floor, C-604, Jawaharlal Nehru Custom House, Nhava Sheva, Taluka-Uran, Dist: Raigad, Maharashtra-400707 u/s Section 108 of the Customs Act, 1962. However, the summonses sent via speed post returned to this office with the remark that the 'Item returned due to insufficient address & Addressee left without instruction'. Also, Summonses have been sent through the e-mail address provided by the exporter in their official correspondence with this office. However, the exporter did not appear before this office."*

I find that the remarks of the Postal Authorities are contradictory. If it is assumed that first part of the postal authorities is true ie. 'Item returned due to insufficient address" then it has to be presumed that Postal Authorities never reached/could not locate declared address. If it is so then second part of the postal authorities viz. "Addressee left without instruction" cannot be true because when postal authorities never reached the premises of the exporter M/s. Shree Shyam Impex, then how they can state that addressee left without instruction. Hence, remarks of the postal authorities are not reliable.

The charged CB in their written submission stated that remarks of the postal authorities have not been provided to us as Relied Upon Documents (RUDs). The Charged CB has relied on the decision of the Hon'ble CESTAT, New Delhi in the case of *M/s. Sai Chhaya Impex Pvt. Ltd. Vs. Commissioner of Customs, (Airport and General), New Delhi* where facts of the case were that from the verification reports it was concluded that 'Non-existent exporter', 'NOC denied' and 'No such firm was found existing at the said premises and therefore, IGST Refund claims made by the exporter are bogus and may be rejected'. There it was observed by the Hon'ble CESTAT that none of them state that the exporter never operated from that premises and the officer has issued GSTIN to a non-existent firm or at the time of verification, the firm was not operating from the premises but it may or may not have existed at the time of export. It was further observed that if the former is the case, it is also not clear why and how the officer who conducted the verification or his predecessor issued the GSTIN to a non-existent exporter. The charged CB further relied upon the decision of the Hon'ble CESTAT, New Delhi reported in *S. Praksh Kushwaha & Co. Vs. Commissioner of Customs (Airport & General), New Delhi*, reported in 2023 (384) E.L.T 89 (Tri.- Del.), wherein in para 26 of the said Order, the Hon'ble CESTAT observed that:

> *"26. The responsibility of the Customs Broker under Regulation 10(n) does not include keeping a continuous surveillance on the client to ensure that he continues to operate from that address and has not changed his operations. Therefore, once verification of the address is complete as discussed in the above paragraph, if the client moves to a new premises and does not inform the authorities or does not get his documents amended, such act or omission of the client cannot be held against the Customs Broker.*
>
> *27. We, therefore, find that the Customs Broker has not failed in discharging his responsibilities under Regulation 10(n). The impugned order is not correct in concluding that the Customs Broker has violated Regulation 10(n) because the exporters were found to not exist during subsequent verification by the officers"*

8. I find that the SCN does not claim that the exporting entity was not existing at the given address at the time of export. I find from the offense report that SIIB (Export), JNCH, Nhava Sheva sent various letters dated 29.12.2023, 18.04.2024, 14.11.2024 and 08.01.2025 to jurisdictional GST authorities i.e. Division III, Range-V, Raipur Commissioner to verify the genuineness of the exporter M/s. Shree Shyam Impex. Relevant para 12 of the impugned Show Cause Notice is re-produced below:

> *"12 Further, letters dated 29.12.2023, 18.04.2024, 14.11.2024 and 08.01.2025 (RUD-VI) were also sent to jurisdictional CGST authorities i.e. Division III, Range-V, Raipur Commissionerate to verify genuineness of the Exporter M/s. Shree Shyam Impex (GSTIN: 22HHWPB7172J1ZV). However, in this regard, no reply has been received in this office till date from the concerned jurisdictional Authority. As per GST portal, the GSTIN of the taxpayer has been cancelled on his request with effective from 15.07.2024".*

From the above, it is evident that Jurisdictional CGST, Raipur authorities never sent reply in respect of verification of genuineness of exporter M/s. Shree Shyam Impex. Thus, it is evident that the impugned show cause notice has been issued on the basis of incomplete investigations. I find that between 28.12.2023 and 29.01.2024, address of the exporter M/s. Shree Shyam Impex was in existence. Hence, there is no violation of regulation 10(n) of CBLR, 2018 on part of charged Customs Broker. I find that ratio of the judgements relied upon by the charged CB is applicable in the instant case.

The Charged CB relied upon the decision in Final Order for Customs Appeal No. 50389 OF 2021 WITH CUSTOMS CROSS OBJECTION NO. 50408 OF 2021 in the case of *Commissioner of Customs, New Delhi (Airport and General) V/s M/s CRM Logistics Private Limited* wherein the Hon'ble CESTAT, New Delhi held that:

> *"32.... If the exporter ceased to operate from that premises subsequent to the issue of GST Registration, the report does not say whether the exporter ceased to operate prior to the date of export or after that date. Even if the exporter had ceased to operate from that premises and had not got amendments made in the official documents issued by various authorities, this cannot be held against the appellant Customs Broker to say that it violated Regulation 10(n) of the CBLR, 2018. For these reasons, RUD-2 also does not support the case of the Revenue".*

The charged CB also rely on the judgment of Hon'ble CESTAT in the case of *Perfect Cargo & Logistics Vs. CC (Airport & General), New Delhi* reported in 2021(376) E.L.T. 649 (Tri-Del). The relevant paras are as under:

> *" 34. The basic requirement of Regulation 10(n) is that the Customs Broker should verify the identity of the client and functioning of the client at the declared address by using, reliable independent, authentic documents, data or information. For this purpose, a detailed guideline on the list of documents to be verified and obtained from the client is contained in the Annexure to the Circular dated April, 8, 2010. It has also been mentioned in the aforesaid Circular that any of the two list documents in the Annexure would suffice. The Commissioner noticed in the impugned order that any two documents could be obtained. The appellant had submitted two documents and this fact has also been stated in paragraph 27(a) of the Order. It was obligatory on the part of the Commissioner to have mentioned the documents and discussed the same but all that has been stated in the impugned order is that having gone through the submissions of the Customs Broker, it is found that there is no force in the submissions. The finding recorded by the Commissioner that required documents were not submitted is, therefore, factually incorrect.*

35" The Commissioner, therefore, committed an error in holding that the appellant failed to ensure due compliance of the provisions of Regulation 10(n) of the Licensing Regulations."

The Charged CB relied upon the decision in the case of *Baid International Services Ltd. Vs. Commissioner of Customs, ACC, Kolkata*, reported in 2023 (386) ELT 567 (Tri. Kolkata), wherein the Hon'ble Tribunal held that:

" 21. Regulation 10(n) merely requires the Customs Broker to verify the correctness of Importer Exporter Code, (IEC) number, Goods and Service Tax Identification number at the declared address by using reliable independent authentic documents, data or information. Obviously, this responsibility does not extend to physically going to verify the premises of each of the exporters to ensure that they are functioning at the premises. When a Government Officer issues the certificate bearing registration number with an address, it is not for the Customs Broker to sit in judgment over such a certificate. The Customs Broker cannot be faulted for trusting the certificates issued by the various Government bodies/department. It is a different matter, if the documents are not authentic and are forged by the Customs Broker or the Customs Broker had reason to believe that the said documents were not truthful and their veracity was in doubt…."

I find that ratio of the above judgements is applicable in the instant case as the facts and circumstance are identical.

8.1 The charged CB in their written submission submitted that:

"The scope of the obligations of the Customs Broker under Regulation 10(n) requires the Customs Broker 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. This obligation can be broken down as follows:

(i) Verify the correctness of IEC number

(ii) Verify the correctness of GSTIN

(iii) Verify the identity of the client using reliable, independent, authentic documents, data or information

(iv) Verify the functioning of the client at the declared address using reliable, Independent, authentic documents, data or information

Of the above, (i) and (ii) require verification of the documents which are issued by the Government departments. 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. The question which arises is has the Customs Broker to satisfy himself that these documents or their copies given by the client were indeed issued by the concerned government officers or does it mean that the Customs Broker has to ensure that the officers have correctly issued these documents.

The third obligation of Regulation 10(n) does not place an obligation on the Customs Broker to oversee and ensure the correctness of the actions by the Government officers. Therefore, the verification of documents part of the obligation under Regulation 10(n) on the Customs Broker is fully satisfied as long as the Customs Broker satisfies itself that the IEC and the GSTIN were, indeed issued by the concerned officers. This can be done through online verification, comparing with the original documents, etc. and does not require an investigation into the documents by the Customs Broker. The presumption is that a certificate or registration issued by an officer or purported to be issued by an officer is correctly issued. Section 79 of the Evidence Act, 1872 requires and to presume that every certificate which is purported to be issued by the Government officer to be genuine. The Customs Broker cannot sit in judgment over the certificate or registration issued by a Government officer so long as it is valid. In this case, there is no doubt or evidence that the IEC, the GSTIN and other documents are issued by the officers & are genuine in nature. So, there is no violation as far as the documents are concerned. The fourth and the last obligation under Regulation 10(n) requires the Customs Broker to verify the functioning of the client at the declared address using reliable, independent, authentic documents, data or information. This responsibility, again, can be fulfilled using documents or data or information so long as it is reliable, independent and authentic. Nothing in this clause requires the Customs Broker to physically go to the premises of the client to ensure that they are functioning at the premises. It is pertinent to mention that we have physically visited premises of the exporter M/s. Shree Shyam Impex (IEC - HHWPB7172J).

Customs formations are only in a few places while exporters or importers could be from any part of the country and they hire the services of the Customs Brokers. Besides the fact that no such obligation is in Regulation 10(n), it will be extremely difficult, if not, totally impossible, for the Customs Broker to physically visit the premises of each of its clients for verification. The Regulation, in fact, gives to the Customs Broker the option of verifying using documents, data or information. If there are authentic, independent and reliable documents or data or information to show that the client is functioning at the declared address, this part of the obligation of the Customs Broker is fulfilled. If there are documents issued by the Government Officers which show that the client is functioning at the address, it would be reasonable for the Customs Broker to presume that the officer is not wrong and that the client is indeed, functioning at that address.

In the factual matrix of this case, the GSTIN issued by the officers of CBIC itself shows the address of the client and the authenticity of the GSTIN is not in doubt. Further, IECs issued by the DGFT also show the address. There is nothing on record to show that either of these documents were fake or forged. Therefore, they are authentic and reliable and appellate have no reason to believe that the officers who issued them were not independent and neither has the Customs Broker any reason to believe that they were not independent".

8.2 The IO submitted that there is force in submission of the CB which supports aforementioned case laws relied upon by the CB. It is settled law that a CB need not visit his client personally for verification and that a CB is not required to keep track of his client continuously. Therefore, he found that this charge is not sustainable and is not proved. The IO stated that he had taken cognizance of the various case laws and found the ratio of the judgements relied upon by the Charged CB applicable in the instant case. Accordingly, the IO held that article of Charge alleging violation of Regulation 10(n) of the CBLR, 2018 was "Not Proved".

9. Summary of the Findings:

The IO concluded his findings as under:

Sr. No.	Violation of Regulation	Conclusion
1.	Regulation 10(n) of the CBLR, 2018.	Not Proved

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

10. The Inquiry Report dated 08.06.2026 was accepted by the Principal Commissioner of Customs (General), Mumbai – I. In terms of Regulation 17(6) of the CBLR, 2018 a copy of the Inquiry Report was shared with the CB and a Personal Hearing was scheduled on 04.08.2026. The personal hearing was held on 04.08.2026 before me. Shri Ralph P. D'Souza, F-Card holder of CB M/s. City Transport Syndicate Pvt. Ltd. (CB No. 11/434) and Shri Prashant Kubal, Consultant appeared for the hearing on behalf of the CB. They submitted a written reply dated 03.08.2026 and reiterated the facts of the same. Accordingly, the oral and written submissions of the CB were taken on record.

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

11. The CB reiterated the submissions made before the Inquiry Officer alongwith the caselaws which have been incorporated as part of the IO's report. The same is not being repeated for the sake of brevity. The rest of the CB's submission is as below:

11.1 The Inquiry Officer after considering facts of the case and reply filed by us submitted Inquiry Report dated 08.06.2026**,** holding violation of regulation 10(n) of the CBLR, 2018 as "Not Proved". We once again deny the allegations levelled in the Show Cause Notice No. 03/2026-27 dated 11.05.2026 vide F.No. GEN/CB/110/2026-CBS, which is baseless, as the same is not supported with documentary or oral evidences. The Inquiry officer observed that ratio of the judgements cited in the submission before the Inquiry Officer is applicable in the instant case as the facts and circumstance are identical.The Inquiry Officer observed that there is force in our submission which supports case laws relied upon by us. The Inquiry Officer further observed that it is settled law that a CB need not visit his client personally for verification and that a CB is not required to keep track of his client continuously. The Inquiry officer observed that this charge is not sustainable and is not proved.

11.2 It is respectfully submitted that the observations made by learned Inquiry Officer in the aforesaid Inquiry Report are as per the facts of this case and legal position as laid down by various judicial pronouncements given on the issues similar to this case. It is pertinent to mention that no disagreement ground on regulation 10(n) of CBLR, 2018 has been communicated to us. Hence, we assume that there are no adverse material and/or reasons for difference as far as regulation 10(n) of CBLR, 2018 is concerned.

11.3 We would like to further submit that it is provided in sub-regulations 6 of Regulation 17 of CBLR, 2018 that no order for revoking the license shall be passed unless an opportunity is given to the Customs Broker to be heard in person by the Principal Commissioner of Customs or Commissioner of Customs, as the case may be. Provisions of Regulation 17 of the CBLR, 2018 stipulates that the Customs Broker should be provided the material, which is to be used against him for passing an adverse order, if any, so he is in a position to rebut, qualify or explain the same and show cause against the proposed adverse action. If the adverse material or the reasons for disagreement are withheld from Customs Broker, then, the entire exercise would be a futility as he would not be provided with an opportunity to rebut, qualify or explain the same and show cause against the proposed adverse action.

11.4 It is pertinent to mention that no comments/reasons for disagreement has been offered by the Department on the findings of the Inquiry Officer. No comments/ reasons for disagreement on the various case laws has been offered by the Department on the said case laws. Thus, the Department has neither disclosed its mind or decision of disagreement with the findings of the Inquiry Officer with regard to the charge made in respect of Regulation 10(n) of CBLR, 2018 nor called upon us to file their objection with regard to such disagreement. It is pertinent to mention that when the charges are levelled and an enquiry is conducted based on such charges, the enquiry report filed by the Inquiry Officer is a crucial document and if the disciplinary/punishing authority intends to disagree with the whole or any of the findings rendered by the Inquiry Officer, in respect of the whole or any of the charges, he has to necessarily put the person, against whom such charges are made, on notice, by specifically expressing his disagreement and call upon such person to give objection on such disagreement. Principles of natural justice requires that the said material/ reasons must be communicated to the Customs Broker to rebut or explain proposed adverse action in Show Cause Notice as well as in Disagreement Memo issued.

11.5 In this regard, Reliance is placed on the decision the Hon'ble High Court, New Delhi in the case of M/s. HIM Logistics Pvt. Ltd. Vs. Commissioner of Customs (General), in WP (C) No. 9660/2015, wherein it was held that mere communication of the inquiry report, which is in favour of the petitioner and without communication of adverse material and/or reasons for difference, would not enable the petitioner to rebut, qualify or explain the adverse material and show cause against the proposed adverse action. Principles of natural justice required that before an adverse decision was taken against the petitioner, the petitioner should have been communicated the adverse material/reasons for disagreement. The relevant para 16 and 18 of the said judgement is re-produced as under:

> *"16................ In the present case, the inquiry report is in favour of the petitioner and exonerates him. Mere communication of the inquiry report, which is in favour of the petitioner and without communication of adverse material and/or reasons for difference, would not enable the petitioner to rebut, qualify or explain the adverse material and show cause against the proposed adverse action. Principles of natural justice required that before an adverse decision was taken against the petitioner, the petitioner should have been communicated the adverse material/reasons for disagreement. The fact that the reasons for disagreement were not communicated to the petitioner prior to the adverse decision being taken by the Commissioner of Customs, there was clearly a violation of principles of natural justice. The Commissioner of Customs should have recorded the reasons for disagreement and forwarded the same to the petitioner for his comments before passing the impugned order. Because of failure to do so, the impugned order is clearly in violation of the principles of natural justice.*
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18. We answer question no. (ii) by holding that where the principal commissioner or commissioner of customs, as the case may be, intends to disagree with the inquiry report, that is in favour of the Customs Broker, then it is mandatory for him to communicate the adverse material/reasons for disagreement to the Custom Broker and require him to show cause/represent against the proposed adverse order".

11.6 Reliance is placed on the decision of the Hon'ble CESTAT, New Delhi in case of M/s. P. I. Logistics (India) Pvt. Ltd. Vs. Commissioner of Customs (I &G), New Delhi (Final Order No. 51672016 dated 28.04.2016), wherein it was held that non-issuance of notice on the disagreement of the Original Authority with any part of the Inquiry Report is clear violation of principles of natural justice. In the aforesaid case, on the ground of non-issuance of Disagreement Notice / Memo, order passed by the Original Authority was set aside. Relevant para no. 4 of the said judgement is reproduced as under:

"4.................................There is nothing to indicate that the appellant has been put to notice on the disagreement of the Original Authority with any part of the enquiry report. Such being the case, it is clear that the present impugned order issued without indicating the disagreement with the enquiry report and getting the response of the appellant, is in clear violation of principles of natural justice. In this connection, a reference can be made to the Hon'ble Bombay High Court decision in Commissioner of Customs (General) vs. Dominic and Co. reported as 2015 (319) E.L.T. 74 (Bom.). The Hon'ble Bombay High Court held as :-

"Since the Commissioner expressed his disagreement with the findings recorded by the Inquiry Officer in their entirety, the Regulations though permit him to hold a de novo inquiry, that could be only after due notice to the respondent in that behalf. In other words, a notice indicating the disagreement with the findings of the Inquiry Officer, the extent of such disagreement and the prima facie reasons for such disagreement, ought to be communicated and that notice should be served on the agent like the respondent. After such an agent responds to the notice and if the Commissioner is further satisfied that the explanation does not deserve acceptance, he is free to hold a de novo inquiry and into all charges. This is not merely a matter of procedure but one of substance. Even the full bench decision of this Court in the case of Delta Logistics v. Union of India, reported in 2012 (286) E.L.T. 517 lays down such a principle".

The said decision has been followed by the Tribunal in the other cases also"

11.7 Thus, without disclosing the disagreement and without calling upon the person against whom the charges are levelled to show cause on such disagreement, if an order is passed by imposing punishment by disagreeing with the report of the Inquiry Officer, certainly, it should be construed as violation of principles of natural justice. Thus, as per the ratio of the aforementioned case laws, entire show cause notice is liable to be dropped as no Disagreement Memo has been issued by the Department.

DISCUSSIONS AND FINDINGS: -

12. I have gone through the facts and records of the case; the offence report received in the form of Show Cause Notice No. 1991/2025-26/ADC/CEAC/NS-II/CAC/JNCH dated 09.02.2026; Show Cause Notice No. 03/2026-27 dated 11.05.2026 issued under Regulation 17(1) of CBLR, 2018; Inquiry Report dated 08.06.2026; PH records dated 04.08.2026 and the CB's written submission dated 03.08.2026.

12.1 Briefly stating, the CB M/s. City Transport Syndicate Pvt. Ltd. (CB No. 11/434) filed Shipping Bill No. 5657095 dated 29.11.2023 on behalf of the exporter, M/s. Shree Shyam Impex, declaring an export of 7,500 pieces of men's shirts valued at an FOB of Rs 46,16,541/- while claiming Drawback, RoSCTL, and IGST refund benefits amounting to Rs. 5,74,618.85/-. Upon examination by the Docks and SIIB(X), JNCH officers, the consignment was found to contain only 5,715 pieces of old, used, and soiled garments with an actual redetermined value of just Rs 15,430.50/-. Subsequent investigations revealed that the exporter had deliberately mis-declared the description, quantity, and value to fraudulently claim export incentives. Further investigation revealed that the exporter was non-existent and untraceable at the declared address and multiple summons were returned undelivered. Following an offence report dated 09.02.2026 received from CEAC, JNCH, a Show Cause Notice under Regulation 17 of CBLR, 2018 was issued to the CB alleging that the CB failed in its statutory duty under Regulation 10(n) of CBLR, 2018 to verify the identity, antecedents, and actual functioning of the client using reliable, authentic, and independent documents.

13. I find that the charge of violation of Regulation 10(n) of the CBLR 2018 has been levelled against the CB.

13.1 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 they failed to fulfil their statutory obligations mandated under Regulation 10(n) of the CBLR, 2018, which requires a Customs Broker to verify the correctness of the IEC number, GSTIN, identity of the client, and the actual functioning of the client at the declared address by using reliable, independent, and authentic documents, data, or information. In the present case, the Customs Broker merely obtained copies of the IEC and GST registration from the exporter, M/s. Shree Shyam Impex, and filed the Shipping Bill without conducting proper independent verification of the exporter's credentials or antecedents. Although the Customs Broker claimed to have verified the address, they produced only photographs without furnishing any credible documentary evidence to substantiate the actual functioning of the exporter at the declared premises. Consequently, by acting in a negligent manner and failing to detect the dubious and non-existent nature of the exporter, the Customs Broker facilitated the fraudulent export of mis-declared goods, thereby violating Regulation 10(n) and rendering themselves liable for penal action under the provisions of the CBLR, 2018.

(b) On perusal of the IO report, I observe that the IO found the CB had duly obtained and verified proper authorization and valid, authentic statutory KYC documents including the IEC, GST Registration, PAN, and identity proof from official government portals (DGFT and GST) without any allegation of forgery in the notice. The IO observed that Regulation 10(n) does not mandate the physical verification of client premises or continuous surveillance over clients, and the CB cannot be made an overseeing authority to sit in judgment over certificates issued by government officers. Furthermore, the IO noted that summons dated 28.12.2023 issued under Section 108 of the Customs Act, 1962 was successfully delivered at the exporter's declared address, pursuant to which the exporter’s authorized representative appeared and gave a statement on 29.01.2024, conclusively proving that the exporter was in existence at the declared address during the relevant period. The IO also highlighted that subsequent summons returning with contradictory postal remarks could not be relied upon, and the jurisdictional CGST Raipur authorities never responded to verification requests regarding the exporter's genuineness. The IO found the ratio of the judgements relied upon by the CB (cited *supra*) to be applicable in the instant case. In view of these findings, the IO held that the CB had fully discharged its statutory obligations under Regulation 10(n) and held the charge against the CB as not proved.

(c) I find that the CB strongly denied the charge of violating Regulation 10(n) of the CBLR, 2018 as baseless and unsupported by documentary or oral evidence. The CB emphasized that the Inquiry Officer, after evaluating the defence submissions, personal hearing records, and statutory documents, submitted an Inquiry Report dated 08.06.2026 holding the charge under Regulation 10(n) as not proved. The CB highlighted that it had obtained First Time Export compliance copy, proper authorization, and secured valid statutory KYC documents including the IEC, GST Registration, PAN Card, and Identity proof of the proprietor and had verified their authenticity via official DGFT and GST portals, which satisfies the statutory mandate without requiring physical premise inspection, continuous surveillance, or questioning documents issued by government officers. Furthermore, the CB pointed out that the exporter was factually existing at the declared address, as evidenced by the successful delivery of customs summons and the subsequent appearance of the exporter's authorized representative on 29.01.2024. The CB further contended that the proceedings are liable to be dropped on grounds of natural justice under Regulation 17 of the CBLR, 2018, as the department has neither communicated any disagreement memo nor disclosed any adverse grounds against the favourable findings of the Inquiry Officer and thus the Inquiry Officer’s findings merits acceptance. In support of their defence regarding compliance under Regulation 10(n) and the mandatory requirement of issuing a disagreement memo before differing from an exonerating inquiry report the CB placed reliance upon a number of judicial pronouncements as elaborated in paras 7, 8 & 11 *supra* which are not being reiterated for the sake of brevity.

(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 the 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. Upon a detailed evaluation of the factual matrix, I find that prior to the processing and filing of Shipping Bill No. 5657095 dated 29.11.2023, the CB had obtained proper client authorization, completed the prescribed first time export verification procedure under F.No. S/6-Gen-02/4030/2023-24/CEAC, and gathered statutory KYC documents, including the valid IEC, GST Registration, PAN Card, and Identity proof of the proprietor of the exporter M/s. Shyam Impex, Shri Gangaram Bag. I find the CB submitted that they had verified the authenticity of these registrations against official government databases, namely the DGFT and GST portals. Further, I find that the investigation has not brought any evidence of collusion or mala fide intent on the part of the CB in the mis-declaration of the export consignment. On perusal of the records of investigation, I find that the summons dated 28.12.2023 issued under Section 108 of the Customs Act, 1962 was successfully delivered at the exporter's declared address, and in response, the authorized representative of the exporter duly appeared and gave a statement on 29.01.2024, establishing that the exporter was functioning at the declared address during the relevant period. The question of violation of Regulation 10(n) does not arise in the said circumstances as the authorized representative of exporter appeared for the statement in the subject case on receipt of the summons from the Department, which clearly indicates that the address of the exporter was existing at the time of export. I find that the CB M/s. City Transport Syndicate Pvt. Ltd., exercised requisite due diligence in verifying the identity and credentials of the exporter using authentic government records and even submitted a photograph of physical verification of the exporter’s premises, thereby fully fulfilling its obligations under Regulation 10(n) of the CBLR, 2018. There is no evidence on record establishing negligence, connivance, or misconduct on the part of the CB. In view of the foregoing findings, I am of the considered view that the IO has rightly held the charge as not proved and drop the charge of violation of Regulation 10(n) of the CBLR, 2018 levelled against the CB. In this regard, I place reliance on the following caselaws:

a) *S. Praksh Kushwaha & Co. Vs. Commissioner of Customs (Airport & General), New Delhi*, reported in 2023 (384) E.L.T 89 (Tri.- Del.), wherein, the Hon'ble CESTAT observed that:

"…The responsibility of the Customs Broker under Regulation 10(n) does not include keeping a continuous surveillance on the client to ensure that he continues to operate from that address and has not changed his operations. Therefore, once verification of the address is complete as discussed in the above paragraph, if the client moves to a new premises and does not inform the authorities or does not get his documents amended, such act or omission of the client cannot be held against the Customs Broker.

……We, therefore, find that the Customs Broker has not failed in discharging his responsibilities under Regulation 10(n). The impugned order is not correct in concluding that the Customs Broker has violated Regulation 10(n) because the exporters were found to not exist during subsequent verification by the officers"

b) Final Order for Customs Appeal No. 50389 OF 2021 WITH CUSTOMS CROSS OBJECTION NO. 50408 OF 2021 in the case of *Commissioner of Customs, New Delhi (Airport and General) V/s M/s CRM Logistics Private Limited* wherein the Hon'ble CESTAT, New Delhi held that:

".... If the exporter ceased to operate from that premises subsequent to the issue of GST Registration, the report does not say whether the exporter ceased to operate prior to the date of export or after that date. Even if the exporter had ceased to operate from that premises and had not got amendments made in the official documents issued by various authorities, this cannot be held against the appellant Customs Broker to say that it violated Regulation 10(n) of the CBLR, 2018. For these reasons, RUD-2 also does not support the case of the Revenue".

14. Under the factual matrix of the case, documentary evidence, and settled legal jurisprudence, it is abundantly clear that there is no evidence of any active role, complicity, or *mens rea* on the part of the Customs Broker, M/s City Transport Syndicate Pvt. Ltd. (CB No. 11/434) in the attempted fraudulent export by M/s. Shree Shyam Impex claiming ineligible export incentives. Applying the principles of judicial discipline, natural justice and proportionality, penal action under the disciplinary framework of CBLR, 2018 cannot be sustained against the CB under the circumstances of the case. Consequently, the

proceedings initiated against the CB vide Show Cause Notice No. 03/2026-27 dated 11.05.2026 do not survive scrutiny and are liable to be dropped.

15. In view of the above discussions, I am not inclined to revoke the license of the CB, to forfeit to security deposit or to impose penalty upon the CB M/s. City Transport Syndicate Pvt. Ltd. (CB No. 11/434) under CBLR, 2018. Under the facts and circumstances of the case, it would not be sustainable to take any of these penal actions against the CB. Accordingly, I pass the following order:

ORDER

16. 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 drop the proceedings initiated vide SCN No. 03/2026-27 dated 11.05.2026 under CBLR, 2018 against the Customs Broker M/s. City Transport Syndicate Pvt. Ltd. (CB No. 11/434).

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.

8.9.26

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

To,
M/s. City Transport Syndicate Pvt. Ltd.
(PAN – AAACC1734A) (CB No. 11/434)
208, Gulab, 237, P.D'Mello Road,
Fort, Mumbai – 400001.

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.