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/385/2025-CBS आदेश दिनांक/Date of Order:09.09.2026

CAO No. 38/2026-27/CAC/PCC(G)/AKP/Adj-CBS जारी दिनांक/Date of issue:09.09.2026

संख्या:

DIN:- 20260977NO00009387E6

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 Hirannya Shipping and Logistics Services (PAN No. AYHPS8411J), having registered address: 18/4, Shree Siddhivinayak Nivas CHS Ltd., 3 Domnic Colony, Orlem, Malad (West), Mumbai - 400064 (hereinafter referred to as the Customs Broker/CB) is holder of Customs Broker License No. (11/2002) (PAN No. AYHPS8411J), issued by the Commissioner of Customs, Mumbai under Regulation 7(1) of CBLR, 2013 erstwhile (now regulation 7(2) of CBLR, 2018) and as such they are bound by the regulations and conditions stipulated therein.

2. An Offence report vide letters F. No. DRI/AZU/CI-1/ENQ-62(INT-25)/2025 dated 04.07.2025 and 29.09.2025 issued by Additional Director, DRI, AZU, was received in Customs Broker Section, NCH, Mumbai Zone-I. The report, inter alia, conveyed the following information:

2.1 The Directorate of Revenue Intelligence, Ahmedabad Zonal Unit (DRI, AZU) was investigating a case involving misdeclaration and misuse of import licenses for tyre scrap, aimed at circumventing the applicable EXIM policy restrictions. Acting on specific intelligence, two consignments of M/s Shabbir and Sons Eco Exim Pvt. Ltd. were intercepted and examined at Nhava Sheva port. The examination revealed that the importer M/s. Shabbir and Sons Eco Exim Pvt. Ltd. had imported Used Tyre Scrap consignments by misusing licenses issued specifically for the import of 10 Mesh material.

2.2 Mr. Syed Aslam Ali, power of attorney holder of the importer M/s. Shabbir and Sons Eco Exim Pvt. Ltd. was summoned and his statement was recorded under Section 108 of the Customs Act, 1962. During the course of the statement, he admitted to wilfully misusing the 10 Mesh licenses to import used rubber tyre scrap in forms such as multiple-cuts, shredded, and pressed baled scrap. This admission covered the current intercepted consignments as well as 11 specific past consignments. Such acts constitute smuggling as defined under Section 2(39) of the Customs Act, 1962. Consequently, for committing offences punishable under Sections 135(a) and 135(b) of the Customs Act, 1962, the responsible person of M/s. Shabbir and Sons Eco Exim Pvt. Ltd. was arrested under Section 104 of the Customs Act, 1962.

2.3 Further scrutiny revealed that the Bills of Entry for both the live consignments and the 11 earlier consignments where scanning images confirmed the import of Used Tyre Scrap (pressed baled/multi-cut) not falling under the 10 Mesh license category were filed by M/s. Yash Shipping Services. Licenses issued for imports under the Customs Tariff Item (CTI) 40040000 for tyre scrap are restricted both in terms of quantity and validity period. These licenses permit the import of only one specific type of rubber tyre scrap within the stipulated time frame either "Used Tyre Scrap (pressed baled/multi-cut)" or "Rubber/granules finer than 10 Mesh to 20 Mesh, devoid of iron, steel, and most fibers" both falling under the broad category of Waste, parings, and scrap of rubber (other than hard rubber), and powders and granules obtained therefrom. Therefore, a valid license authorizes import of a particular quantity of a specified type of tyre scrap as mentioned in the DGFT license, within the specified period. During the investigation, it was also ascertained that M/s Shabbir and Sons was involved in over-debiting licenses, importing quantities exceeding the permitted limits by manipulating manual debit sheets. Such excess imports rendered the goods liable to confiscation and constituted an offence under Section 135 of the Customs Act, 1962. Prima facie, this over-debiting appeared to have been carried out with the active involvement of customs brokers.

2.4 The Customs Broker M/s Hirannya Shipping and Logistics Services (CB No. 11/2002) was one of the Customs brokers involved in the over-debiting of the SIL licence. A total quantity of 252.6 metric tons with an assessable value of Rs. 17,88,685/- was over-debited using the licence of M/s. Hirannya Shipping and Logistics Services. Furthermore, the statement of Shri Amrendra Kumar Amar confirmed that he used the SIL licence of M/s. Shabbir and Sons Eco Exim Private Limited as well as the licence of the Customs Broker M/s. Hirannya Shipping and Logistics Services for customs clearance work. The details of Specific violations committed by the customs broker are summarized in the table below:

Table-A

Sr. No.	Name of Customs Broker with Licence No.	Violation on the part of Customs Broker	Corresponding Documentary Evidence
1.	M/s. Hirannya Shipping and Logistics Services (CHA Code AYHPS8411JCH001)	The said licence was used in over-debiting of the SIL licence to the tune of 252.6 MTS having assessable value of Rs. 17,88,685/-	1. The detailed calculation sheet quantifying the over-debiting done by the Customs Broker Firm. 2. Statement of Customs Broker Shri Amrendra Kumar Amar, acknowledging that he used the licence of M/s. Hirannya Shipping for customs clearance work related to M/s. Shabbir and Sons Eco Exim Private Limited. 3. Statement of Importer Shri Syed Aslam Ali

2.5 The Customs Broker M/s. Hirannya Shipping and Logistics Services was one of the Customs brokers involved in the over-debiting of the SIL licence. Details of Bills of Entry filed by the said CB, wherein a total quantity of 252.6 metric tons with an assessable value of Rs. 17,88,685/- was over-debited using the SIL licence of M/s. Shabbir and Sons Eco Exim Private Limited, were as informed below:

Table-B

Sr. No.	License Details	Permissible Quantity (in MTS.)	Excess Quantity debited (in MTS)
1.	111003588	1500	31.755
2.	111005205	1551	0
3.	111006724	5259	0
4.	111006699	940	220.87
	Total Excess Quantity		**252.6**

The excess quantity of 252.6 MTS was calculated based upon the quantity debited from these licenses vide various Bill(s) of Entry (B/Es) including but not limited to the B/Es filed by the Customs Broker M/s. Hirannya Shipping and Logistics Services (CB License No. 11/2002), which means BoEs had also been filed by other Customs Brokers using the same licenses.

2.6 Further, statement of Mr. Syed Aslam Ali, power of attorney holder of the Importer M/s Shabbir and Sons Eco Exim Private limited was recorded by DRI, Ahmedabad on 16.06.2025, In his statement, he, inter alia, stated the following:

- He has been serving as the Power of Attorney holder for M/s Shabbir and Sons Eco Exim Pvt. Ltd. since 22.07.2024. The firm is engaged in the processing of tyre scrap, which it sources both from the domestic market and through imports.
- He is well-acquainted with the import procedures for tyres. Prior to entering the import business, he was involved in collecting used tyres from local sources and supplying them to rubber crumb manufacturing units. In 2019, he purchased a running tyre recycling plant from a company named RS Rubber. He subsequently began manufacturing rubber granules, rubber gitti, and rubber mesh of various sizes (ranging from 10 to 100 Mesh) at the unit. Due to a shortage of raw materials in the domestic market and with the understanding that significant profit could be made by processing imported tyre scrap, the firm decided to venture into imports.
- Accordingly, they applied for a DGFT license for the import of used tyre scrap. After obtaining the required license, they began importing used tyre scrap for processing.
- He submitted the details of licenses issued to them with quantity and MOEF, the details are as below:

Sr. No.	**License Details**			**Permitted Quantity**	
	License No.	**License Date**	**Valid Upto**	**MTS**	**CIF Value**
1.	111003588	12.04.2022	12.10.2023	1500	18000000
2.	111006699	28.12.2022	28.06.2024	940	11815800
3.	111010714	28.08.2023	13.10.2024	10000	132560000
4.	111021230	20.11.2024	02.03.2026	1500	21636750

- He further stated that no amendments were made to the quantity specified in the license issued to the firm. The only amendment pertained to the country of export, which was reflected in License No. 111021230 dated 20.11.2024. Additionally, he submitted that apart from the MOEF license mentioned earlier, the Directorate General of Foreign Trade (DGFT) had also issued licenses to M/s. Shabbir and Sons Eco Exim Pvt. Ltd. for the import of crumb rubber. The details of these licenses were as follows:

Sr. No.	**License Details**			**Permitted Quantity**	
	License No.	**License Date**	**Valid Upto**	**MTS**	**CIF Value**
1.	111006724	28.12.2022	28.06.2024	5259	70596816
2.	111012946	04.01.2024	04.07.2025	8820	118752480
3.	111017681	04.07.2024	04.01.2026	6556	70615987
4.	111023963	04.04.2025	04.10.2025	15155	207684120

- He handled the complete sale purchase process in M/s Shabbir and sons Eco Exim Private limited, he has placed order to the overseas supplier on the telephone for the supply of goods imported vide bill of entry nos. 2383298 dated 30.05.2025 and 2402654 dated 31.05.2025.

- They had applied for the MOEF permission for the purpose of import of used tyres scrap for their unit II, situated in Vadodara but the process of issuance of permission was delayed due to unavailability of CPCB staff. After that they had to apply in DGFT for the issuance of SIL license. Since the license process was underway, they had placed the order to their overseas suppliers for supply of used tyre scrap.
- However, they had informed them before loading of container to send the tyre granules only as he was not having the license for import of old and used tyres scrap, to which the overseas supplier assured them that he will send tyre granules only.
- They had used the Granule license as they were not aware that the goods in the container are used tyre scrap and not Tyre granule.
- He also stated that they started working with Munna (Amrendra Kumar Amar) in the year 2022. Thereafter, Shri Das of M/s. Das Cargo approached them and gave the quotation at better price for customs clearance work. Subsequently, the customs clearance responsibilities were assigned to Mr. Das for a few months. However, due to certain shortcomings in the quality of service, they have again started working with Munna in the year 2023 end. Since then, Mr. Munna was handling customs clearance work of M/s. Shabbir and sons Eco Exim Private limited.
- He also added that, their Customs Broker Mr. Munna advised them to import used tyre scrap under the SIL license for import of Crumb rubber/Granules.
- He was aware that used tyre scrap of CTI-40040000 is a restricted item and can only be imported under the licenses issued by DGFT.
- He agreed that by importing the used tyre scrap in pressed and balled/multi cut form by mis declaring and importing it under the Granule/10 mesh license, have made goods liable for confiscation under section 111(d) of the Customs Act, 1962.

2.7 Statement of Shri Amrendra Kumar Amar, was recorded by DRI, AHMEDABAD on 28.08.2025 & 29.08.2025. In his statement, he, inter alia, stated that:

- M/s. Harsh Clearing & Forwarding Pvt Ltd was being operated from the address 402, Mayuresh Chamber, Sector 11, CBD Belapur, Navi Mumbai, Maharashtra, 400614, however, they used CHA licenses and clearance work of other firms also such as M/s Yash Shipping and services and M/s Hiranya Shipping and logistics services from the said address and further stated that for small period of time they have also used license of M/s Hind Ship Airways and M/s Bharat Impex and done customs clearance work on these licences.
- He further stated that CHA licences of M/s Yash Shipping Services, M/s. Harsh Clearing & Forwarding, M/s Hiranya Shipping and logistics and M/s Hind Ship

Airways were used for import of "Multiple Cut Fine Rubber Crumb Granules" and "Waste Pairing of Scrap Granules".

- He stated that initially, the firm carried out customs clearance activities using the CHA license of M/s. Hiranya Shipping & Logistics. However, when the CHA license of M/s. Hiranya Shipping & Logistics was suspended towards the end of 2023, they temporarily shifted to using the CHA licenses of M/s. Hind and M/s. Bharat Impex for their import activities. Subsequently, once the license of M/s. Hiranya Shipping & Logistics was revoked, the firm discontinued the use of the CHA license of M/s. Hind Airways for import clearance.
- He further stated that, multiple CHA licenses were used to avoid hindrance in business due to license suspension as they had already faced the situation during the cancellation of CHA license of M/s. Hiranya Shipping & Logistics.
- He also added that he had clearly directed his employees to take care of licence debiting. As per his knowledge, there should be no excess imports in customs broker firms which were used by him.

3. Summary:-

The Directorate of Revenue Intelligence (DRI), Ahmedabad Zonal Unit, was conducting an investigation in the case of importer M/s. Shabbir and Sons Eco Exim Pvt. Ltd. for alleged misdeclaration and misuse of import licenses issued by the DGFT for the import of 10 Mesh rubber crumb, which were instead used to import restricted used tyre scrap in various forms such as pressed, baled, shredded and multi-cut scrap. Acting on specific intelligence, two consignments were intercepted at Nhava Sheva Port and upon examination, were found to be in violation of the EXIM policy. The investigation further revealed that the firm over-debited quantities from the SIL licenses by manipulating manual debit sheets, with the active involvement of customs brokers. A total quantity of 252.6 metric tons with an assessable value of Rs. 17,88,685/- was over-debited using the licence of M/S. Hirannya Shipping and Logistics Services and a few others. Furthermore, the statement of Shri Amrendra Kumar Amar confirmed that he used the SIL licence of M/s. Shabbir and Sons Eco Exim Private Limited as well as the licence of the Customs Broker M/s Hirannya Shipping and Logistics Services for customs clearance work. In view of the foregoing, and considering the grave violations and deliberate misuse of SIL licenses through over-debiting, it was evident that the Customs Broker had engaged in misdeclaration and unauthorized use of restricted import licenses. These actions, carried out in clear contravention of the DGFT Policy, constituted a serious offence and warranted strict legal action under the Customs Broker Licensing Regulations (CBLR), 2018 and other applicable statutory provisions.

3.1 Role of Customs Broker:

It was evident that the customs broker M/s. Hirannya Shipping and Logistics Services had failed to fulfil their obligations laid down under Customs Broker Licensing Regulations (CBLR), 2018. The CB appeared to have actively guided the importer in committing the offence. In view of the above, the relevant provisions of CBLR, 2018, outlining the obligations of customs brokers, are:

(i) Regulation 1(4) of CBLR, 2018:

> *"Every license granted or renewed under these regulations shall be deemed to have been granted or renewed in favour of the licensee, and no license shall be sold or otherwise transferred."*

In the present case, it appeared that the Customs Broker M/s. Hirannya Shipping and Logistics Services rented out their Customs Broker license to Shri Amrendra Kumar Amar in exchange for monetary consideration. Further, as per the statement recorded on 29.08.2025 by the Directorate of Revenue Intelligence, Ahmedabad and upon scrutiny of the subject offence report, it was revealed that Shri Amrendra Kumar Amar had obtained the Customs Broker license from M/s. Hirannya Shipping and Logistics Services and used it for the clearance of the subject imported goods. He further stated that he used to do Customs clearance work on CHA license of M/s Hirannya Shipping and Logistics Services along with other CHA firms. Further, he stated that as per business terms, the billing of goods cleared on the licenses of M/s. Hirannya Shipping and Logistics Services and other CHA firms was done through his proprietorship firm M/s. Harsh Enterprises and payment was then made to M/s Hirannya Shipping and Logistics Services and other CHA firms as per the quantum of work. It established the renting out of Customs Broker license by M/s. Hirannya Shipping and Logistics Services. This conduct clearly constituted a violation of Regulation 1(4) of the Customs Broker Licensing Regulations (CBLR), 2018. Such an omission represented a significant breach of the duties and responsibilities prescribed under Regulation 1(4). In light of the foregoing, it appeared that the Customs Broker had contravened the provisions of Regulation 1(4) by unlawfully renting out the Customs Broker license to Shri Amrendra Kumar Amar.

(ii) Regulation 10(a) of CBLR, 2018:

> *"(a) obtain an authorisation from each of the companies, firms or individuals by whom he is for the time being employed as a Customs Broker and produce such authorisation whenever required by the Deputy Commissioner of Customs or Assistant Commissioner of Customs, as the case may be;"*

In the present case, it appeared that the Customs Broker, M/s Hirannya Shipping and Logistics Services, failed to comply with the mandatory requirement as mandated under regulation 10(a) of CBLR, 2018. The Customs Broker did not obtain the necessary authorization from the importer, as there was no record or indication of any direct meeting or interaction between the Customs Broker and the importer. This was further corroborated by the statement of Mr. Syed Aslam Ali, the authorized representative of M/s Shabbir and Sons Eco Exim Private Limited, who explicitly stated that he personally managed procurement from overseas suppliers and the sale of goods to domestic buyers for importer firm and he conducted all Customs clearance-related activities through another individual, Mr. Amrendra Kumar Amar, who was responsible for handling all clearance work related to Customs Broker M/s. Hirannya Shipping and Logistics Services. Further, Mr. Amrendra Kumar Amar in his statement dated 28.08.2025 admitted the fact that the license of M/s. Hirannya Shipping and Logistics Services was taken on rent by him for the purpose of Customs clearance and payments were made to the said CB as per quantum of work. Hence, it appeared that there was no authorisation from any of the companies, firms or individuals given to the said Customs Broker. Therefore, it was evident that the Customs Broker neither met with the importer nor obtained the requisite authorization, thereby constituting a clear violation of Regulation 10(a) of CBLR, 2018.

(iii) Regulation 10(b) of CBLR, 2018:

> *"(b) transact business in the Customs Station either personally or through an authorised employee duly approved by the Deputy Commissioner of Customs or Assistant Commissioner of Customs, as the case may be;"*

Based on the offence report and the statement of Mr Amrendra Kumar Amar, dated 29.08.2025, recorded by the Directorate of Revenue Intelligence, Ahmedabad, it was evident that he conducted Customs clearance-related activities on behalf of the Customs Broker, M/s Hirannya Shipping and Logistics Services with respect of imports made by M/s Shabbir and Sons Eco Exim Private Limited. However, as per Regulation 10(b), a Customs Broker is required to carry out business either personally or through an authorised employee who has been duly approved by the Deputy Commissioner of Customs or Assistant Commissioner of Customs. In the instant case, it appeared that the Customs Broker was not transacting business either personally or through an authorised employee. This constituted a clear violation of Regulation 10(b) of CBLR, 2018.

(iv) Regulation 10(d) of CBLR, 2018:

> *"(d) Advise the client to comply with the provisions of the Customs Act, allied Acts, and the rules and regulations thereof, and in cases of non-compliance, bring the matter to the notice of the Deputy Commissioner or Assistant Commissioner of Customs, as applicable;"*

It appeared that the Customs Broker failed to advise their client to declare the correct description of goods, specifically "Used Tyre Scrap (pressed baled/multi-cut)," which does not fall under the 10 Mesh license category. Licenses issued for imports under Customs Tariff Item CTH 40040000 pertaining to tyre scrap are restricted both in terms of quantity and validity period. These licenses authorize the import of only one specific type of rubber tyre scrap within the stipulated timeframe either "Used Tyre Scrap (pressed baled/multi-cut)" or "Rubber/granules finer than 10 Mesh to 20 Mesh, devoid of iron, steel, and most fibers." Both types fall under the broader category of waste, parings and scrap of rubber (other than hard rubber) including powders and granules obtained therefrom. Therefore, a valid license permit is required for the import of a specified quantity of a particular type of tyre scrap as detailed in the DGFT license within the prescribed period. By mis declaring the goods, the importer had circumvented the conditions imposed by the DGFT import policy. Further, the Customs Broker was found complicit in the over-debiting of the SIL issued by the Directorate General of Foreign Trade (DGFT). The investigation revealed that the SIL was misappropriated to the extent of 252.6 metric tonnes. It appeared that, such over-debiting was carried out with the active involvement and facilitation of the Customs Broker, demonstrating a persistent pattern of regulatory non-compliance. Furthermore, the Customs Broker failed to bring this non-compliance to the attention of the Deputy Commissioner or Assistant Commissioner of Customs. This omission represented a clear deviation from the responsibilities outlined in Regulation 10(d) of CBLR, 2018. In view of the above, it appeared that the Customs Broker had contravened the provisions of Regulation 10(d) by not ensuring compliance with the relevant statutory requirements and by neglecting to inform the Deputy/Assistant Commissioner of the irregularities.

(v) Regulation 10(e) of CBLR, 2018:

> *"(e) Exercise due diligence to ascertain the correctness of any information provided to the client related to clearance of cargo or baggage."*

It appeared that the Customs Broker failed to exercise due diligence and merely relied upon the incorrect declaration submitted by the importer without verifying or ensuring the correct declaration of the goods under Customs Tariff Heading (CTH) 40040000, which pertained specifically to tyre scrap. Given that the goods in question were categorized as restricted under the DGFT Policy, such a lapse represented a serious breach of regulatory obligations and a clear violation of the applicable policy conditions governing restricted imports. Moreover, the Customs Broker was also found complicit in the over-debiting of the SIL issued by the Directorate General of Foreign Trade (DGFT). The investigation revealed that the SIL was misused to the extent of 252.6 metric tonnes, involving goods with an assessable value of 17,88,685/-. This over-debiting appeared to have been carried out with the active involvement and facilitation of the Customs Broker and indicated a consistent pattern of non-compliance. Accordingly, it appeared that

Customs Broker M/s. Hirannya Shipping and Logistics Services, instead of acting in accordance with regulatory obligations, actively facilitated and guided the importer in the commission of the offence. Consequently, the Customs Broker appeared to have failed to adhere to the prescribed procedures and responsibilities outlined under Regulation 10(e) of the Customs Broker Licensing Regulations (CBLR), 2018.

4. In view of the foregoing facts and considering the grave violations and deliberate misuse of the SIL licenses, it was evident that the Customs Broker knowingly misused the license and rented it out for monetary gain. This conduct resulted in a substantial loss of government revenue. Such actions not only compromise the integrity of the import control framework but also constitute an offence of smuggling as defined under Section 2(39) of the Customs Act, 1962. The misdeclaration and unauthorized use of restricted import licenses, particularly in blatant contravention of DGFT Policy, amount to a serious offence warranting stringent legal action under the Customs Broker Licensing Regulations (CBLR), 2018 and related statutes. Moreover, the gross negligence and dereliction of duty exhibited by the Customs Broker posed a significant threat to the Indian economy at large. In the era of trade facilitation, the Customs Broker works as a bridge between the importer and Customs authorities. However, in the instant case, it appeared that CB M/s. Hirannya Shipping and Logistics Services was careless in their duties and knowingly misused the license, rented it out for monetary gain and were also found involved in over-debiting of SIL licenses, importing quantities exceeding the permitted limits by manipulating manual debit sheets. Thus, it appeared that the CB M/s. Hirannya Shipping and Logistics Services (CB No. 11/2002) had committed a gross offence and violated regulations 1(4), 10(a), 10(b), 10(d) and 10(e) of the Customs Broker Licensing Regulations, 2018, which made them unfit to transact any business at Mumbai Customs and also in other Customs Stations.

4.1 In view of the above, the CB License held by M/s Hirannya Shipping and Logistics Services (CB No. 11/2002) was suspended under Regulation 16(1) of CBLR, 2018 by the Commissioner of Customs (General) vide Order No. 08/2025-26 dated 16.10.2025 and Personal Hearing was conducted on 31.10.2025. Further, after going through the submissions of the Customs Broker and subject offence report, the suspension of CB License pertaining to M/s Hirannya Shipping and Logistics Services was continued vide Order No. 13/2025-26 dated 12.11.2025 under Regulation 16(2) of the CBLR, 2018.

4.2 In view of the offence report received vide letters F.No. DRI/AZU/CI-1/ENQ-62(INT-25)/2025 dated 04.07.2025 and 29.09.2025 from DRI, AZU, the following articles of charges were framed against the CB M/s Hirannya Shipping and Logistics Services (CB No. 11/2002):

(i) Article of Charge-I: Violation of Regulation 1(4) of the CBLR, 2018.

(ii) Article of Charge-II: Violation of Regulation 10(a) of the CBLR, 2018.

(iii) Article of Charge-III: Violation of Regulation 10(b) of the CBLR, 2018.

(iv) Article of Charge-IV: Violation of Regulation 10(d) of the CBLR, 2018.

(v) Article of Charge-V: Violation of Regulation 10(e) of the CBLR, 2018

4.3 In light of the above, a Show Cause Notice (SCN) No. 36/2025-26 dated 18.12.2025 was issued to the CB M/s Hirannya Shipping and Logistics Services (CB No. 11/2002) under the provisions of Regulation 17(1) of the CBLR, 2018 wherein, the CB was called upon to show cause, as to why:

a. The Customs Broker License bearing no. 11/2002 issued to them should not be revoked;
b. Security deposited should not be forfeited;
c. Penalty should not be imposed upon them
under Regulation 14 read with Regulation 17 & 18 of the CBLR, 2018.

4.4 Shri Amit Bhatia, Assistant Commissioner of Customs was appointed as Inquiry Officer (IO) to conduct the inquiry proceedings against the CB M/s Hirannya Shipping and Logistics Services (CB No. 11/2002) under Regulation 17 of the CBLR, 2018.

5. In the meanwhile, aggrieved by the Suspension Continuation Order No. 13/2025-26 dated 12.11.2025, the CB M/s Hirannya Shipping & Logistics Services filed an Appeal No. 87890 of 2025 in Hon'ble CESTAT, Mumbai Bench. Hon'ble Tribunal vide Final Order No. A/85400/2026 dated 09.03.2026 allowed the appeal in favour of the CB by setting aside the Suspension Continuation Order No. 13/2025-26 dated 12.11.2025 with further

direction to complete the inquiry proceedings under Regulation 17 of CBLR, 2018 within a period of six months from the receipt of the Hon'ble Tribunal's Order. The Hon'ble Tribunal's observations were as below:

> *(i) Para 7.6 - From the above discussion and analysis, we find that there is no justification given by the learned Commissioner of Customs in the impugned order for invoking the provisions of immediate suspension and its continuation, for an alleged act done by the importer in over-debiting the SIL licenses held by him, through mis-declaration of the goods. Since, the past eleven consignments have been cleared at the same port, prior to the interception of two live consignments, it cannot be said that the appellants in collusion with importer had done such act, particularly when the appellants had no role to play in such clearance as evidenced in the SCN issued to such importer vide SCN dated 15.12.2025. Therefore, we are of the considered view, that there are no specific grounds to evidentially prove that immediate suspension of the appellants CB license is required as an appropriate case, for initiating action under Regulation 16 of CBLR, 2018.*
>
> *(ii) Para 7.8 - ………In fact, even in the proceedings initiated for the customs offences against the importer, the appellants CB is no more a co-noticee for any action to be taken against them and proceedings against the appellants have come to an end…………..*
>
> *(iii) Para 8.1 - On the basis of above discussion on the crux of the grounds of appeal against the impugned order, it is hereby made very clear that we are not examining the allegations of violation of various Regulations under CBLR against the appellants, as it is pre-mature inasmuch as the licensing authority i.e., Commissioner of Customs is yet to finally pass a speaking order under Sub-regulation (8) of Regulation 17 of CBLR, 2018. We are also therefore not expressing our opinion on any of the alleged violations of Regulation 10 Ibid, as there is an independent inquiry proceeding that is required to be conducted by the jurisdictional Customs Commissionerate as licensing authority and on which a speaking order is required to be passed by him in terms of Regulation 17 of CBLR.*
>
> *(iv) Para 8.3 - In view of the foregoing discussions, we do not find any merits in the impugned order 12.11.2025 passed by the learned Commissioner of Customs, in continued suspension of the CB license of the appellants, inasmuch as there is no finding given by the Commissioner of Customs for displaying the appropriateness of the case for invocation of such action, and justifying the continued suspension of CB license under Regulation 16 of CBLR, 2018. Further, the impugned order is also not sustainable as it has failed to establish the role of appellants CB in the alleged*

over-debiting of SIL license with respect to import goods, as the appellants CB had not handled those imports.

(v) Para 9 - Therefore, by setting aside the impugned order dated 12.11.2025, we allow the appeal in favour of the appellants. We also direct the learned Commissioner of Customs to complete the inquiry proceedings under Regulations 17 of CBLR, 2018 expeditiously, preferably within a period of six months from receipt of a copy of this order. Consequently, the appellants CB firm is entitled to carry on its business as CB with immediate effect, for which the jurisdictional Commissioner shall issue necessary order for compliance.

5.1 In compliance of the Hon'ble Tribunal's directions, the CB's license was made operative in the ICES 1.5 system and a Notice No. 04/2026-27 dated 15.04.2026 was issued in this regard.

6. Further, DRI,AZU vide Letter Letter F.No. DRI/AZU/CI-I/ENQ-62(INT-25)/2025 dated 02.04.2026 issued by the Additional Director, DRI, AZU informed that:

(i) In this regard, it is submitted that during the initial phase of investigation conducted by this office, it was observed that M/s. Hirannya Shipping and Logistics Services had acted as Customs Broker in respect of imports made by M/s. Shabbir & Sons Eco Exim Pvt Ltd. During the course of investigation, M/s. Hirannya Shipping and Logistics Services was unable to provide relevant records such as debit sheets pertaining to the licenses utilized in the said imports. Notably, the debit sheets were subsequently obtained from other Customs Brokers during the course of investigation.

(ii) Based on the examination of the debit sheets so obtained from other Customs Brokers, it was found that M/s. Hirannya Shipping and Logistics Services had not played any role in the over-debiting of the licenses in question.

(iii) Further, on completion of the investigation, no conclusive evidence was found to establish active involvement or abetment on the part of M/s. Hirannya Shipping and Logistics Services warranting their inclusion as a co-noticee in the Show Cause Notice issued in the matter.

(iv) Accordingly, M/s. Hirannya Shipping and Logistics Services was not made a co-noticee in the said Show Cause Notice.

<u>INQUIRY REPORT</u>: -

7. The Inquiry Officer (hereinafter referred to as the 'IO') concluded the inquiry proceedings and submitted the Inquiry Report dated 08.04.2026. The IO held the charges of violation of Regulations 1(4) & 10(b) as "Proved"; 10(d) & 10(e) as "Partially Proved" and that of violation of Regulation 10(a) of the CBLR, 2018 as "Not Proved".

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

8. The IO stated that he had gone through the Show Cause Notice No. 36/2025-26 dated 18.12.2025 vide F.No. GEN/CB/385/2025-CBS; the records of the Personal Hearings and Defense submissions made during the personal hearings. He had also gone through the statements of all the persons taken during the investigation and through the alleged Articles of Charges or contraventions mentioned in Show Cause Notice as well as legal provisions reflected in CBLR, 2018.

8.1 **Article of Charge – I - Regulation 1(4) of CBLR, 2018:**

The IO submitted that on perusal of the records it is seen that Sh Syed Aslam Ali, power of attorney holder of M/s Shabbir and Sons Eco Exim Pvt Ltd, has given a statement dated 16.06.2025 to DRI u/s 108 of Customs Act, 1962 wherein he has stated that they started working with Sh Amrendra Kumar Amar alias Munna since 2023 and since then Munna was handling their Customs clearance work of M/s Shabbir and Sons Eco Exim Pvt Ltd, and also that Munna advised them to import used tyre scrap under the SIL license for import of rubber granules. Further Sh Amrendra Kumar Amar alias Munna, Director of M/s Harsh Clearing, in his statement recorded on 28.08.2025 and 29.08.2025 to DRI u/s 108 of Customs Act, 1962 has inter alia stated that he used CHA License of M/s. Hirannya Shipping and Logistics Services for import of 'multiple cut fine rubber crumb granules' and 'waste pairing of scrap granules' and that as per business terms, the billing of goods cleared on the licenses of M/s Hiranyya Shipping and logistic services is done through M/s Harsh

Clearing and forwarding Pvt. Ltd. He further stated that the firm carried out customs clearance activities using the CHA License of M/s. Hirannya Shipping And Logistics Services however when the CHA License of M/s. Hirannya Shipping And Logistics Services was suspended towards the end of 2023 they temporarily shifted using the license of other CHA's. Also during the course of PH on 16.02.2026 the CB submitted an SCN No 1610/2025-26/Pr.Commissioner/Gr.2H/NS-I/CAC/JNCH dated 15.12.2025 which was issued to them by the Hon'ble Principal Commissioner of Customs, NS-I, JNCH from File No.CUS/APR/SCN/1865/2025-Gr.2(H-K) read with Adj. F.No.S/IO-1412/2025-26/Adj./Pr Commr/Gr.2H/NS-I/CAC/JNCH under section 124 of the Customs Act, 1962. The CB has attached the copy of the said SCN as Annexure B of their written submission. On perusal of para 9.12 of the said SCN dated 15.12.2025 it is seen that DRI had recorded a statement dated 03.12.2025 of Sh Anil Sitaram Shrungare (Proprietor of M/s. Hirannya Shipping And Logistics Services) u/s 108 of Customs Act, 1962 wherein he had inter alia stated that they took up customs clearance of used rubber tyre scrap; that he had the customs broker license and Sh Amrender Kumar Amar was in connection with some importers hence both started working in co-ordination; that he knew that 02 types of licenses are issued by DGFT for the import of goods related to tyre scrap, one is for import of rubber crumb/granules popularly known as 10 mesh licenses and the other is for import of used rubber tyre scrap multi cut/baled form; that he knew that used tyre scrap of CTH 4004 is a restricted item and can only be imported under the licenses issued by DGFT.

The IO stated that from the above it is clear that there was a nexus between M/s. Shabbir and Sons Eco Exim Pvt. Ltd, Sh Amrendra Kumar Amar alias Munna and M/s M/s. Hirannya Shipping and Logistics Services for clearance of used Rubber tyre scrap in guise of rubber crumb/granules popularly known as 10 mesh license for which they did not possess DGFT License and that M/s. Hirannya Shipping & Logistics Services allowed the use of their License by Sh Amrendra Kumar Amar. The IO added that he has taken cognizance of the various submissions made by M/s. Shabbir and Sons Eco Exim Pvt. Ltd, Sh Amrendra Kumar Amar alias Munna and Sh Anil Sitaram Shrungare (Proprietor of M/s.

Hirannya Shipping and Logistics Services) Accordingly, the IO held that article of Charge alleging violation of Regulation 1(4) of the CBLR, 2018 was "Proved".

8.2 **Article of Charge - II - Regulation 10(a) of CBLR, 2018:**

Observations on issue No. (i) i.e. "whether the charged Customs Broker has obtained authorization from their client M/s Shabbir and Sons Eco Exim Private Limited?"

The IO stated that the defence submission stated that they have obtained the mandatory statutory Authorization from the importer. The CB in their written submission dated 16.02.2026 submitted copy of the Authorisation dated 12.05.2022 along with KYC documents like IEC, PAN, GST Regn. Aadhaar Card etc of the importer. The CB submitted that the purpose of 'authorization' is to establish that 'customs broker' is contracted agent of importer or exporter for each transaction and, thereby, bringing Section 147 of the Customs Act, 1962 into play. The manner in which it is to be obtained is not set out in Regulation 10(a) of the CBLR, 2018. and, obviously, considering its purpose, is only required to be produced when asked for. It is not open to the licensing authority to insinuate more stipulations into this obligation than contemplated in the Regulation. I have perused copy of authorization letter dated 12.05.2022 from the importer M/s Shabbir and Sons Eco Exim Private Limited., which was produced by the charged customs broker during the inquiry proceedings. The IO found that authorization was duly signed by the authorised signatory of the importer and that there is no allegation to effect that there was no authorization or the authorization produced by the Charged CB was not genuine or that CB did not produce the Authorization. Thus, it is apparent that the CB has obtained an authorizations as laid down in Regulation 10(a) of CBLR, 2018. The IO found that as per the provisions of Regulation 10(a) of CBLR, 2018 there are following two obligations on the Customs Broker: (I) To obtain an authorisation from each of the companies, firms or individuals by whom he is for the time being employed as a Customs Broker and (II) to produce such authorisation whenever required by the Deputy Commissioner of Customs or Assistant Commissioner of Customs, as the case may be". The provisions of Regulation 10(a) of CBLR, 2018 are clear there two obligations of CB first is to obtain an authorization from their client and second is to produce such authorization to Customs Department i.e. Deputy Commissioner or Assistant Commissioner of Customs. The IO found that the CB has complied with the both the provisions of Regulation 10(a) of CBLR, 2018. The IO stated that when the necessary authorization and KYC documents have been obtained and when these documents are proper, merely because the said documents were not obtained directly from the importer, the appellant cannot be said to have violated provisions of Regulation 10(a). Further, the IO stated that it is not the case of the Department that the signatures on the authorization letter were forged or that the persons authorizing the Appellant denied having given the authority letters. Also, there is no allegation in article of charge that the signature on authorization letter are forged or M/s Shabbir and Sons Eco Exim Private Limited. has denied having given the said authority letter. The IO submitted that in the absence of any finding regarding genuineness of the documents produced by the Customs Broker, proceedings under 10(a) cannot be taken against the Customs Broker. The IO placed reliance on the following caselaws to support of his findings:

(i) Seaswan Shipping and Logistics Vs. Commissioner of Cus., Chennai-II, reported in 2022 (380) E.L.T. 358 (Tri. - Chennai).

(ii) Perfect cargo & Logistics Vs. Commissioner of Customs (Airport & General), New Delhi, reported in 2021 (376) E.L.T. 649 (Tri. - Del).

(iii) Trans Asia Shipping Services Vs. Commissioner of Customs, Bangalore, reported in 2024 18 Centax 230 (Tri. Bang).

Observations on issue No. (ii) i.e. "Whether the Charged Customs Broker has produced authorization, when demanded by the Department?" The IO found that authorization has been signed by the importer and that there is no allegation to effect that there was no authorization or the authorization produced by the Charged CB was not genuine or that CB did not produce the Authorization. The IO further found that in article of charge it has not been alleged that CB such authorization was demanded by the Department and charged CB failed to produced the same. The IO stated that the charged CB has produced Authorization duly signed by M/s Shabbir and Sons Eco Exim Private Limited during the inquiry proceedings. Hence charges levelled against the charged CB are unsustainable.

The IO concluded that there is nothing on record that the Customs Broker has failed in obtaining Authorization from M/s Shabbir and Sons Eco Exim Private Limited, or the CB has failed to produce such authorization to Customs Department. Accordingly, the IO held that article of Charge alleging violation of Regulation 10(a) of the CBLR, 2018 was "Not Proved".

8.3 **Article of Charge - III - Regulation 10(b) of CBLR, 2018:**

The IO submitted that on perusal of the records it is seen that Sh Syed Aslam Ali, power of attorney holder of M/s Shabbir and Sons Eco Exim Pvt Ltd, has given a statement dated 16.06.2025 to DRI u/s 108 of Customs Act, 1962 wherein he has stated that they started working with Sh Amrendra Kumar Amar alias Munna since 2023 and since then Munna was handling their Customs clearance work of M/s Shabbir and Sons Eco Exim Pvt Ltd, and also that Munna advised them to import used tyre scrap under the SIL license for import of rubber granules. Further Sh Amrendra Kumar Amar alias Munna in his statement recorded on 28.08.2025 and 29.08.2025 to DRI u/s 108 of Customs Act, 1962 has inter alia stated that he used CHA License of M/s. Hirannya Shipping And Logistics Services for import of 'multiple cut fine rubber crumb granules' and 'waste pairing of scrap granules' and that as per business terms, the billing of goods cleared on the licenses of M/s Hiranyya Shipping and logistic services was done through M/s Harsh Clearing and forwarding Pvt. Ltd. He further stated that the firm carried out customs clearance activities using the CHA License of M/s. Hirannya Shipping And Logistics Services however when the CHA License of M/s. Hirannya Shipping And Logistics Services was suspended towards the end of 2023 they temporarily shifted using the license of other CHA's. Also during the course of PH on 16.02.2026 the CB submitted an SCN No 1610/2025.26/Pr. Commissioner/Gr 2H/NS-I/CAC/JNCH dated 15.12.2025 issued to them by the Hon'ble Principal Commissioner of Customs, NS-I, JNCH from File No CUS/APR/SCN/1865/2025-Gr 2(H-K) read with Adj. F. No. S/IO- 1412/2025.26/Adj./Pr Commr/Gr 2H/NS-I/CAC/JNCH under section 124 of the Customs Act, 1962. On perusal of para 9.12 of the said SCN dated 15.12.2025 it is seen that DRI had recorded a statement dated 03.12.2025 of Sh Anil

Sitaram Shrungare (Proprietor of M/s. Hirannya Shipping And Logistics Services) u/s 108 of Customs Act, 1962 wherein he had inter alia stated that they took up customs clearance of used rubber tyre scrap that he had the customs broker license and Sh Amrender Kumar Amar was in connection with some importers hence both started working in co-ordination; that he did not know Shri Syed Aslam Ali personally but he was aware that Shri Syed Aslam Ali was the de facto owner of M/s Shabbir and sons Eco Exim Pvt Ltd: that he knew that 02 types of licenses are issued by DGFT for the import of goods related to tyre scrap, one is for import of rubber crumb/granules popularly known as 10 mesh licenses and the other is for import of used rubber tyre scrap multi cut/baled form; that he knew that used tyre scrap of CTH 4004 is a restricted item and can only be imported under the licenses issued by DGFT. The IO found that thus it is clear that there was a nexus between M/s. Shabbir and Sons Eco Exim Pvt. Ltd, Sh. Amrendra Kumar Amar alias Munna and M/s M/s. Hirannya Shipping and Logistics Services for clearance of used Rubber tyre scrap in guise of rubber crumb/granules popularly known as 10 mesh license for which they did not possess DGFT License and that M/s. Hirannya Shipping And Logistics Services allowed the use of their License by Sh Amrendra Kumar Amar. Also, it is amply clear that the CB was not transacting business in the Customs either personally or through an authorised employee as Sh Amrendra Kumar Amar alias Munna was not an employee of the CB. In fact, it is CB's own admission that he did not even knew the importer M/s. Shabbir and Sons Eco Exim Pvt. Ltd and the importer has also admitted that he was doing the Customs Clearance work through Sh Amrendra Kumar Amar alias Munna. I have taken cognizance of the various submissions made by M/s. Shabbir and Sons Eco Exim Pvt. Ltd, Sh Amrendra Kumar Amar alias Munna and Sh Anil Sitaram Shrungare (Proprietor of M/s. Hirannya Shipping And Logistics Services) Accordingly, the IO held that article of Charge alleging violation of Regulation 10(b) of the CBLR, 2018 was "Proved".

8.4 **Article of Charge - IV - Regulation 10(d) of CBLR, 2018:**

The IO submitted that on perusal of the records it is seen that Sh Syed Aslam Ali, power of attorney holder of M/s Shabbir and Sons Eco Exim Pvt Ltd, has given a statement dated 16.06.2025 to DRI u/s 108 of Customs Act, 1962 wherein he has stated that they started working with Sh Amrendra Kumar Amar alias Munna since 2023 and since then Munna was handling their Customs clearance work of M/s Shabbir and Sons Eco Exim Pvt Ltd, and also that Munna advised them to import used tyre scrap under the SIL license for import of rubber granules. Further, Sh Amrendra Kumar Amar alias Munna in his statement recorded on 28.08.2025 and 29.08.2025 to DRI u/s 108 of Customs Act, 1962 has inter alia stated that he used CHA License of M/s. Hirannya Shipping And Logistics Services for import of 'multiple cut fine rubber crumb granules' and 'waste pairing of scrap granules' and that as per business terms, the billing of goods cleared on the licenses of M/s Hiranyya Shipping and logistic services is done through M/s Harsh Clearing and forwarding Pvt. Ltd. He further stated that the firm carried out customs clearance activities using the CHA License of M/s. Hirannya Shipping and Logistics Services however when the CHA License of M/s. Hirannya Shipping and Logistics Services was suspended towards the end of 2023 they temporarily shifted using the license of other CHA's. On perusal of para 9.12 of the said SCN dated 15.12.2025 issued under the Customs Act, it is seen that DRI had recorded a statement dated 03.12.2025 of Sh Anil Sitaram Shrungare (Proprietor of M/s. Hirannya Shipping and Logistics Services) u/s 108 of Customs Act, 1962 wherein he had inter alia stated that they took up customs clearance of used rubber tyre scrap; that he had the customs broker license and Sh Amrender Kumar Amar was in connection with some importers hence both started working in co-ordination; that he did not know Shri Syed Aslam Ali personally but he was aware that Shri Syed Aslam Ali was the de facto owner of M/s Shabbir and sons Eco Exim Pvt Ltd; that he knew that 02 types of licenses are issued by DGFT for the import of goods related to tyre scrap, one is for import of rubber crumb/granules popularly known as 10 mesh licenses and the other is for import of used rubber tyre scrap multi cut/baled form; that he knew that used tyre scrap of CTH 4004 is a restricted item and can only be imported under the licenses issued by DGFT. From the above it can be concluded that M/s. Hirannya Shipping and Logistics Services allowed their CB License to be used by an un authorised person for illegal import of tyre scrap for which the importer did not possess a valid license from DGFT. Hence the CB failed to advise the importer to comply with the provisions of the Customs Act, allied Acts, and the rules and regulations thereof, and they did not report the non-compliance to the Customs authorities.

The IO further submitted that it has also been alleged in the SCN that the Customs Broker has been found complicit in the over-debiting of the SIL issued by the Directorate General of Foreign Trade (DGFT) to the tune of 252.60 MTS. On perusal of para 5 and 6 of SCN dated 18.12.2025 it is seen that an allegation has been made against the CB of over debiting of the SIL License to the tune of 252 MTS with an assessable value of Rs. 17,88,685/-. It is also seen from the said SCN dated 18.12.2025 that the over debiting has been done for License no. 111003588 for 31.755 MTS (Covered under 19 BE's as mentioned in the Table in para 6) and License No. 111006699 for 220.87 MTS (Covered under 05 BE's as mentioned in the Table in para 6) thus totaling the total over debiting to 252.60 MTS (31.755+220.87). This SCN has been issued on the basis of offence report dated 04.07.2025 and 29.09.2025 issued by ADG/DRI, AZU. The CB vide their written submission dated 16.02.2026 has submitted a copy of SCN dated 15.12.2025 (As Exhibit B) issued by Pr. Commissioner of Customs, NS-I, JNCH in the same matter. On perusal of para 10.2 of the said SCN it is seen that the debit sheets endorsed by Customs and found during the investigations have been taken into consideration. In para 10.2.1 of the said SCN it is seen that vis a vis License no. 111003588 dated 12.04.2022 an over debiting of 31.60 MTS was done. In para 10.2.3 of the said SCN it is seen that vis a vis License no. 111006699 dated 28.12.2022 an over debiting of 1108 MTS was done. It is pertinent to mention here that in the SCN dated 18.12.2025 issued by Commissioner of Customs, CBS the concerned CB has been charged for over debiting of SIL Licenses issued to Shabbir and sons for the License number ie License no. 111003588 and License no. 111006699. Further in the SCN dated 15.12.2025 issued by Commissioner, NS-I, JNCH 02 points need to be noticed.

The IO found that -

A) In para 11.1 of the SCN dated 15.12.2025 it is mentioned that 'for the License No. 111003588 dated 12.04.2022. The license debit sheet found during the examination clearly indicates that 1 Bill of Entry (BE No. 8746549 dated 19.05.2022) filed by M/s Star India Logistics was cleared after the permitted limit of the License had expired. The debited quantity in this BE was of 41.60MTS. After considering the available quantity in the License, it is inferred that 31.60 MTS of goods having value of Rs. 3,58,766/- was illegally imported'.

B) In para 11.2 of the SCN dated 15.12.2025 it is mentioned that 'for the License No. 111006699 dated 28.12.2022......... The license debit sheet found during the examination clearly indicates that 9 Bills of Entry filed by M/s Das Cargo Logistics were cleared after the permitted limit had expired of the License. The total over debiting is of 1108.45MTS having assessable value of Rs. 81,23,188/-*'

The IO submitted that from the above it is amply clear that over debiting in License no. 111003588 and License no. 111006699 was done by M/s Star India Logistics and by M/s Das Cargo Logistics respectively and not by the charged CB M/s Hirannya Shipping. Hence the charge of over debiting of SIL does not hold against the charged CB M/s Hirannya Shipping. Hence the CB has been found complicit in the illegal importation of used tyre scrap in guise of rubber crumb/granules but was not complicit in over debiting of the License issued by DGFT. In view of the above submissions of the CB as well as allegations made in the SCN dated 18.12.2025 the IO found that there was a part violation of Regulation 10(d) of the CBLR, 2018. Accordingly, the IO held that article of Charge alleging violation of Regulation 10(d) of the CBLR, 2018 was "Partly Proved".

8.5 **Article of Charge - V - Regulation 10(e) of CBLR, 2018:**

The IO submitted that on perusal of the records it is seen that Sh Syed Aslam Ali, power of attorney holder of M/s Shabbir and Sons Eco Exim Pvt Ltd, has given a statement dated 16.06.2025 to DRI u/s 108 of Customs Act, 1962 wherein he has stated that they started working with Sh Amrendra Kumar Amar alias Munna since 2023 and since then Munna was handling their Customs clearance work of M/s Shabbir and Sons Eco Exim Pvt Ltd, and also that Munna advised them to import used tyre scrap under the SIL license for import of rubber granules. Further, Sh Amrendra Kumar Amar alias Munna in his statement recorded on 28.08.2025 and 29.08.2025 to DRI u/s 108 of Customs Act, 1962 has inter alia stated that he used CHA License of M/s. Hirannya Shipping And Logistics Services for import of 'multiple cut fine rubber crumb granules' and 'waste pairing of scrap granules' and that as per business terms, the billing of goods cleared on the licenses of M/s Hiranyya Shipping and logistic services is done through M/s Harsh Clearing and forwarding Pvt. Ltd. He further stated that the firm carried out customs clearance activities using the CHA License of M/s. Hirannya Shipping and Logistics Services however when the CHA License of M/s. Hirannya Shipping and Logistics Services was suspended towards the end of 2023 they temporarily shifted using the license of other CHA's. On perusal of para 9.12 of the said SCN dated 15.12.2025 issued under the Customs Act, it is seen that DRI had recorded a statement dated 03.12.2025 of Sh Anil Sitaram Shrungare (Proprietor of M/s. Hirannya Shipping And Logistics Services) u/s 108 of Customs Act, 1962 wherein he had inter alia stated that they took up customs clearance of used rubber tyre scrap; that he had the customs broker license and Sh Amrender Kumar Amar was in connection with some importers hence both started working in co-ordination; that he does not know Shri Syed Aslam Ali personally but he was aware that Shri Syed Aslam Ali was the de facto owner of M/s Shabbir and sons Eco Exim Pvt Ltd; that he knew that 02 types of licenses are issued by DGFT for the import of goods related to tyre scrap, one is for import of rubber crumb/granules popularly known as 10 mesh licenses and the other is for import of used rubber tyre scrap multi cut/baled form; that he knew that used tyre scrap of CTH 4004 is a restricted item and can only be imported under the licenses issued by DGFT. The IO stated that it can thus be concluded that M/s. Hirannya Shipping and Logistics Services allowed their CB License to be used by an unauthorized person for illegal import of tyre scrap for which the importer did not possess a valid license from DGFT. Hence the Customs Broker failed to exercise due diligence.

The IO further stated that the CB has not been found to be complicit in over-debiting the SIL for reasons elaborated in para 9.4 above. The IO concluded that the CB has been found complicit in the illegal importation of used tyre scrap in guise of rubber crumb/granules and but was not complicit in over debiting of the License issued by DGFT. In view of the above submissions of the CB as well as allegations made in the SCN dated 18.12.2025 he found that there was a part violation of Regulation 10(e) of the CBLR, 2018.

Accordingly, the IO held that article of Charge alleging violation of Regulation 10(e) of the CBLR, 2018 was "Partly Proved".

9. Summary of The Findings:

From the aforesaid discussions as mentioned above, the IO concluded his findings as under:

Sr. No.	Charges against the CB	Findings
1.	Violation of Regulation 1(4) of CBLR, 2018	Proved
2.	Violation of Regulation 10(a) of CBLR, 2018	Not Proved
3.	Violation of Regulation 10(b) of CBLR, 2018	Proved
4.	Violation of Regulation 10(d) of CBLR, 2018	Partly Proved
5.	Violation of Regulation 10(e) of CBLR, 2018	Partly Proved

10. The IO further submitted that the CB in their written submission stated that since the allegations are based mainly on the oral statements of the importer Shri Syed Aslam Ali and Shri Amrendra Kumar Amar, they (CB) requested that these two persons may please be examined during the Inquiry and they may be allowed to cross-examine in terms of Regulation 17(4), ibid. The IO submitted that relying on the below-mentioned judicial pronouncements the request for cross examination was denied:

(i) In the case of Union of India Vs. Rajendra Bajaj [2010(253) E.L.T.165 (Bom.)), Hon'ble Bombay High Court, stated in Para 6, which is reproduced herein below -

> *"the Supreme Court held in K.L. Tripathi v. State Bank of India (1984) 1 SCC 43 that where there is no dispute as to the facts, or the weight to be attached on disputed facts but only an explanation of the acts, absence of opportunity to cross-examination does not create any prejudice in such cases and does not vitiate the decision."*

(ii) In the case of Suman Silk Mills Pvt. Ltd. Vs. Commissioner of Customs & C.Ex., Baroda [2002 (142) E.L.T. 640 (Tri. -Mumbai)], Tribunal observed at Para 17 that-

> *"Natural Justice - Cross-examination - Confessional statements - No infraction of principles of natural justice where witnesses not cross-examined when statements admitting evasion were confessional."*

(iii) In the case of Liyakat Shah Vs. Commissioner of C.Ex., Indore-II(Bhopal) [2000(120) E.L.T.556(Tribunal)]. Relevant portion of the above judgment contained in Para 12, is reproduced herein below-

> *"Natural justice - Cross-examination is not a mandatory procedure to be allowed in all cases - When the adjudicating authority took the view that cross-examination of*

seizing officer, where goods seized from godown of assesse when no allegation that officers had not followed proper procedure for effecting seizure, was sought only by way of delaying tactics to avoid justice, his order refusing to allow cross-examination not violative of the principles of natural justice...".

(iv) In the case of Commissioner of Customs, Hyderabad V. Tallaja Impex reported in 2012(279) ELT 433 (Tri.), it was held that-

"In a quasi-judicial proceeding, strict rules of evidence need not to be followed. Cross examination cannot be claimed as a matter of right."

(v) In the case of Patel Engg. Ltd. vs UOI reported in 2014 (307) ELT 862 (Bom.)

Hon'ble Bombay High Court held that –

"Adjudication - Cross-examination -Denial of, held does not amount to violation of principles of natural justice in every case, instead it depends on the particular facts and circumstances -Thus, right of cross-examination cannot be asserted in all inquiries and which rule or principle of natural justice must be followed depends upon several factors - Further, even if cross-examination is denied, by such denial alone, it cannot be concluded that principles of natural justice had been violated."

RECORDS OF PERSONAL HEARING: -

11. The Personal Hearing (PH) in the matter was scheduled on 03.07.2026. However, the CB failed to appear and later submitted a letter dated 29.07.2026 seeking another PH opportunity. Acceding to the CB's request, the PH was held on 06.08.2026. Shri Hans Raj Garg, Consultant appeared for the hearing on behalf of the CB M/s. Hirannya Shipping and Logistics Services (CB No. 11/2002). He made a written submission dated 06.08.2026 reiterating the facts of the same and further prayed for leniency. The oral and written submissions of the CB were taken on record.

WRITTEN SUBMISSIONS OF THE CB: -

12. The CB submitted that they are replying to the said individual violations alleged in the SCN on the following grounds which are taken without prejudice to one another.

12.1 The CB submitted that the SCN made bald allegations, without any cogent evidence against them, about (i) misusing SIL licenses issued specifically for the import of 10 Mesh rubber crumbs, which were instead used to import restricted used tyre scrap in various forms such as pressed, baled, shredded & multi-cut scrap and (ii) over-debiting total quantity of 252.6 MTs having assessable value of Rs. 17,88,685/- from the Import Licenses by manipulating manual debit sheets, with their active involvement as CB.

12.2 The CB submitted that the above allegation is factually incorrect and contrary to the allegation by another wing of the department wherein no such allegation has been made against them. On this factual ground alone, the SCN dated 18.12.2025 merits to be dropped. The CB submitted that the SCN does not even mention details of the related Bills of Entry filed by them wherein the above alleged violations have been noticed and has raised the said serious allegations based on mere assumptions & presumptions. The CB stated that the SCN issued based on the factually incorrect premise is vague ambiguous & general and the allegations are based on assumptions & presumptions and hence are arbitrary & unreasonable and violative of the Principles of Natural Justice. The CB submitted that they are therefore prevented from effectively meeting and rebutting the charges raised in the SCN. The CB submitted that in light of the aforesaid, it is clear that the SCN does not lay down a clear legal basis for the proposals made therein, is ambiguous and is based on rebuttable assumptions and presumptions.

12.3 The CB submitted that it is well settled in a catena of decisions including the decisions of Hon'ble Supreme Court in the case of Commissioner of C. Ex., Bangalore vs. Brindavan Beverages (P) Ltd. (2007 (213) E.LT. 487 (S.C.)] that if the allegations in the show cause notice are not specific and are on the contrary vague, lack details and/or are unintelligible, that is sufficient to hold that the Noticee was not given proper opportunity to meet the allegations indicated in the show cause notice. The CB submitted that SCN issued raising serious charges against them based on the said assumptions & presumptions merely using the omnibus language of the statutory provisions is not sustainable and merits to be dropped.

12.4 The CB submitted that it is settled law that mere suspicion howsoever strong or great cannot take the place of proof a dictum which can always bear repetition. In the case of Gian Mahtani reported as 1971 (7) TMI 55 - SUPREME COURT, Hon'ble Supreme

Court has held that ......*according to the system of jurisprudence which we follow, conviction cannot be based on suspicion nor on the conscience of the Court being morally satisfied about the complicity of an accused person. He can be convicted and sentenced only if the prosecution proves its case beyond all reasonable doubt.'*

12.5 The CB submitted that the SCN tacitly requires them to prove the negative that they have not done the acts mentioned and alleged in the SCN without leading any evidence in this regard. The CB submitted that there is a legal embargo on this. The CB submitted that they cannot prove the negative in the absence of any specific allegations supported with cogent evidence regarding the alleged acts of omissions & commission by them. The CB submitted that it is for the department to lead the evidence relating to their role in relation to the alleged mis-declarations which the department had miserably failed to discharge as their burden of proof. In this regard, the CB submitted that they relied upon the following case laws:

a) M/s Ruchi Soya Industries Ltd reported as 2016 (2) TMI 1142 - CALCUTTA HIGH COURT.
b) M/s R K Industries reported as 2018 (8) GSTL 110 (MAD).
c) M/s PSL TEX-Styles Pvt Ltd reported as 2019 (8) TMI 426 - BOMBAY HIGH COURT.

13. **Submissions on alleged violation of Regulation 1(4) of the CBLR, 2018:**

13.1 The CB stated that the SCN does not marshal any evidence that they had sold or otherwise transferred their CB Licence to Shri Amrendra Kumar Amar. There is no evidence of any exchange of consideration monetary or otherwise. However, whatever is mentioned in the SCN reveals that he has only stated in his statement that for the customs clearance work of M/s. Shabbir and Sons Eco Exim Private Limited, he had used their CB licence. The CB submitted that it is a common knowledge that a CB receives customs clearance jobs from various sources such as freight brokers or forwarders, shipping agents, associates etc. which does not mean that the CB Licence has been sub-let or sold or transferred.

13.2 The CB submitted that in this regard, the Hon'ble CESTAT Mumbai, in the case of K.S. Sawant & Co. reported as 2013 (12) TMI 119 CESTAT, MUMBAI held that accepting the documents through logistics operator is not barred by the 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 CHLR, 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.L.T. 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 Regulation 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."*

13.3 The CB stated that Shri Amrendra Kumar Amar is their associate and the job of customs clearance of the goods imported by M/s. Shabbir and Sons Eco Exim Private Limited was received through him. It does not mean that the CB license was sold or otherwise transferred to him.

13.4 The CB stated that the finding of the Inquiry Officer in this regard that "From the above it is clear that there was a nexus between M/s. Shabbir and Sons Eco Exim Pvt. Ltd, Sh Amrendra Kumar Amar alias Munna and M/s Hind Ship Airways for clearance of used Rubber tyre scrap in guise of rubber crumb/granules popularly known as 10 mesh license for which they did not possess DGFT License…… " is beyond the scope of the SCN inasmuch as there is no charge either in the SCN dated 18.12.2025 issued by department or in the SCN dated 15.12.2025 issued by the Commissioner of Customs, NS-1, JNCH Nhava Sheva against them that used Rubber tyre scrap in guise of rubber crumb/granules was cleared on DGFT Licences allowing import of the latter (10 mesh licenses) using their CB Licence. The CB submitted that this finding is clearly false and is otherwise also not germane to this charge.

13.5 In view of the above, the CB submitted that there is no violation of the Regulation 1(4) of the CBLR, 2018 by them.

14. **Submissions on alleged violation of Regulation 10(b) of the CBLR, 2018:**

14.1 The CB submitted that this regulation mandates that the CB has to transact business personally or through his authorized representative. In the present case, the transactions of business in relation to customs station is the idea behind Regulation 10(b). Transaction of business in customs station in case of imports is filing of Bill of Entry along with the invoice, packing list, checklist and all other requisite documents. The CB submitted that in today's era of virtual transactions/online processing, physical presence in custom house for transacting the business is not required, our presence in processing the import documents at the customs station (Nhava Sheva) is not disputed. Thus, the CB stated that the allegation of violation of the provisions of Regulation 10(b) against them is not substantiated.

14.2 The CB submitted that the finding of the Inquiry Officer that "From the above it is clear that there was a nexus between M/s. Shabbir and Sons Eco Exim Pvt. Ltd, Sh Amrendra Kumar Amar alias Munna and M/s Hind Ship Airways for clearance of used Rubber tyre scrap in guise of rubber crumb/granules popularly known as 10 mesh license for which they did not possess DGFT License….” Is a repetition of his findings in relation to charge under Regulation 1(4) of the CBLR, 2018 and is beyond the scope of the SCN inasmuch as there is no charge either in the SCN dated 18.12.2025 issued by the department or in the SCN dated 15.12.2025 issued by the Commissioner of Customs, NS 1, JNCH Nhava Sheva against them that used Rubber tyre scrap in guise of rubber crumb/granules was cleared on DGFT Licences allowing import of the latter [10 mesh licenses] using their CB Licence. The CB submitted that this finding is clearly false and is otherwise also not germane to this charge.

14.3 The CB submitted that in view of the above, there is no violation of the Regulation 10(b) of the CBLR, 2018 by them.

15. **Submissions on alleged violation of Regulations 10(d) of the CBLR, 2018:**

15.1 The CB submitted that they have always advised their clients, including M/s Shabbir and Sons Eco Exim Private Limited to comply with the provisions of the Customs Act, 1962; other allied Acts and the rules and regulations thereof. The CB submitted that the SCN fails to bring out as to what should have been advised by them to the client but was not advised under Regulation 10(d). The CB submitted that the department had merely resorted to Regulation 10(d) without pointing out as to the lapse on their part. The CB submitted that in this regard, they relied upon the ratio of CESTAT Order in the case of M/s Delta Infralogistics (Worldwide) Pvt Ltd Vs C.C. Bangalore, reported in 2019(11) TMI 621 - CESTAT BANGALORE. Hon'ble CESTAT on the issue of Regulation 10(d) held as under:

> *"Further the impugned order says that the appellant has not advised the importer without specifying as to what advice was required to be given by the appellant and the same was not given by the appellant to the importer"*

15.2 The CB further submitted that the quantity of excess debit of quantity to import licence is not proved against them. The CB submitted that it is certainly beyond the stretch of credulity that advice to a client includes explaining all the provisions of the Customs Act, 1962 with the presumption of not having done so because a breach of the Customs Act, 1962 has occurred. Moreover, it does not escape attention that advice does not extend beyond the Customs Act, 1962. It should not be lost sight of that the first part of the obligation is to be discharged to the client and the second to the licencing authority; impliedly, advice should have been sought and responded to which, if the client appeared to be disinclined to comply, triggered obligation to the customs administrator. It would appear that such charge would arise when a client alleges that the 'custom broker' failed to advise properly and reporting of non-compliance then becomes a ground of defence against the charge.

15.3 The CB submitted that the finding of the Inquiry Officer that "Hence the importer has been found complicit in the illegal importation of used tyre scrap in guise of rubber crumb/granules "is a repetition of his findings in relation to charge under Regulation 1(4) of the CBLR, 2018 and is beyond the scope of the SCN inasmuch as there is no charge either in the SCN dated 18.12.2025 issued by the department or in the SCN dated 15.12.2025 issued by the Commissioner of Customs, NS 1, JNCH Nhava Sheva against them that used Rubber tyre scrap in guise of rubber crumb/granules was cleared on DGFT Licences allowing import of the latter [10 mesh licenses] using their CB Licence. The CB submitted that this finding is clearly false and is otherwise also not germane to this charge.

15.4 The CB submitted that in view of the above submissions, particularly the factually incorrect and false charge of excess debit to import license, there was no violation of Regulation 10(d) of the CBLR, 2018 and it needs to be held that the charge is not proved even partly.

16. **Submissions on alleged violation of Regulations 10(e) of the CBLR, 2018:**

16.1 The CB submitted that there is no allegation anywhere in the SCN that they had not exercised due diligence as Customs Broker to ascertain the correctness of any information which they had imparted to the client M/s Shabbir and Sons Eco Exim Private Limited with reference to any work related to clearance of the imported consignments. No such information given by them which has been found to be incorrect has been cited in the SCN.

16.2 The CB submitted that for holding violation of this Regulation what is important to be brought on record is that there was certain information imparted by them as the customs broker to the importer and that the said information was incorrect. The CB submitted that they had never imparted any incorrect information to the importer nor it is apparent from the two statements of Shri Syed Aslam Ali and Shri Amrendra Kumar Amar that certain information was imparted to the importer which was later found to be false. The CB submitted once that there is nothing on record to show not even in the show cause notice as to what false information was imparted by them to the exporter, the allegation regarding violation of Regulation 10(e) has no meaning. The CB submitted that the SCN does not bring out any evidence that there was any such information given by them as the CB to the importer which was later found to be false. The CB stated that these submissions are sufficient to hold that violation of Regulation 10(e) of CBLR, 2018 is not apparent against them. The CB submitted that there is no basis for alleged violation of Regulation 10(e) of the CBLR, 2018.

16.3 The CB submitted that in this regard, they placed reliance upon the ratio of Hon'ble Delhi High Court Order in the case of M/s Kunal Travels (Cargo) Vs Commissioner of Customs (Import & General) New Customs House, IGI Airport, New Delhi reported in 2017 (3) TMI 1494 - DELHI HIGH COURT wherein it was held that:

> *"Regulation 13(e) of the CHALR 2004 requires the CHA to: "exercise due diligence to ascertain the correctness of any information which he imparts to a client with reference to any work related to clearance of cargo or baggage. The CHA's due diligence is for information that he may give to its client and not necessarily to do a background check of either the client or of the consignment. Documents prepared or filed by a CHA are on the basis of instructions/documents received from its client/importer/exporter. Furnishing of wrong or incorrect information cannot be attributed to the CHA if it was innocently filed in the belief and faith that its client has furnished correct information and veritable documents. The mis-declaration*

would be attributable to the client if wrong information were deliberately supplied to the CHA. Hence there could be no guilt, wrong, fault or penalty on the appellant apropos the contents of the shipping bills."

16.4 The CB submitted that taking note of the said decision of the Delhi High Court, this Tribunal in Perfect Cargo & Logistics Vs. C.C. (Airport & General), New Delhi - 2021 (276) ELT 649 (T-Del.) analysed the role which is required to be played by the CHA in discharge of his obligations under the Regulations as under:

"27. It is clear from the aforesaid decision of the Delhi High Court that there is no obligation on the Customs House Agent to look into the information made available by the importer/exporter. The Customs House Agent is merely a processing agent of documents with respect to clearance of goods through Customs House and he is not an inspector to weigh the genuineness of the transaction."

16.5 The CB submitted that the discussion on the provisions of Regulation 11(e), the Tribunal in M/s. Trinity International Forwarders Vs. Commissioner of Customs (Preventive) reported as 2023 (8) TMI 133-CESTAT NEW DELHI held as under:

"15. This Regulation requires the Customs Broker to not impart any incorrect information to the exporter. After perusing the records and the appeal we find no allegation that the appellant, as the Customs Broker, has imparted incorrect information. The case of the Revenue is that the exporter had over-valued export goods and the appellant did not report it. Therefore, evidently, the appellant did not violate Regulation 11(e)."

16.6 The CB submitted that in the recent case of M/s Falcon Air Cargo & Travels Pvt. Ltd. Versus Commissioner of Customs. (Airport & General), New Delhi reported as 2026 (4) TMI 445 - CESTAT NEW DELHI in relation to the violation of Regulation 10(e), it was held as under:

"*17. The case of the appellant is that the SCN does not say what incorrect information was provided to the exporter by the appellant. We find that neither the SCN nor the impugned order states as to what incorrect or inaccurate information was provided by the appellant to the exporter.* ***Therefore, the finding in the impugned order that the appellant violated Regulation 10(e) is completely baseless and needs to be set aside.***"

The CB submitted that the aforesaid observation squarely apply to the facts of the present case and therefore, they cannot be held guilty for violating Regulation 10(e).

16.7 The CB submitted that the obligation to ascertain the correct procedure and position is also obviously in relation to a client who would have to allege having been misled by 'customs broker' for this charge under Clause (e) to hold. There is no such allegation on record by the client. The CB stated and re-iterated that the charge of excess debit of quantity to import licenses in the case of the goods cleared under their CB License is not proved. The CB submitted that the aforesaid observations squarely apply to the facts of the present case and therefore, they cannot be held guilty for violating Regulation 10(e).

16.8 The CB submitted that the finding of the Inquiry Officer that "Hence the importer has been found complicit in the illegal importation of used tyre scrap in guise of rubber crumb/granules " is a repetition of his findings in relation to charge under Regulation 1(4) of the CBLR, 2018 and is beyond the scope of the SCN inasmuch as there is no charge either in the SCN dated 18.12.2025 issued by department or in the SCN dated 15.12.2025 issued by the Commissioner of Customs, NS-1, JNCH Nhava Sheva against them that used Rubber tyre scrap in guise of rubber crumb/granules was cleared on DGFT Licences allowing import of the latter [10 mesh licenses] using their CB Licence. This finding is clearly false and is otherwise also not germane to this charge.

16.9 The CB submitted that they relied upon the decision in the case of G.N.D. Cargo Movers Vs. Commissioner of Customs (General), New Delhi reported as 2017 (4) TMI 1160 - CESTAT NEW DELHI wherein the Hon'ble Tribunal held that:

> *"5. ……….. Merely because the importer has accepted their mistake or mis-declaration of the brand and quantity and have shown their willingness to pay differential duty, fine and penalty, it cannot be concluded that Customs Broker did not exercise due diligence to ascertain correctness of the information. If the said fact only is relevant for holding against the customs Broker, then in each and every case of misdeclaration by the importer, it can be concluded that Customs Broker did not suitably inform his client. There has to be some evidence on record to show that either the Customs Broker was aware of such misdeclaration and suppressed the same with a mala fide mind or he has taken efforts to get the goods cleared from the*

Customs on the basis of wrong declaration made by him or has connived with the importer so as to aid and abet the wrong declaration".

The CB submitted that ratio of the aforesaid various judgements is applicable in the instant case and they have not violated the provisions of Regulation 10(e) of the CBLR, 2018 and allegation levelled against them is without any basis. As they have not violated the provisions of Regulation 10(e) of the CBLR, 2018, the allegation of violation of Regulation 10(e) of the CBLR, 2018 levelled against them has no legs to stand.

16.10 The CB submitted that in view of the above, the said charges are contrary to the law & practice and factual evidence on record in this regard and there is no violation of the Regulation 10(e) of the CBLR, 2018 and it needs to be held that this charge is not even partly proved.

17. The CB submitted that that each of the above four charges are based on the same imputation of misconduct, viz., that the 'customs broker did not ever deal directly with the importer on record & all the activities were undertaken at the behest of another person namely Shri Amrendra Kumar Amar and that there was excess debit to Import Licence [which is otherwise not proved against them]. The CB submitted that this is not consistent with the mandate of the CBLR, 2018 which segregates obligations devolving on a 'customs broker' stakeholder-wise.

17.1 The CB submitted that Regulation 10(d) of the CBLR, 2018 pertains to advising client to comply with provisions of Customs Act, 1962. The CB submitted that Regulation 10(e) of the CBLR, 2018 pertains to due diligence in ascertaining correctness of information imparted to a client. The imputation of misconduct, however, does not appear to relate most of these and, considering that the Central Board of Indirect Taxes & Customs (CBIC) has set these out painstakingly, it was incumbent on the licencing authority to have inquired into and to decide upon, the various facts and circumstances from which breach of each of the obligations could be imputed.

17.2 The CB has contended that the licencing authority has presumed that the obligations under the CBLR, 2018 exist solely for the purpose of initiating proceedings for revocation of licence issued to 'customs broker' and, therefore, to be dealt with thus. The CB submitted that the obligations of a 'customs brokers' are manifold. The CB stated that the institution has been established under the authority of the Customs Act, 1962 to act as a bridge between customs houses, or more properly speaking, between 'proper officer' and importers/exporters in making their knowledge and experience available for facilitation of clearance of cargo. There are, therefore, obligations towards the 'proper officer' and, doubtlessly, towards clients. It is not to be presumed, as the licencing authority appears to have, that any misconduct on the part of importer or exporter is, by default, a breach of obligations because there is a litany of obligations in the CBLR, 2018 to all of which a single offence may not attach. The 'to do' and/or 'not to do', implicit in each obligation, should have been specified and the contrary act highlighted in the SCN issued under the CBLR, 2018. The CB stated that a diligence in the approach to proceedings that jeopardize the livelihood of a 'customs brokers' is warranted.

17.3 The CB submitted that moreover the language of clauses (d) and (e) of Regulation 10 of the CBLR, 2018 suggests that the import of these provisions is that these two Clauses govern the relation between the CB and its client inter se and not between the CB and the Customs department inasmuch as it was for the importer client to complain in terms of the said two Clauses about the deficiency, if any, in the service provided by the CB. The CB submitted that no such complaint against them has been brought on record. Therefore, the CB stated that invocation of these two Clauses appears to be a case of judicial over-reach. The CB stated that both the underlying imputations of this charge i.e. mis-declaration of description and excess debit having not been proved in the case of the goods cleared on their CB Licence, the very basis to prove these two charges, even partly, does not exist.

17.4 The CB submitted that the charges under Regulation 1(4) and Clause (b) of Regulation 10 are not sustainable inasmuch as Cross Examination has been denied during the Inquiry and therefore the statements, based on which these charges have been proved by the Inquiry Officer, cannot be relied upon to prove these charges. The CB stated that in terms of Regulation 17(4) of the CBLR, 2018, they had requested the Inquiry Officer for cross examination of the following two persons whose oral statements recorded by the DRI Ahmedabad under Section 108 of the Customs Act, 1962 have been relied upon for alleging violation of Regulation 1(4) and Clause (b) of Regulation 10 of the CBLR, 2018:

(a) Sh Syed Aslam Ali, power of attorney holder of M/s Shabbir and Sons Eco Exim Pvt Ltd, the importer [statement dated 16.06.2025] and

(b) Sh Amrendra Kumar Amar alias Munna [statements dated 28.08.2025 and 29.08.2025].

17.5 The CB submitted that the request for cross examination has been denied and therefore the above statements cannot be relied upon in support of the allegations. Sans the said statements, there is nothing to support the allegations regarding violation of Regulation 1(4) and Clause (b) of Regulation 10 of the CBLR, 2018. These two allegations are therefore required to be dropped. The CB placed reliance upon ratio of the Order of Hon'ble CESTAT Mumbai Bench in the case of M/s A B Paul & Company Versus Principal Commissioner of Customs (General), Mumbai reported as 2023 (6) TMI 322 - CESTAT MUMBAI wherein one of the issues was denial of cross examination and its aftermath. Appeal of the department appeal against this Order has been dismissed vide Order dated 04.02.2026 reported as 2026 (2) TMI 406 - BOMBAY HIGH COURT. Further, the Hon'ble CESTAT Chennai in the case of M/s Shalom Forwarders [Customs Broker] reported as 2026 (6) TMI 194 – CESTAT CHENNAI has held, inter-alia, in Para 20 that 'where statements and investigative findings form the foundational basis of adverse action and where such materials are disputed, denial of cross examination assumes substantial significance.' The CB submitted the Inquiry Officer has denied cross examination which has caused serious prejudice to them and has resulted in gross violation of Principles of Natural Justice.

17.6 The CB stated that the entire allegations against them has been made on the basis of oral statements recorded from Shri Syed Aslam Ali and Shri Amrendra Kumar Amar. Otherwise, there is no concrete evidence against them in the offence report. The CB submitted that no evidence had been brought on record by the Department against them to establish that they have violated the provisions of the Regulations 1(4), 10(b), 10(d) and

10(e) of the CBLR, 2018, It is well settled that mere allegation alone is not sufficient to establish their role as CB in the alleged offence. The CB submitted that the threshold insufficiency of verifiable facts in the allegations demands that the impugned SCN be not allowed to sustain. Accordingly, the CB submitted that the allegation of violation of the provisions of the Regulations 1(4), 10(b), 10(d) and 10(e) of the CBLR, 2018 against them remain unsubstantiated. The CB submitted that consequently, the SCN is not legally sustainable and merits to be dropped.

18. The CB stated that the department has not conducted any investigation regarding their role in the impugned imported goods and they have been convicted & are proposed to be hanged without trial. The CB submitted that the proceedings are based entirely on assumptions and presumptions. The CB submitted that the offence, if any, committed by the importer was extraneous to their functions as a Customs Broker. The CB submitted that they have not aided and abetted or connived with the importer in their alleged omissions & commissions relating to the import of the impugned goods without valid import authorisations. The CB stated that mere negligence or carelessness can't be termed as abetment in order to punish the liable, according to the arrangement of penal laws. So as to establish abetment, the abettor must have appeared to "deliberately" support the commission of the wrongdoing. In such a case, the CB stated that just alleging and even proving that the wrongdoing charged couldn't have been done without the association as well as intervention of the supposed abettor isn't sufficient with the prerequisites of Section 107 of the IPC [Section 45 of the BNS]. It basically means that the action of instigating, encouraging or promoting a person into committing an offence. It can also mean aiding the offender while he is committing a crime. The CB submitted that there is no iota of evidence against them having indulged in instigating, encouraging or promoting the importer into commission or committing the offences of import of the impugned goods without proper import authorisations as alleged in the impugned SCN.

18.1 The CB placed reliance upon the decision in the case of Dex Logistics P. Ltd. Vs. Commissioner of Customs, New Delhi reported in 2019 (1) TMI 1448 - CESTAT NEW DELHI wherein the Hon'ble Tribunal held that:

> *"8.……………………. **it is not established that appellant handled the work of clearance with any mala fide motive, or any motive to abnormal gain. We also find that there is no allegation of the appellant having made any abnormal profits in connivance with the said Mr. B.K. Goyal**.*
>
> *9. In this view of the matter we find that the charges levelled against the appellant CHA are not maintainable. Accordingly, we set aside the impugned order and allow the appeal. The Ld. Commissioner General is directed to restore the licence of the appellant CHA within the period of three weeks of the receipt of the copy of this order".*

The CB submitted that in this instant case, there is no allegation that they have made any abnormal profits in connivance with the importer. Thus, ratio of the aforesaid judgement is applicable. The CB stated that it is not the case of the department that they have shared the profit in the act of the import of the impugned goods by the importer. No evidence has been led in this regard. Thus, the charge of abetment is a bald charge and in the absence of cogent evidence does not sustain. In view of the above, the SCN wrongly concludes and alleges that it is evident that they knowingly misused the CB license and rented it out for monetary gain without any evidence.

18.2 The CB submitted that though the charges for alleged violations of the CBLR, 2018 have been raised against them, they were never questioned and examined by the CB Section under the Customs Act, 1962 in this regard. It has been held in the case of M/s Perfect Cargo and Logistics Vs Commissioner of Customs (Airport & General) reported as 2020 (12) TMI 649 - CESTAT NEW DELHI as under:

> *"40. It also needs to be noted that the statement of the Customs Broker in the present case was not recorded and only the statement of his G-Card holder was recorded by the Investigating Agency. It was necessary to record the statement of the Customs Broker as allegations have been made against the Customs Broker. This fact has also been noticed by the Tribunal in G. M. Enterprises Vs. Commissioner of Cus. (Export), Nhava Sheva [2010 (262) ELT 796 (Tri. Mumbai)].*

41. The inevitable conclusion, therefore, that follows is that the Commissioner was not justified in revoking the License of the appellant or forfeiting the security deposit or imposing penalty."

18.3 The CB submitted that they cannot be penalised in the absence of their complicity and knowledge of the offences on their part. In this regard, they relied upon the ratio of the following reported case laws:

(a) National Traders and Agencies - 2019 (6) TMI 371 - CESTAT BANGALORE:
(b) Poonia & Brothers - 2019 (4) TMI 911 - CESTAT NEW DELHI:
(c) Merchant & Sons - 2018 (5) TMI 1067-CESTAT MUMBAI:
(d) Millard Logistics Pvt Ltd - 2018 (1) TMI 960-CESTAT ALLAHABAD.

18.4 The CB stated that without prejudice to the above submissions, it is well settled by now that as per the established Doctrine of Proportionality, punishment/penalty should be commensurate with the offence alleged to have been committed. Assuming but without admitting that they had a role in import of the impugned goods, even then considering their role, punishment should be proportionate to the offence. The CB submitted that the impugned SCN proposing revocation of their CB Licence is therefore extremely harsh and excessive. The CB submitted that the said alleged lapses and violations on their part, in the facts & circumstances of the matter and evidence on record, do not call for such precipitative action. In this regard, the CB submitted that they relied upon the ratio of the following recent case laws:

a) *M/s. HSN Shipping Pvt Ltd Vs Commissioner of Customs, Chennai - 2021 (2) TMI 1149-CESTAT CHENNAI.*
b) *Setwin Shipping Agency Vs Commissioner of Customs (Chennai - VIII) - 2021 (1) TMI 818-CESTAT CHENNAI.*
c) *M/s Jetwing Freight Forwarders Vs C.C Bangalore Cus 2020 (6) TMI 316 -(c) CESTAT, BANGALORE.*
d) *M/s Mallick Clearing Agency Vs CC (Admn & Airport), Kolkata 2020 (1) TMI 489 - CESTAT KOLKATA.*
e) *M/s Tanmay Global Logistics Vs Commissioner of Customs (Airport & General) - 2019 (12) TMI 529 - CESTAT NEW DELHI.*

18.5 The CB further submitted that on the issue of proportionality of punishment they placed reliance upon the ratio of the following judgements:

i. *Hon'ble Andhra Pradesh High Court in the case of Commr of Cus & C. Ex Hyderabad Vs H. B. Cargo reported as 2011 (3) TMI 816 ANDHRA PRADESH HIGH COURT*
ii. *Judgement of Hon'ble Delhi High Court in the case of M/s Ashiana Cargo Services Vs Commissioner of Customs (I&G) - 2014 (3) TMI 562*
iii. *Order of CESTAT Mumbai in the case of M/s R R Shipping Agency reported as 2021 (12) TMI 857 - CESTAT MUMBAI*

18.6 The CB submitted that in view of the above the proposal for revocation of their CB Licence merely citing legal provisions without the support of any cogent evidence is not sustainable and should be held accordingly.

19. The CB submitted that the SCN has been issued on the ground that they had failed to fulfil their obligations as laid down, inter-alia, in Regulations 1(4), 10(b), 10(d) and 10(e) of the CBLR, 2018. Therefore, it appears that the SCN invokes Clause (b) of Regulation 14 of the CBLR, 2018 which states that the license of a Customs Broker may be revoked on the ground, inter-alia, for 'failure to comply with any of the provisions of the regulations. The CB submitted that they had demonstrated above that there was no failure on their part to comply with the provisions of the CBLR, 2018 and that they had not violated the Regulations 1(4), 10(a), 10(b), 10(d) and 10(e) of the CBLR, 2018 as alleged in the SCN in any manner. Therefore, the CB stated that the SCN is without jurisdiction. The CB submitted that according to the system of jurisprudence which we follow, conviction cannot be based on suspicion or on the conscience of the Authority being morally satisfied about the complicity of an accused person who can be convicted and sentenced only if the prosecution proves its case beyond all reasonable doubt.

19.1 The CB submitted that the Suspension was ordered based on the premise that they had cleared the Tyre Rubber Scrap by over-debiting the Licence(s) by a total quantity of 252.6 MTs having assessable value of Rs. 17,88,685/-. No proof or even computation was given to them. Now it is on record that there was no over-debiting in any of the clearances made by them. The CB stated that without prejudice to the above submissions on merits, even if it is presumed that we have violated the Regulations of the CBLR, 2018 as alleged, the suspension of our CB Licence for the period from 17.10.2025 to 16.03.2026 total for 151 days may please be considered as sufficient punishment.

19.2 The CB submitted that in all common law jurisdictions judgments play a vital role in setting up precedents for the future and therefore Principle of Judicial Discipline requires that the Orders of the higher appellate authorities unless stayed as quoted before them should have been followed unreservedly by the subordinate Authority. In this regard, the CB relied upon the ratio of the following case laws:

a) *Kamlakshi Finance Corporation 1991 (9) TMI 72-SUPREME COURT.*
b) *T.V. Sundram Iyengar & Sons Pvt Ltd - 2021 (5) TMI 159 - MADRAS HIGH COURT.*
c) *XL Health Corporation India Pvt Ltd-2018 (10) TMI 1565-Karnataka High Court*

19.3 The CB stated that the case laws cited by them has to be considered and may not be simply brushed aside by terming them as irrelevant. This will be contrary to the well laid out jurisprudence that the Authorities are under obligation to act judiciously. The CB referred to the recent Order of Hon'ble CESTAT in this regard in the case of M/s Vandana Global Ltd reported as 2023 (7) TMI 72 CESTAT MUMBAI. The CB submitted that the Adjudication proceedings are examination of the allegations levelled vis a vis the replies repelling the same and the inquiry purpose is to arrive at a proper conclusion on the allegations levelled. Since the primary aim is to meet out justice, the inquiry proceedings should be a search for the truth and must be conducted in a fair and transparent manner. The CB submitted that the proof of their role in the matter, as alleged, hence would depend upon a proper evaluation of the totality of the evidences brought on record, which is lacking in the instant case.

19.4 The CB stated that the allegations made against them in the SCN are mere bald allegations and are not based on any sound, cogent, tangible & reliable evidences. It is an accepted principle that "he who asserts must prove". The department has failed to discharge the burden cast upon it in a manner known to law. Such serious allegations having criminal overtones have been made on the basis of assumptions & presumptions without proper appreciation of the facts of the case, of the evidences available on record as well as of the legal provisions invoked in the SCN and hence have been made without due and proper application of mind. It may not be out of place to mention that the SCN exhibits casual, mechanical, biased & prejudiced approach and colourable exercise of power. The CB submitted that the proposal to revoke their CB Licence is exceptionable, too harsh and arbitrary considering their role.

19.5 The CB therefore, prayed that all the said charges against them in these proceedings may please be reported as 'Not Proved' inasmuch as the SCN has been issued on assumptions and presumptions based on inadequate, incomplete & inconclusive investigation without proper application of mind and appreciation of evidence raising wild, baseless, bald and unsubstantiated charges. The CB requested that the facts & the circumstances of the matter may please be appreciated and justice may be rendered.

DISCUSSIONS AND FINDINGS: -

20. I have gone through the facts and records of the case; the offence report DRI/AZU/CI-1/ENQ-62(INT-25)/2025 dated 04.07.2025 and 29.09.2025 issued by the Additional Director, DRI, AZU; Show Cause Notice No. 1610/2025-26/Pr. Commissioner of Customs/GR.2H/NS-I/CAC/JNCH dated 15.12.2025 issued by the Principal Commissioner of Customs, NS-I, JNCH; Suspension Order No. 08/2025-26 dated 16.10.2025 and Suspension Continuation Order No. 13/2025-26 dated 12.11.2025 issued under Regulation 16 of CBLR, 2018; Show Cause Notice No. 36/2025-26 dated 18.12.2025 issued under Regulation 17(1) of CBLR, 2018; Letter dated 02.04.2026 vide F.No. DRI/AZU/CI-I/ENQ-62(INT-25)/2025 issued by the Additional Director, DRI, AZU; Inquiry Report dated 08.04.2026, PH records dated 06.08.2026 and the CB's written submissions dated 06.08.2026.

20.1 Briefly stating, the current proceedings against the CB M/s Hirannya Shipping And Logistics Services (CB No. 11/2002) were initiated upon receipt of an offence report forwarded by the Directorate of Revenue Intelligence (DRI), Ahmedabad Zonal Unit, wherein an investigation was initiated by DRI against the importer M/s Shabbir and Sons Eco Exim Pvt. Ltd. for allegedly misdeclaring restricted used tyre scrap as 10 Mesh rubber crumb to bypass EXIM policy restrictions, as well as over-debiting Special Import Licenses (SIL) by manipulating manual debit sheets. The offence report alongwith the relied upon documents revealed that the CB, M/s Hirannya Shipping and Logistics Services (CB No. 11/2002), was complicit in the over-debiting of licenses to the extent of 252.6 metric tons having assessable value of Rs. 17,88,685/-. Furthermore, it was revealed that the CB had sublet/rented out its license to an unauthorized individual, Shri Amrendra Kumar Amar, for monetary consideration without securing direct authorization from the importer or transacting business through approved, authorized personnel, thereby failing in its statutory due diligence and advisory obligations. Consequently, the CB's license was suspended vide order dated 16.10.2025 and the suspension was further continued vide order dated 12.11.2025. Further, an SCN dated 18.12.2025 under Regulation 17(1) was issued to the CB charging them for alleged violation of Regulations 1(4), 10(a), 10(b), 10(d) and 10(e) of the CBLR, 2018. Subsequently, upon an appeal filed by the CB (Appeal No. 87890 of 2025) against the Suspension Continuation Order No. 13/2025-26 dated 12.11.2025, the Hon'ble CESTAT, Mumbai, vide Final Order dated 09.03.2026, set aside the suspension continuation order while directing the department to independently and expeditiously conclude the inquiry proceedings under Regulation 17 within six months.

21. I find that 05 articles of charges have been framed against the CB i.e. violation of Regulations 1(4), 10(a), 10(b), 10(d) and 10(e) of the CBLR 2018. The Inquiry Officer vide his report dated 08.04.2026 held the charges of violation of Regulations 1(4) & 10(b) as proved; 10(d) & 10(e) as partially proved and that of violation of Regulation 10(a) of the CBLR, 2018 as not proved.

21.1 At the very outset, I take notice of the vital development post issuance of the SCN under CBLR and statutory records in the case of illicit import of rubber tyre scrap investigated by the DRI. As elaborated in para 8 *supra* it was informed vide Letter F.No. DRI/AZU/CI-I/ENQ-62(INT-25)/2025 dated 02.04.2026 issued by the Additional Director, DRI, AZU that - *During the initial phase of the investigation into imports made by M/s Shabbir & Sons Eco Exim Pvt. Ltd., M/s Hirannya Shipping and Logistics Services* *acted as the Customs Broker but was unable to produce the relevant license debit sheets, which were subsequently obtained from other customs brokers. Upon detailed examination of these retrieved debit sheets and on concluding the investigation, it was established that M/s Hirannya Shipping and Logistics Services played no role in the over-debiting of the licenses in question, nor was there any conclusive evidence of active involvement or abetment on their part, as a consequence of which they were not made a co-noticee in the substantive Show Cause Notice*. Further, I observe that in the Show Cause Notice No. 1610/2025-26/Pr. Commissioner of Customs/Gr.2H/NS-I/CAC/JNCH dated 15.12.2025 issued under Section 124 of the Customs Act, 1962 against the importer and the other noticees, the present Customs Broker, M/s Hirannya Shipping and Logistics Services, was not made a co-noticee. This crucial fact was duly scrutinized and recorded by the Hon'ble CESTAT, Mumbai Bench, in Final Order No. A/85400/2026 dated 09.03.2026 (Para 7.8), wherein the Hon'ble Tribunal explicitly observed that *"even in the proceedings initiated for the customs offences against the importer, the appellants CB is no more a co-noticee for any action to be taken against them and proceedings against the appellants have come to an end."* I observe that the investigating agency (DRI), after the investigation under the provisions of the Customs Act, 1962, has consciously exonerated the CB which was further confirmed vide letter dated 02.04.2026 received from DRI, AZU. Thus, I observe that the factor causing the initiation of the current action matter against the CB has ceased to exist.

21.2 The Inquiry Officer's conclusion holding the CB guilty of violating Regulations 1(4), 10(a), 10(b), 10(d), and 10(e) is predominantly founded on the initial Offence Report received from DRI, AZU. I also find that CB M/s Hirannya Shipping and Logistics Services had no active nexus with the illicit imports or manipulation of manual debit sheets which has been substantiated vide letter received from DRI, AZU. It is a well-settled principle of law that CBLR proceedings, while quasi-judicial and distinct, cannot operate in complete vacuum or isolation from the parent substantive investigation under the Customs Act from which they originate. Since the investigating agency itself has dropped the CB from the main SCN and exonerated them from any penal liability under the Customs Act, 1962, the findings of the Inquiry Officer holding the charges proved are legally untenable in light of the investigation records, and hence, do not merit consideration. In this regard I place reliance on the following caselaws:

a) **National Traders and Agencies - 2019 (6) TMI 371 – Hon'ble CESTAT Bangalore** held that:

Commissioner of Custom after considering the report of the Inquiry Officer came to the conclusion that the appellant had neither abetted mis-declaration of the goods nor benefited from their acts and therefore, the suspension of license was revoked but still imposed penalty of ₹ 50,000/- without mentioning any provision under which the said penalty was imposed. Once the appellant had not committed any offence under the Customs Act as well as under the CBLR Regulations, then imposition of penalty is not warranted on the appellant. Penalty not warranted - appeal allowed - decided in favor of appellant.

b) **Merchant & Sons - 2018 (5) TMI 1067 – Hon'ble CESTAT MUMBAI** held that:

investigation has not brought forth any clinching evidence to show that the appellant herein who is a customs broker was aware of the concealment of controlled substance or abetted the exporter in the concealment - in the absence of any evidence to show that there was active involvement of the appellant in concealment of controlled substance in its export consignment, penalty set aside - appeal allowed - decided in favour of appellant.

22. I have gone through the available records and find that the Inquiry Report in the matter was received on 08.04.2026. Meanwhile, the Adjudicating Authority changed due to the transfers ordered vide CBIC Office Order No. 59/2026 dated 30.04.2026. Consequently, on fresh perusal of the facts and records of the case a Personal Hearing in the matter was scheduled on 03.07.2026. However, the CB failed to appear and later submitted a letter dated 29.07.2026 seeking another PH opportunity. Acceding to the CB's request, the PH was held on 06.08.2026. The adjudication proceedings could not be completed within the prescribed 90 days period of receipt of the Inquiry Report due to the aforementioned administrative reasons and the CB's inability to appear for the PH on 03.07.2026. Further, with respect to the timelines prescribed under Regulation 17 of the CBLR, 2018, I observe that the timelines under CHALR/CBLR are directory in nature and not mandatory in cases where the complexity of the investigation or administrative

exigencies prevent the adjudication within the prescribed timeline. In this regard, I place reliance on the following case laws:

a) Hon'ble High Court of Judicature at Bombay in the case of Principal Commissioner of Customs (General), Mumbai Versus Unison Clearing P. Ltd. reported in 2018 (361) E.L.T. 321 (Bom.), observed that:

"15. In view of the aforesaid discussion, the time limit contained in Regulation 20 cannot be construed to be mandatory and is held to be directory. As it is already observed above that though the time line framed in the Regulation need to be rigidly applied, fairness would demand that when such time limit is crossed, the period subsequently consumed for completing the inquiry should be justified by giving reasons and the causes on account of which the time limit was not adhered to. This would ensure that the inquiry proceedings which are initiated are completed expeditiously, are not prolonged and some checks and balances must be ensured. One step by which the unnecessary delays can be curbed is recording of reasons for the delay or non-adherence to this time limit by the Officer conducting the inquiry and making him accountable for not adhering to the time schedule. These reasons can then be tested to derive a conclusion whether the deviation from the time line prescribed in the Regulation, is "reasonable". This is the only way by which the provisions contained in Regulation 20 can be effectively implemented in the interest of both parties, namely, the Revenue and the Customs House Agent."

b) The Hon'ble High Court of Telangana, in the matter of M/s. Shasta Freight Services Pvt Ltd vs Principal Commissioner of Customs, [Writ Petition No. 29237 of 2018] held that: -

"42. Therefore, if the tests laid down in Dattatreya Moreshwar, which have so far held the field, are applied, it would be clear (i) that the time limit prescribed in Regulation 20 (7) is for the performance of a public duty and not for the exercise of a private right; (ii) that the consequences of failure to comply with the requirement are not spelt out in Regulation 20(7) (iii) that no prejudicial consequences flow to the aggrieved parties due to the non-adherence to the time limit; and
(iii) that the object of the Regulations, the nature of the power and the language employed do not give scope to conclude that the time limit prescribed is mandatory. Hence, we hold that the time limit prescribed in Regulation 20 (7) is not mandatory but only directory."

(c) The Hon'ble High Court of Karnataka, in the matter of The Commissioner of Customs vs M/s. Sri Manjunatha Cargo Pvt Ltd on 12 January [C.S.T.A. No. 10/2020] held that: -

"13. A reading of Regulation 17 of the C.B.L.R., 2018 makes it very clear that though there is a time limit stipulated in the Regulations to complete a particular act, non-compliance of the same would not lead to any specific consequence.

14. A reading of the Regulation 17 would also go to show that the Inquiry Officer during the course of his inquiry is not only required to record the statement of the parties but also to give them an opportunity to cross-examine and produce oral and documentary evidence. In the event of the respondents not co- operating, it would be difficult for the Inquiry Officer to complete the inquiry within the prescribed period of 90 days, as provided under Regulation 17(5). Therefore, we find force in the argument of the learned counsel for the appellant that the Regulation No.17 is required to be considered as directory and not mandatory. Though the word "shall" has been used in Regulation 17, an overall reading of the said provision of law makes it very clear that the said provision is procedural in nature and non-compliance of the same does not have any effect. If there is no consequence stated in the Regulation for non-adherence of time period for conducting the inquiry or passing an order there afterwards, the time line provided under the 22 statute cannot be considered as fatal to the outcome of inquiry.

15. Under the circumstances, we are of the considered view that the provisions of Regulation 17 of the C.B.L.R., 2018 is required to be considered as directory and not mandatory and accordingly, we answer the substantial questions of law Nos.1 to 3 in favour of the appellant and against the respondent."

(d) The Hon'ble CESTAT Mumbai in the matter of M/s. Muni Cargo Movers Pvt. Ltd. Vs. Commissioner of Customs (General), Mumbai [Order No. A/996/13CSTB/C-I dated 23.04.2013] held that: -

"Para 4.2:- As regards the third issue regarding non-adherence to the time-limit prescribed in CBLR, there is some merit in the argument. But nevertheless, it has to be borne in mind that time-limit prescribed in the law though required to be followed by the enforcement officers, at times could not be adhered to for administrative reasons. That by itself does not make the impugned order bad in law".

23. 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 Hirannya Shipping and Logistics Services, in the illicit import or over-debiting of import licenses by the importer M/s Shabbir and Sons Eco Exim Pvt. Ltd. The proceedings initiated under the Customs Act, 1962, by the investigating agency (DRI, AZU) have culminated without the the Customs

Broker being made a co-noticee, thereby vindicating the CB. 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 adverse findings of the Inquiry Officer are set aside, and the charges framed under Regulations 1(4), 10(a), 10(b), 10(d), and 10(e) of the CBLR, 2018 are held to be unsubstantiated and merit being dropped.

24. 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. Hirannya Shipping and Logistics Services (CB No. 11/2002) 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 under CBLR, 2018. Accordingly, I pass the following order:

<u>ORDER</u>

25. 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. 36/2025-26 dated 18.12.2025 under CBLR 2018 against the Customs Broker M/s. Hirannya Shipping and Logistics Services (CB No. 11/2002)

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.

9.9.26

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

To,

M/s. Hirannya Shipping and Logistics Services
(PAN - AYHPS8411J) (CB No. 11/2002)
18/4, Shree Siddhivinayak Nivas CHS Ltd.,
3 Domnic Colony, Orlem, Malad (W),
Mumbai – 400064.

Copy to:

1. The Pr. Chief Commissioner/ Chief Commissioner of Customs, Mumbai - I, II, III Zone.
2. The Pr. Commissioner of Customs, NS-I, Mumbai – II.
3. The Additional Director, DRI, Ahmedabad Zonal Unit.
4. EDI of NCH, ACC & JNCH.
5. ACC (Admn), Mumbai with a request to circulate among all departments.
6. JNCH (Admn) with a request circulate among all the concerned.
7. Cash Section, NCH.
8. Office copy.