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.- CUS/21517/2025–CBS   आदेश दिनांक/Date of Order:10.09.2026

CAO No.39/2026-27/CAC/PCC(G)/AKP/Adj-CBS जारी दिनांक/Date of issue:11.09.2026

संख्या:

DIN:- 20260977NO0000F66E2D

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. Liladhar Pasoo Forwarders Pvt. Ltd. (Customs Broker Licence No. 11/22) having registered address: Mulji House, 57, Devji Ratansay Marg, Danabunder, Mumbai 400009 (hereinafter referred to as the Customs Broker/CB), is the holder of Customs Broker License No. 11/22, issued by the Commissioner of Customs, Mumbai, under Regulation 11 of CHALR, 1965 (now Regulation 7(2) of CBLR, 2018) and as such, they are bound by the regulations and conditions stipulated therein.

2. An Offence Report dated 16.10.2025 issued by the Joint Commissioner of Customs, SIIB, Indore vide F. No. CUS/SIIB/INT/735/2023-SIIB-O/o-COMMR-CUS-INDORE was received in the Customs Broker Section, NCH, Zone-I, Mumbai along with relevant documents and information on 19.02.2026. The Offence Report inter alia conveyed the following:

2.1 Intelligence was developed by SIIB, Indore Customs that M/s. Singh Exports (IEC - CNLPS1119J; Proprietor: Ritesh Kumar Singh) having factory premises registered at 130, opp. New Life Hospital, Sanwer Road Main Road, Indore (M.P.) had obtained two Advance Authorization licenses from the DGFT for importing of PP Granules without payment of duty in order to manufacture and export Flexible Intermediate Bulk Containers (Attachment Bag/ Builder Bags/ Baffle Bag). The major raw materials used for the manufacturing of the said goods are Polypropylene (PP) Granules and U.V. Stabiliser Master Batches.

2.2 M/s Singh Exports was a dummy firm created by Shri Utkarsh Bhave & others with the sole intention of diverting PP granules imported under Advance Authorization Scheme without payment of customs duty in violation of the condition of Advance authorization license read with Notification No.18/2015-Cus dated 01.04.2015. A search operation was conducted on 29.11.2023 at the declared premises of M/s Singh Exports and it was found that neither any factory or office premise was present at the address declared by M/s. Singh Exports.

2.3 From analysis of the Customs Database, it was found that M/s. Singh Exports had imported a total of 555.5 Metric Tons of PP granules under 02 Advance Authorisation Licenses. The imported Polypropylene (PP) granules falling under chapter subheading 39021000 of the Customs Tariff Act, 1985, attract Basic Customs duty @7.5%, SWS @10% and IGST @18%. Further, M/s. Singh Exports had been issued 02 Advance Authorizations for duty free imports of inputs (raw material) in terms of Notification no. 96/2009-Cus dated 11.09.2009 read with Notification No.18/2015-Cus dated 01.04.2015 issued by the Government of India, Ministry of Finance (hereinafter referred to as the 'said notification') and Chapter 4 of Foreign Trade Policy 2009-2014 and 2015-2020. The said notifications exempt materials imported into India against an Advance Authorization issued in terms of Para 4.1.3 of the Foreign Trade Policy 2009-2014 and Para 4.03 & 4.16 of the Foreign Trade Policy 2015-2020 from the whole of the duty of Customs to be levied thereon, as specified in the first schedule of the Customs Tariff Act, 1975 and from the whole of the Additional duty, safeguard duty and transitional product specific safeguard duty and anti-dumping duty to be levied thereon.

2.4 In view of the above, the total duty evasion was calculated at Rs. 1,67,78,659/- (Rupees One Crore Sixty-Seven Lakh Seventy-Eight Thousand Six Hundred Fifty-Nine only) recoverable from M/s. Singh Exports under the provisions of the Customs Act, 1962. Further, it was also noticed that a total 56% of the impugned imports took place from Mundra Port.

2.5 Shri Ritesh Kumar Singh (Proprietor of M/s. Singh Exports) in his statement recorded on 12.12.2023 inter alia stated that he is a resident of Jharkhand and employed in Jhansi, with no involvement in the firm's operations. He explained that Shri Sameer Chaturvedi introduced him to Shri Utkarsh Bhave, who offered him a salaried job, took his documents, opened and operated a bank account in his name, and managed all activities of M/s Singh Exports along with Shri Vikas Jain. He admitted having no knowledge of imports, exports, or the Advance Authorization Scheme and raised no objection to encashment of bank guarantees. He also submitted a letter requesting recovery of the forgone customs duty through encashment of two bank guarantees of Rs. 13,75,000/- and Rs. 19,22,500/-, totaling Rs. 32,97,500/-, which was subsequently recovered.

2.6 In view of the above, it appeared that Shri Utkarsh Bhave had used the credentials of Shri Ritesh Kumar Singh by luring him with monetary consideration. Subsequently, Shri Utkarsh Bhave, in connivance with Shri Vikas Jain and Shri Anshul Agrawal, hatched a conspiracy to import duty-free goods in the name of M/s Singh Exports, which were later diverted to Domestic Tariff Area (DTA). Thus, it appeared that Shri Utkarsh Bhave was the mastermind in the creation of the firm and importing the goods, while Shri Vikas Jain and Shri Anshul Agrawal provided funds and other support.

2.7 Shri Kailash Sharma Totaram, Assistant Manager in M/s. Liladhar Pasoo Forwarders Pvt. Ltd., in his statement recorded on 25.06.2025 inter alia stated that he is an Assistant Manager and G-Card holder at Kandla Customs with Customs Pass No. G/PA/KNDL1/202519436 and was duly authorized by his company to provide the statement and submitted the authorization letter. He also submitted that his firm handled customs clearance of 8 shipments for M/s Singh Exports during January 2023 to June 2023. The imports were PP plastic granules cleared from the bonded warehouse under Ex-Bond Bills of Entry on a transfer of ownership basis. He stated that transportation of goods was arranged by the importer, and delivery address, e-Way Bills, transporter details, LR copies, and delivery confirmations were not available with him. Delivery instructions for consignments were received from Shri Utkarsh Bhave (Mobile No. 9589028696). All Communication and documents were received through email ID singh.pexports@gmail.com. He stated that he did not know the official role or position of Shri Utkarsh Bhave in M/s Singh Exports and no authorization was provided; however, work was done based on prior working relations. He had no knowledge of the transporter or the person who physically received the goods, as instructions were received only through phone calls from Shri Utkarsh Bhave. Payments for CHA services were received from M/s Singh Exports and ledger details were submitted. He stated that he did not know and had never met Shri Ritesh Singh, proprietor of M/s Singh Exports. Though KYC documents of Shri Ritesh Singh (Authority letter, IEC, Aadhaar, PAN, GST) were obtained, he never interacted with him personally. He stated that the work was carried out solely on instructions of Shri Utkarsh Bhave without independent verification of ownership of M/s Singh Exports. Shri Utkarsh Bhave also operated another firm named KRM Plastics for which Ex-Bond Bills of Entry were filed by the firm. He stated that since multiple consignments were handled based on his instructions, they assumed Singh Exports was also associated with Shri Utkarsh Bhave and therefore ownership was not independently verified.

3. Role of Custom Broker:

From the investigation, it appeared that the CB M/s Liladhar Pasoo Forwarders Pvt. Ltd., facilitated the clearance of eight consignments imported by M/s Singh Exports between January and June 2023. The firm filed eight Ex-Bond Bills of Entry solely on telephonic instructions from Shri Utkarsh Bhave. All documentation and communication were routed through the email ID singh.pexports@gmail.com. Although KYC documents in the name of Shri Ritesh Singh were obtained, the CB neither met him personally nor verified the physical existence of the importer at the declared premises. Transportation and delivery were arranged directly by the importer, and the Customs Broker did not retain e-Way Bills, Lorry Receipts, or delivery confirmations. Payments for CHA services were received from M/s Singh Exports, but the operational control remained entirely with Shri Utkarsh Bhave whose authority was never independently verified.

3.1 The procedural lapse highlighted above and lack of due diligence on the part of the CB facilitated the clearance of duty-free imports under the Advance Authorization scheme, thereby enabling the fraudulent diversion of PP granules. These actions constituted violations under the Customs Brokers Licensing Regulations (CBLR), 2018. Shri Kailash Sharma Totaram, Assistant Manager and Authorized Representative of M/s. Liladhar Pasoo Forwarders Pvt. Ltd. (CB 11/22) stated that his firm handled Eight shipments for M/s Singh Exports during January 2023 to June 2023. He confirmed that delivery instructions were given telephonically by Shri Utkarsh Bhave, with transportation arranged by the importer. He, too, obtained KYC documents but never met Shri Ritesh Singh in person.

3.2 In view of the above, it appeared that the CB had violated the provisions of Regulations 10(a), 10(e), 10(k) and 10(n) of the CBLR, 2018, the details of which are as under:

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

"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 produce such authorisation whenever required by the Deputy Commissioner of Customs or Assistant Commissioner of Customs, as the case may be;'

The custom Broker filed eight Ex-Bond Bills of Entry solely on the basis of telephonic instructions from Shri Utkarsh Bhave. All documentation and communication were routed through the email ID singh.pexports@gmail.com and the CB failed to obtain proper authorization.

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

"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 procedural lapse and lack of due diligence on the part of the CB facilitated the clearance of duty-free imports under the Advance Authorization scheme, thereby enabling the fraudulent diversion of plastic granules. The CB was supposed to advise his client that the goods were related to Advance Authorization, therefore they must be properly shifted to the manufacturing unit/ or as per Advance Authorization conditions.

(c) Regulation 10(k) of CBLR, 2018:

"to maintain up to date records such as bill of entry, shipping bill, transhipment application, etc., all correspondence, other papers relating to his business as Customs Broker and accounts including financial transactions in an orderly and itemised manner as may be specified by the Principal Commissioner of Customs or Commissioner of Customs or the Deputy Commissioner of Customs or Assistant Commissioner of Customs, as the case may be;"

The CB filed eight Ex-Bond Bills of Entry solely on the basis of telephonic instructions from Shri Utkarsh Bhave. All documentation and communication were routed through the email ID singh.pexports@gmail.com. Although KYC documents in the name of Shri Ritesh Singh were obtained, the firm neither met him personally nor verified the physical existence of the importer at the declared premises. Transportation and delivery were arranged directly by the importer and the CB did not retain e-Way Bills, Lorry Receipts, or delivery confirmations and failed to keep a record of all correspondence, other papers relating to his business as Customs Broker and accounts, including financial transactions, in an orderly and itemized manner.

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

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

The investigation revealed that the CB operating from Mumbai facilitated the clearance of eight shipments for M/s Singh Exports during January 2023 to June 2023, under Ex-Bond Bill(s) of Entry. Delivery instructions and vehicle details were provided telephonically with no written communication or transporter details retained. KYC documents were received via courier, but the CB never met the importer personally nor verified the declared premises. Transportation and documentation such as e-Way Bills and Lorry Receipts were arranged directly by the importer. It appeared that the CB failed to verify the identity and functioning of his client and therefore violated Regulation 10(n) of the CBLR, 2018.

3.3 In view of the above, as per the offence Report, it appeared that the CB failed to discharge his responsibilities due to which the importer misused the Advance Authorization Licenses evading huge Customs duty and had thus violated Regulations 10(a), 10(e), 10(k) and 10(n) of the CBLR, 2018.

4. In view of the offence report dated 16.10.2025 received from the Joint Commissioner of Customs, SIIB, Indore vide F. No. CUS/SIIB/INT/735/2023-SIIB-O/o-COMMR-CUS-INDORE, action under the CBLR, 2018 was initiated against the CB M/s. Liladhar Pasoo Forwarders Pvt. Ltd. Further, in view of Board's Instruction No. 24/2023 dated 18.07.2023, the case was not considered appropriate for immediate suspension of the CB license under Regulation 16 of the CBLR, 2018. However, action under Regulation 17 of CBLR, 2018 was initiated against the CB and accordingly, a Show Cause Notice (SCN) No. 52/2025-26 dated 18.03.2026 was issued to the CB M/s. Liladhar Pasoo Forwarders Pvt. Ltd. (Licence No. 11/22) under the provisions of Regulation 17(1) of the CBLR, 2018 wherein, the CB was charged with violation of Regulations 10(a), 10(e), 10(k) and 10(n) of the CBLR, 2018 and was called upon to show cause, as to why:

a. The Customs Broker License bearing no. 11/22 issued to them should not be revoked under regulation 14 read with regulation 17 of the CBLR, 2018;
b. Security deposited should not be forfeited under regulation 14 read with regulation 17 of the CBLR, 2018;
c. Penalty should not be imposed upon them under Regulation 18 read with Regulation 17 of the CBLR, 2018.

4.1 Shri Harishkumar Parmar, Assistant Commissioner of Customs was appointed as Inquiry Officer (IO) to conduct the inquiry proceedings against the CB M/s. Liladhar Pasoo Forwarders Pvt. Ltd. (Licence No. 11/22) under Regulation 17 of the CBLR, 2018.

<u>INQUIRY REPORT</u>: -

5. The Inquiry Officer (hereinafter referred to as the 'IO') concluded the inquiry proceedings and submitted the Inquiry Report dated 08.05.2026, wherein, all the charges levelled against the CB vide Show Cause Notice No. 52/2025-26 dated 18.03.2026 were held as not proved.

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

The IO submitted as below –

6. I have carefully gone through the Show Cause Notice No. 52/2025-26 dated 18.03.2026 along with the relied upon document. I have gone through the records of the Personal Hearings and Defence submissions made during the personal hearings. I have also gone through the statements of all the persons taken during the investigation. I have also gone through the alleged Articles of Charges or contraventions mentioned in Show Cause Notice as well as legal provisions reflected in CBLR, 2018. I have already taken on record the submissions made by the CB and now I proceed to discuss all these submissions & examine their merits.

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

7.1 As per this Regulation, a Customs Broker is required to obtain an authorisation from his client by whom he is for the time being employed as a Customs Broker and produce such authorisation whenever required by the Customs Authorities. The CB has produced copy of the Authorisation and copies of all the KYC documents including PAN, GSTIN, Aadhar & registration under the Madhya Pradesh Shop & Establishment Act, 1958 obtained by them from the importer M/s Singh Exports Indore. I find that the purpose of 'authorization' under Regulation 10(a) is to establish that 'customs broker' is contracted agent of importer or exporter for each transaction. I find that the manner in which the Authorisation is to be obtained is not set out in Regulation 10(a) of the CBLR, 2018 and considering its purpose, is required to be produced when asked for. I find that the charged CB M/s. Liladhar Pasoo Forwarders Pvt. Ltd. has submitted copy of the authorization dated 27.01.2023 from the importer M/s Singh Exports along with their earlier reply dated 20.04.2026. Thus, as per provisions of Regulation 10(a) of the CBLR, 2018, the Charged CB has obtained the authorisation from the importer M/s Singh Exports. Thus, the Charged CB has complied with provisions of Regulation 10(a) of the CBLR, 2018.

7.2 The Charged CB in their written submission have stated that it is not practically possible to interact with proprietor, Directors, Partners of IEC holder; that it is not stipulated in Regulation 10(a) of the CBLR, 2018 that a Customs Broker has to obtain authorization from IEC holder only; that in many cases, Customs Broker interacts with

Authorized Persons of importer/exporter. I find that there is force in submission of the CB. I find that the aforementioned proposition is supported by the case laws relied upon by the CB as stated below:

(i) Decision of Hon'ble CESTAT, Chennai in case of *Seaswan Shipping and Logistics Vs. Commissioner of Cus., Chennai-II*, reported in 2022 (380) E.L.T. 358 (Tri. - Chennai).

I find that Hon'ble CESTAT, Chennai has rightly observed 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 11(a). I find that ratio of the aforesaid judgement is applicable in the instant case.

(ii) Decision of decision of Hon'ble CESTAT, New Delhi in case of *Perfect Cargo & Logistics Vs. Commissioner of Customs (Airport & General), New Delhi*, reported in 2021 (376) E.L.T. 649 (Tri. - Del).

I find that Hon'ble CESTAT, New Delhi has rightly observed that it is not the case of the Department that the signatures on the authorisation letter were forged or that the persons authorising the Appellant denied having given the authority letters. I find that there is no allegation in article of charge that the signature on authorization letter are forged or proprietor of M/s. Singh Exports has denied having given the said authority letter dated 27.01.2023. Hence, I find that ratio of the aforementioned judgement is applicable in the instant case.

(iii) Decision of the Hon'ble CESTAT, Bangalore in case of *Trans Asia Shipping Services Vs. Commissioner of Customs, Bangalore*, reported in 2024 18 Centax 230 (Tri. Bang).

I find that Hon'ble CESTAT, Bangalore has referred judgement in case *Seaswan Shipping and Logistics v. CC, Chennai-II* reported in 2022 (380) E.L.T. 358 (Tri.-Chennai) in their findings. I find that Hon'ble CESTAT has rightly observed 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. I find that in the instant case genuineness of the Authority letter dated 27.01.2023 has not been challenged by the Department. Hence, ratio of the judgement is applicable in the instant case.

7.3 I find that as per the provisions of Regulation 10(a) of CBLR, 2018 there are following two obligations on the Customs Broker:

- 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
- 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. I find that authorization has 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. I find that in article of charge it has not been alleged that CB such authorization was demanded by the Department and charged CB failed to produce the same. I find that the charged CB has produced Authorization dated 27.01.2023 proprietor of M/s. Singh Exports. Hence charges levelled against the charged CB are unsustainable. I have taken cognizance of the various case laws. I find that the ratio of the judgement relied upon by the Charged CB is applicable in the instant case. There nothing on record that the Customs Broker has failed in obtaining Authorization from M/s Singh Exports or the Charged CB has failed to produce such authorization to Customs Department. Accordingly, I hold that article of Charge alleging violation of Regulation 10(a) of the CBLR, 2018 as "Not Proved".

8. **Article of Charge - II - Relating to violation of Regulation 10(e):**

8.1 I find that "Furnishing of wrong or incorrect information cannot be attributed to the CB if it was innocently filed in the belief and faith that its client has furnished correct information and verifiable 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," as held by Hon'ble Delhi High Court in the case of *M/s Kunal Travels (Cargo) Vs Commissioner of Customs (Import & General) New Customs House, IGI Airport, New Delhi* reported as 2017 (3) TMI 1494- DELHI HIGH COURT.

8.2 It is alleged in the Show Cause Notice that the Charged CB were supposed to advise their client that the goods are related to advance authorization, therefore they must be properly shifted to the manufacturing unit/or as per Advance Authorization conditions. I find that no charge of Regulation 10(d) of the CBLR, 2018 has been levelled against charged CB. Thus, it is evident that there is no failure on part of charged CB in advising their client to comply with the provisions of the Customs Act, Allied Act, Rules and Regulation thereof. I also find that as no charge in terms of the Regulation 10(d) of the CBLR, 2018 has been levelled against the charged CB, the allegation of not advising their client that the goods are related to advance authorization, therefore these must be properly shifted to the manufacturing unit/or as per Advance Authorization conditions does not hold water and is liable to be dropped.

8.3 The Charged CB has relied upon the decision of the Hon'ble High Court Calcutta in case of *Commissioner of Customs (Airport & Admn.) Vs. Shipping & Clearing Agents Pvt.*

Ltd. reported in 2023 (386) E.L.T. 544 (Cal.) Hon'ble High Court, Calcutta has rightly observed that "the charge of violation of Regulation 11(e) comes into operation when information is given by Customs Broker to his client and there is allegation that the information given is false. When there is no allegation that the Customs Broker did not advise the client to comply the provisions of the Act there is no question of giving information to client which is not true, when there is no allegation by the client/exporter. Thus, there is no breach of the said provision". I find that ratio of the judgement relied upon by the charged CB is applicable in the instant case.

8.4 I find that as per the impugned Show Cause Notice, no discrepancy was noticed during the clearance of the goods covered under 08 (eight) ex-bond bills of entry filed by the charged Customs Broker. I find that obligation comes of the charged Customs broker came to the end once the goods have been cleared out of customs charge and handed over by the charged CB to their client M/s. Singh Exports who has arranged delivery by themselves. The CB has relied upon the decision of the Hon'ble High Court judicature at Mumbai in the case of *Commissioner of Customs (General), Mumbai v. M.D. Shipping Agency*, [2014 (299) E.L.T. 257 (Bom.)]. I find that the observations of the Hon'ble High Court, Bombay are very crucial as far as the instant inquiry proceedings are concerned. I find that Hon'ble High Court, Bombay rightly observed that "once the goods have been cleared out of customs charge and handed over by the CHA to his client, obligation of the CHA to CHALR comes to an end. It is not the obligation of the CHA to assume that post the clearance of imported goods it would not be taken to the address given in the Advance licence. Moreover, in this particular case, imported zinc ingots had on clearance from the Customs Department taken to the office of the transporter. In these circumstances, there could be no occasion for the CHA to suspect that the imported zinc ingots were not being taken to the destination as declared in the Advance licence namely the factory at Surat in Gujarat." Hon'ble High Court Bombay also observed that "Further under Regulation 13(d) of CHALR the occasion to advice the importer would not arise because there was no occasion for the CHA to know or even suspect that the importer was not complying with the provisions of the Customs Act and/or advance licence under which the goods were cleared." I find that ratio of this judgement relied upon by the Charged CB is applicable to the instant case as facts and circumstances are identical.

8.5 The Charged CB has relied upon the Hon'ble CESTAT decision in the case of *S.P. Pawar & Sons Versus Commr. of Cus. (General), Mumbai-I* reported in 2009 (247) E.L.T. 562 (Tri. Mumbai). I find that The Bombay High Court Bench comprising Hon'ble Mr. Justice F.I. Rebello and Hon'ble Mr. Justice J.H. Bhatia on 8-7-2009 dismissed the Customs Appeal No. 52 of 2009 filed by the Commissioner of Customs (General), Mumbai against the CESTAT Final Order No. A/530/2008-WZB/C-II(CSTB) dated 1-10-2008 as reported in 2009 (247) E.L.T. 562 (Tri.-Mumbai) (S.P. Pawar and Sons v. Commissioner). I find that ratio of the judgement relied upon by the CB is applicable in the instant case.

8.6 The Charged CB has relied upon the decision in the case of *G.N.D. Cargo Movers Vs. Commissioner of Customs (General), New Delhi*. "Merely because the importer have 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 informed 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". I find in order to sustain charge of violation of Regulation 10(e) of CBLR, 2018 there as to be some evidence on record to show that either the charged Customs Broker was aware of such alleged diversion of the goods and suppressed the same with a mala fide intention. I find that ratio of the judgement relied upon by the charged CB is applicable in the instant case.

8.7 The Charged CB relied upon the decision in the case of *Dex Logistics P. Ltd. Vs. Commissioner of Customs, New Delhi* reported in 2019 (369) E.L.T. 1168 (Tri. Del.). I find that there is no allegation that the Charged CB have made any abnormal profits in connivance with the importer. Thus ratio of the aforesaid judgement is applicable in the instant case.

8.8 I have taken cognizance of the various case laws. I find that the ratio of the judgement relied upon by the Charged CB is applicable in the instant case. There nothing on record that the Customs Broker has failed in exercising due diligence while filing documents or upto clearance of the goods (i.e. upto Out of Charge by the Proper Officer). Various courts have observed that the job of the CHA ended when the goods were cleared from the docks and the delivery thereafter was taken by the importer. Accordingly, I hold that article of Charge alleging violation of Regulation 10(e) of the CBLR, 2018 as "Not Proved".

9. **Article of Charge - III - Relating to violation of Regulation 10(k):**

9.1 It is alleged in the Show Cause Notice that "Although KYC documents in the name of Shri Ritesh Singh were obtained, the firm neither met him personally nor verified the physical existence of the importer at the declared premises". I find that as far as the allegation of non-verification of physical existence of the importer is concerned, the allegation falls under purview of Regulation 10(n) of the CBLR, 2018. Thus, the said allegation cannot sustain as it is not a part of Regulation 10(k) of the CBLR, 2018. The Regulation 10(k) of the CBLR, 2018 deals with maintenance of record. It is further alleged that the Charged CB has not met Shri Ritesh Singh personally. I find that meeting client personally does not fall under the purview of Regulation 10(k) of the CBLR, 2018. I find that the charged CB has relied upon the decision in the case of *HIM Logistics Pvt. Ltd. Vs. Commissioner of Customs, New Delhi*, reported in 2016 (338) ELT 725 (Tri. Del), wherein the Hon'ble Tribunal held that:

> *" 7............There is no stipulation or legal requirement to physically verify the business premises or residential premises of the importer and also to have a personal meeting with the importer before taking up the work for any importer".*

I find that the aforesaid decision of the Hon'ble Tribunal was affirmed in the Hon'ble High Court of Delhi, reported in 2017 (348) ELT 625 (Del.). I find that ratio of the said judgement is applicable in the instant case, as there is no requirement of a personal meeting with the importer before taking up the work for any importer.

9.2 I find that it is an admitted position in the impugned SCN that transportation and delivery were arranged directly by the importer. Which is evident from Article of Charge wherein it is stated that that "Transportation and delivery were arranged directly by the importer". As the importer himself has arranged the transportation of the goods after clearance, the Charged CB were not supposed to have and retain copies of the e-Way Bills and the Lorry Receipts in their records. I find that regulation 10(k) of CBLR, 2018 requires the Customs Broker to maintain up to date records of documents such as bill of entry, shipping bill, trans-shipment application and correspondence, other papers relating to his business as Customs Broker and accounts including financial transactions in an orderly and itemized manner as may be specified by the Principal Commissioner of Customs or Commissioner of Customs or the Deputy Commissioner of Customs or Assistant Commissioner of Customs as the case may be. I find that the Charged CB has maintained records, which were dealt by them. Since, transportation was not arranged by them, they could not maintain records of transportation. It is pertinent to mention that financial records were never demanded by the Investigating Agency. Hence, there cannot be allegation to the effect that the Charged CB have not maintained financial transactions. I find that the Charged CB have fulfilled the legal requirement as per regulation 10(k) of CBLR, 2018.

9.3 I have taken cognizance of the various case laws. I find that the ratio of the judgement relied upon by the Charged CB is applicable in the instant case. There nothing on record that the Customs Broker has failed in maintaining records which they have dealt with various aspects of customs clearance. Accordingly, I hold that article of Charge alleging violation of Regulation 10(k) of the CBLR, 2018 as "Not Proved".

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

10.1 I find that the CB has obtained proper authorization from the importer and had also submitted the KYC with the proper officer of customs, while the customs as well as the DGFT records and other statutory records revealed that the importer M/s Singh Exports had not come to their adverse notice, while the IEC of the importer was also valid at the time of filing the 08 Ex-bond Bills of entry. I find that it is alleged that the Charged CB have not met Shri Ritesh Singh personally. I find that meeting client personally does not falls under purview of Regulation 10(n) of the CBLR, 2018. The Charged CB has relied upon the decision in the case of *HIM Logistics Pvt. Ltd. Vs. Commissioner of Customs, New Delhi*, reported in 2016 (338) ELT 725 (Tri. Del), wherein the Hon'ble Tribunal held that:

> *'7............There is no stipulation or legal requirement to physically verify the business premises or residential premises of the importer and also to have a personal meeting with the importer before taking up the work for any importer".*

I find that the aforesaid decision of the Hon'ble Tribunal was affirmed in the Hon'ble High Court of Delhi, reported in 2017 (348) ELT 625 (Del.). We submit that ratio of the said judgement is applicable in the instant case, as there is no requirement of a personal meeting with the importer before taking up the work for any importer.

10.2 The Charged CB has relied upon:

(i) Decision of the Hon'ble Delhi High Court in the case of KVS Cargo v. Commissioner of Customs (General), NCH, New Delhi reported in 2019 (365) E.LT. 392 (Del.)

(ii) APS Freight & Travels Pvt. Ltd. Vs. Commissioner of Customs (General), New Delhi, reported in 2016 (344) ELT 602 (Tri. - Del).

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

10.3 The charged CB also relied upon:

(i) Decision in Final Order No. 50002/2022 dated 3.1.2022 in the case of Anax Air Services Pvt. Ltd. V/s Commissioner of Customs, New Delhi (Airport and General).

(ii) Decision of the Hon'ble CESTAT, New Delhi in the case of M/s. Sai Chhaya Impex Pvt. Ltd. Vs. Commissioner of Customs, (Airport and General), New Delhi.

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

10.4 I find that the charged CB in their written submission dated 20.04.2026, submitted that the verification by the investigating agency was carried out after more than six months of the clearance of the goods during which period the client may have moved and/or closed down.; that it is settled law that they as a Customs Broker are not required to keep track of the client continuously. As per law [Section 146 of the Customs Act, 1962 read with the CBLR, 2018], their job as a Customs Broker ends with clearance and delivery of the goods. I find that there is force in submission of the CB. I find that ratio of the judgement relied upon by the charged CB is applicable in the instant case. I find that as averred in the SCN itself, the CB had obtained the KYC documents copies of which have been submitted. There is no allegation in the SCN that these documents were fake and forged. I believe that this meets the requirement of this Regulation regarding due diligence adequately. I find that the Proprietor of the importer on record is very much existing and duly participated in the investigation. The SCN does not claim that the importing entity was not existing at the given address at the time of import. The issue of the two Advance Authorisations by the DGFT Indore, the registration of the Authorisations with the Indore Customs on submission of Bonds & bank guarantees, the issue of the IEC by the DGFT, issue of PAN by Income Tax and issue of GSTIN by the GST department has not been questioned. Therefore, once credentials of the importer were duly verified by various Government authorities including the DGFT, Income Tax, GST department, the bank and Indore Customs, there was no reason for the CB to doubt bonafide of the said entity at the time of clearing the goods on the eight ex-bond Bills of Entry. In this regard, the CB has cited copious case laws in their submissions as detailed below:

i. *M/s Perfect Cargo & Logistics Vs. Principal Commissioner of Customs (Airport & General), New Delhi 2021 (376) E.L.T. 649 (Tri. - Del.).*

ii. *M/s ATR Logistics India Pvt Ltd Vs Commissioner of Customs Airport & General. New Delhi reported as 2025 (11) TMI 1222 - CESTAT NEW DELHI.*

iii. *M/s. Senghi Shipping Services (Custom Broker) Versus Principal Commissioner of Customs Chennai reported as 2021 (4) TMI 401 - CESTAT CHENNAI*

iv. *M/s Anax Air Services Pvt. Limited Vs Commissioner of Customs, New Delhi (Airport and General) reported as 2022 (1) TMI 115- CESTAT NEW DELHI.*

v. *M/s Jyoti Customs Broker Service Pvt. Limited Vs Pr. Commissioner of Customs (Administration & Airport), Kolkata reported as 2023 (6) TMI 201 - CESTAT KOLKATA = 2023 (385) E.L.T. 404 (Tri. Kolkata), (2024) 134 GSTR 408.*

vi. *M/s Suswashis Clearing and Forwarding Agency reported as 2024 (2) TMI 979 - CESTAT MUMBAI.*

vii. *M/s Friends Cargo Services reported as 2024 (2) TMI 739-CESTAT NEW DELHI.*

viii. *M/s World Line Cargo Movers reported as 2024 (2) TMI 738- CESTAT NEW DELHI.*

ix. *M/s Total Clearance reported as 2023 (7) TMI 724 - CESTAT MUMBAI.*

x. *M/s. Meticulous Forwarders Versus Commissioner of customs Chennai II Commissionerate And M/s. Masterstroke Freight Forwarders Pvt. Ltd. Versus Commissioner of customs Chennai II Commissionerate reported as 2025 (7) TMI 858-CESTAT CHENNAI.*

xi. *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.*

10.5 It is settled law that a CB need not visit his client personally for verification and that a CB is not required to keep track of his client continuously. As per law [Section 146 of the Customs Act, 1962 read with the CBLR, 2018], their job as a Customs Broker ends with clearance and delivery of the goods. Therefore, I find that this charge is also not sustainable and is not proved. I have taken cognizance of the various case laws. I find that the ratio of the judgement relied upon by the Charged CB is applicable in the instant case. Accordingly, I hold that article of Charge alleging violation of Regulation 10(n) of the CBLR, 2018 as "Not Proved".

10.6 Summary of the Findings:

The IO concluded his findings as under:

Sr. No.	Violation of Regulation	Conclusion
1.	Regulation 10(a) of the CBLR, 2018.	Not Proved
2.	Regulation 10(e) of the CBLR, 2018.	Not Proved
3.	Regulation 10(k) of the CBLR, 2018.	Not Proved
4.	Regulation 10(n) of the CBLR, 2018.	Not Proved

<u>DISAGREEMENT MEMO</u>: -

11. The Inquiry Officer in his report dated 08.05.2026 held the all the articles of charges as “Not Proved”. The Principal Commissioner of Customs (Gen.), Mumbai-I disagreed with the Inquiry Officer’s report and hence, a Disagreement Memo dated 10.07.2026 was issued to the CB. Thereafter, under the provisions of Regulation 17(6) of the CBLR, 2018, a copy of the Inquiry Report and Disagreement Memo was shared with the CB and further, an opportunity of personal hearing was granted to the CB on 07.08.2026.

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

12. The Personal Hearing (PH) in the matter was scheduled on 07.08.2026 but could not be held on the day due to administrative reasons. The PH was then held on 13.08.2026 before me. Shri Laxmi Chand Shah, Director at M/s. Liladhar Pasoo Forwarders Pvt. Ltd. (CB License No. 11/22) and Shri Hans Raj Garg, Consultant appeared for the hearing on behalf of the CB. They submitted a written reply dated 07.08.2026 and reiterated the facts of the same. They further stated that they did not require any further PH and the case may be decided on the basis of written submission made by them. Accordingly, the oral and written submissions of the CB were taken on record.

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

The CB submitted as below -

13. We have carefully gone through the SCN and the Disagreement Memo along with the Inquiry Report. We have found that none of the four charges are based on any cogent & tangible evidence against us as CB but have been made mainly based on assumptions & presumptions. Therefore, we vehemently deny and keenly contest all the said four charges. We state that it has been, correctly and reasonably, based on facts of the case and supported by court decisions as binding precedents, reported by the Inquiry Officer in his said Inquiry Report that none of the four Articles of Charges are proved against us. The Inquiry Report therefore merits acceptance in toto and the SCN merits to be dropped on this ground alone.

13.1 We state that LPFPL, a Private Limited Company, is holding a Customs Broker having Licence No. 11/22 issued by Mumbai Customs. We respectfully and humbly state that we have been operating as a Customs Broker since for the past more than 104 years with unblemished record.

13.2 We state that the SIIB [investigation agency] of Indore Customs investigated the matter of alleged diversion of goods, cleared duty free under Advance Authorisations, by M/s Singh Exports Indore in local market without using the goods for fulfilment of export obligation as mandated. The matter regarding us as Customs Broker pertains to clearance of Polypropylene (PP) Granules and U.V. Stabilizer Master Batches made in the name of M/s Singh Exports Indore duty free under the following two Advance Authorisations with port of registration as ININD6 which is the Code for Pithampur ICD:

Table - 1

Sr No.	Advance Authorisation No & Date	Import Validity	Export Validity	Goods allowed to be imported duty free under the Advance Authorisations
1	5611001463 dated 10.01.2023	10.01.2024	10.07.2024	Polypropylene Granules – 220 MTs with CIF value Rs 2.09 Crore.

2	5611001662 dated 23.03.2023	23.03.2024	23.09.2024	Polypropylene Granules – 302.500 MTs with CIF value Rs 2,72,25,000/-.

13.3 We state that out of the total 16 consignments cleared duty free under the above two Advance Authorisations, we have provided our services as Customs Broker only in ex-bonding of the imported goods [Polypropylene Granules already warehoused in Customs Bonded Public Warehouse] vide the following eight Ex-bond Bills of Entry:

Table - 2

Sr No	Bill of Entry No/Date	Quantity Cleared (Kg)	Assessable Value of the goods (Rs)	Amount of Duty Foregone (Rs)	Amount of Duty Foregone as per the SCN (Rs)	Customs Port Location Code
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Cleared under Advance Authorisation No 5611001463 dated 10.01.2023						
1	4358932/ 26.01.2023	24,500	18,45,585	5,11,873	6,94,194.68	INPAV1
2	4373208/ 27.01.2023	48,000	35,30,344	9,79,141	13,46,589.23	INMUN1
3	4420542/ 31.01.2023	49,500	37,28,835	10,34,192	14,02,556.53	INPAV1
4	4431693/ 31.01.2023	17,500	13,18,275	3,65,624	4,95,853.33	INPAV1
5	4471586/ 03.02.2023	24,500	18,14,715	5,03,311	6,91,537.63	INPAV1
6	4480019/ 03.02.2023	25,000	18,51,750	5,13,583	7,05,650.65	INPAV1
7	4533138/ 07.02.2023	25,000	20,98,650	5,82,061	7,44,537.45	INMUN1
Cleared under Advance Authorisation No 5611001662 dated 23.03.2023						
8	6301408/ 07.06.2023	24,000	19,23,700	5,33,538	6,77,815.56	INMUN1
			1,81,11,854	50,23,323	67,58,735.06	

13.4 The SCN does not allege that the two Advance Authorisations were fake or forged. Admittedly, both were duly issued to M/s Singh Exports by DGFT Indore as Manufacturer-Exporter subject to actual user conditions following due process. They were registered with Customs at ICD Pithampur against requisite Bonds and two Bank Guarantees totalling Rs 32,97,500/- (later encashed by the department). Furthermore, the warehoused goods were lawfully sold by the original importer to M/s Singh Exports through a legal agreement covering commercial terms and customs duty, followed by bond transfer execution. As Customs Broker, we merely submitted this bond to Customs for acceptance and approval of the ownership transfer.

13.5 The impugned SCN does not dispute the following facts: as Customs Broker, we duly completed KYC for M/s Singh Exports by obtaining their Authorisation Letter, IEC, Aadhaar, PAN, and GST Registration. All communications were routed via their email (singh.pexports@gmail.com), and payments were received directly from them. Post-clearance transportation from the warehouse was arranged entirely by the importer, not us. We merely facilitated duty-free clearance for eight ex-bond Bills of Entry under two Advance Authorisations.

13.6 We therefore deny and state that: We had filed the eight Ex-Bond Bills of Entry solely on telephonic instructions from Shri Utkarsh Bhave; The operational control remained entirely with Shri Utkarsh Bhave, whose authority was never independently verified by us; We have not obtained written authorization or conducted verification of the importer's identity and credentials; We were required retain e-Way Bills, Lorry Receipts, or delivery confirmations; and We were required to conduct physical/personal meeting with the Advance Authorisation holder M/s Singh Exports Indore.

13.7 We reply to the alleged violations without prejudice. Given the factual background and the Inquiry Report holding that none of the four charges stand proved, these charges cannot be sustained. The SCN is vague, ambiguous, and based on assumptions and presumptions rather than facts, violating the Principles of Natural Justice and preventing an effective rebuttal. As held by the Hon'ble Supreme Court in *Commissioner of C. Ex., Bangalore vs. Brindavan Beverages (P) Ltd.* [2007 (213) E.L.T. 487 (S.C.)], an SCN lacking specific details denies the noticee a proper opportunity to defend themselves. An SCN relying on presumptions and omnibus statutory language is unsustainable, and it must be held that none of the four charges are proved against us.

13.8 It is respectfully 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.'*

13.9 The SCN tacitly requires us to prove the negative that we have not done the acts mentioned and alleged in the SCN without leading any cogent and tangible evidence in this regard. We state that there is a legal embargo on this. We cannot prove the negative in the absence of any specific allegations supported with cogent and tangible evidence regarding the alleged acts of omissions & commission by us. It is for the department to lead the evidence relating to our role in relation to the alleged violations of the CBLR, 2018 which the department has miserably failed to discharge as their burden of proof. In this regard, we rely uponratio of the following case laws:

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

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

14.1 We state that the SCN issued under Section 124 [the Offence Report] did not raise this issue and rather accepted that the required Authorisation was obtained by us from the importer but the CBLR SCN states in this regard as under:

> *"The Custom Broker filed eight Ex-Bond 'Bills of Entry solely on telephonic instructions from Shri Utkarsh Bhave. All documentation and communication were routed through the email ID singh.pexports@gmail.com. and failed to obtain proper authorization."*

14.2 We obtained the mandatory statutory Authorisation and KYC documents from the importer (attached as Exhibit 'B', pages 96–116). The importer is not a dummy entity; they existed at the stated address, participated in the investigation, and gave a statement. Their genuine existence is corroborated by the SCN not alleging the Advance Authorisations were fake, both having been duly issued by DGFT Indore and registered with Customs at ICD Pithampur against Bonds and Bank Guarantees totalling Rs 32,97,500/-. Raising this charge without proper verification is contrary to the record. Under Regulation 10(a) of CBLR, 2018, read with Section 147 of the Customs Act, 1962, the sole purpose of an 'authorisation' is to establish the Principal-Agent relationship, which neither party denies here. The regulation does not prescribe a specific mode of obtaining it, requiring production only when asked, and additional stipulations cannot be read into it. Consequently, the importer is neither fictitious nor a dummy entity.

14.3 In view of the above and by virtue of our experience in this field for more than 100 years as Customs Broker, we were duly satisfied about bona fides of the importer. In view of the above, there is no violation of the Regulation 10(a) of the CBLR, 2018.

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

15.1 We state that the insinuations mentioned in this regard that the procedural lapse and lack of due diligence on our part facilitated the clearance of duty-free imports under the Advance Authorisation scheme, thereby enabling the fraudulent diversion of plastic granules are not germane to the alleged violation of Regulation 10(e).

15.2 It is farfetched to presume without evidence that we failed to advise the client to shift the goods to their manufacturing unit per Advance Authorisation conditions, as no such advice was required of us as a Customs Broker. The Customs Notification and Foreign Trade Policy contain built-in checks, and the importer was fully aware of these conditions, having executed the requisite Bond and Bank Guarantees with Indore Customs. Our responsibility was limited to facilitating clearance under the two Advance Authorisations. Under Section 146 of the Customs Act, 1962 read with CBLR, 2018, our role concluded upon clearance and delivery; any alleged diversion was a post-clearance activity entirely outside our domain. In this regard, we rely upon the ratio of the case of M/s RDR Clearing Agent Versus Commissioner of Customs (Prev.), Kolkata reported as 2023 (10) TMI 898 - CESTAT KOLKATA, wherein it has been held that:

> *"9. The contention of the Appellant is that the importer's claim of exemption benefit and the admissibility thereof has to be decided by the Deputy Commissioner of Customs Air Cargo Complex as the Proper Officer and the Appellant as Customs Broker has absolutely no say over the admissibility of any Exemption Notification. We agree with the contention of the Appellant. The Custom Broker has a limited role of filing the bills of entry as per the instructions of importer and the authority of deciding the admissibility of any Exemption Notification was exclusively bestowed on Assistant/ Deputy Commissioner concerned as the Proper Officer under Section 143 of the Customs Act, 1962. In case of any violation of terms and conditions of the Exemption Notification by the importer, invocation of the terms and the conditions of Bond including that of re-export Bond is the exclusive liability of the Departmental Officer and in no way the responsibility can be shifted to the Customers Broker. The appellant as the customs broker at no stretch of imagination can be held liable for violation for the post import conditions of the Exemption Notification against which the consignment was cleared since no such authority has been bestowed on the appellant. Thus, we hold that the Appellant cannot be held responsible for the violation, if any, committed by the importer."*

15.3 The SCN contains no specific allegation or evidence that we failed to exercise due diligence to ascertain the correctness of information imparted to M/s Singh Exports regarding the ex-bond clearances. To establish a violation of Regulation 10(e) of CBLR, 2018, the department must bring on record specific information provided by the Customs Broker to the client that was found to be incorrect. Neither the SCN nor the recorded statements cite any false information given by us. In the absence of any such evidence, the alleged violation of Regulation 10(e) is entirely baseless and unsustainable. In this regard, we rely 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."*

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."*

15.4 Also regarding 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)."*

15.5 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."*

15.6 We further state 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 sustain and hold. There is no such allegation on record by the client. The aforesaid observations squarely apply to the facts of the present case and therefore, we cannot be held guilty for violating Regulation 10(e). In view of the above, the said charge is contrary to the established law, jurisprudence & practice on the issue and factual evidence on record in this regard and there was no violation of the Regulation 10(e) of the CBLR, 2018.

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

16.1 The impugned SCN admits that transportation and delivery were arranged directly by the importer; therefore, we were not required to retain copies of the e-Way Bills or Lorry Receipts. Regulation 10(k) requires a Customs Broker to maintain up-to-date records such as bills of entry, shipping bills, correspondence, and accounts in an orderly, itemized manner as specified by designated customs authorities. We duly obtained and submitted the importer's KYC documents and maintained all necessary records, including ex-bond bills of entry relating to our business. Furthermore, since the authorities prescribed no specific format or method for record maintenance, there is no benchmark to establish any non-compliance. Consequently, no violation of Regulation 10(k) of CBLR, 2018 arises.

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

17.1 We completed due KYC and due diligence of the importer, and the SCN does not claim the entity was non-existent at its registered address when we handled the eight ex-bond clearances. Per CBIC Circular No. 9/2010-Customs dated 08.04.2010, verification of any two specified documents fulfils the obligation under Regulation 10(n) of CBLR, 2018. We obtained and provided these KYC documents during the investigation, though they were overlooked. The two Advance Authorisations were genuine, duly registered with Indore Customs, and available for online debit. The client furnished two bank guarantees to ICD Pithampur and held an IEC, PAN, and GSTIN. With credentials verified by DGFT, the Income Tax department, GST authorities, the bank, and Customs, there was no reason to doubt the entity's bona fides. Furthermore, the investigative verification occurred over six months post-clearance, during which the client may have relocated or closed. Under Section 146 of the Customs Act, a Customs Broker is not legally required to continuously track a client.

17.2 In this regard, we rely upon the ratio of the following judgements:

(i) M/s Perfect Cargo & Logistics Vs. Principal Commissioner of Customs (Airport & General), New Delhi 2021 (376) E.L.T. 649 (Tri. - Del.)

(ii) M/s ATR Logistics India Pvt Ltd Vs Commissioner of Customs Airport & General. New Delhi reported as 2025 (11) TMI 1222 - CESTAT NEW DELHI

(iii) M/s. Senghi Shipping Services (Custom Broker) Versus Principal Commissioner of Customs Chennai reported as 2021 (4) TMI 401 - CESTAT CHENNAI

(iv) M/s Anax Air Services Pvt. Limited Vs Commissioner of Customs, New Delhi (Airport and General) reported as 2022 (1) TMI 115 - CESTAT NEW DELHI.

(v) M/s. Jyoti Customs Broker Service Pvt. Limited Vs Pr. Commissioner of Customs (Administration & Airport), Kolkata reported as 2023 (6) TMI 201 - CESTAT KOLKATA.

(vi) M/s Suswashis Clearing and Forwarding Agency reported as 2024 (2) TMI 979 - CESTAT MUMBAI

(vii) M/s Friends Cargo Services reported as 2024 (2) TMI 739 - CESTAT NEW DELHI.

(viii) M/s World Line Cargo Movers reported as 2024 (2) TMI 738 - CESTAT NEW DELHI.

(ix) M/s Total Clearance reported as 2023 (7) TMI 724 - CESTAT MUMBAI

(x) M/s. Masterstroke Freight Forwarders Pvt. Ltd. Versus Commissioner of customs Chennai II Commissionerate reported as 2025 (7) TMI 858 - CESTAT CHENNAI

(xi) 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

17.3 There are many such other reported decisions on the issue but for the sake of brevity, we are not burdening your honour with details at this juncture. We state that it is not the case of the department that the KYC documents collected by us from the client were fake, false and forged. In view of the above, the said charge is contrary to the settled law & practice and factual evidence on record in this regard and there is no violation of the Regulation 10(n) of the CBLR, 2018.

18. All four charges rely on the single premise that we never dealt directly with the importer on record and acted solely at the behest of one Shri Utkarsh Bhave. This conflation is inconsistent with CBLR, 2018, which categorizes obligations stakeholder-wise such as Regulation 10(a) regarding client authorisations and Regulation 10(e) regarding due diligence in imparting information. It was incumbent upon the Licensing Authority to evaluate each distinct obligation rather than applying a blanket imputation. Furthermore, the Licensing Authority has wrongly presumed that broker obligations exist merely to trigger licence revocation, treating any alleged misconduct by an importer as an automatic breach by the Customs Broker. Established under the Customs Act, 1962 to bridge the proper officer and trade, brokers hold distinct, multi-faceted duties to both. A single offence cannot arbitrarily attach to every regulation; the SCN was required to specify the exact act or omission violating each respective duty before jeopardizing the Customs Broker's livelihood.

18.1 The language of Regulation 10(e) of CBLR, 2018 governs the *inter se* relationship between the Customs Broker and the client, rather than the Broker and the Customs department; any deficiency in service under Clauses (a) and (e) was for the importer to raise, and no such complaint exists on record. Invoking these clauses constitutes judicial overreach. Neither the Offence Report nor the SCN provides cogent or tangible evidence establishing violations of Regulations 10(a), 10(e), 10(k), or 10(n). Mere allegations cannot implicate the Customs Broker in the importer's offence. Due to the lack of verifiable facts, all four charges remain unsubstantiated and the SCN is legally unsustainable.

18.2 The department has not investigated our role, proposing punishment without trial based entirely on assumptions and presumptions. Any offence committed by the importer occurred post-clearance and was extraneous to our role as Customs Broker. We did not connive, aid, or abet the alleged diversion of goods by M/s Singh Exports. Under penal law and Section 107 of the IPC (Section 45 of BNS), mere negligence does not constitute abetment; it requires deliberate instigation, encouragement, or active assistance, none of which is evidenced against us. Furthermore, the SCN makes no allegation of conspiracy. Relying on the presumption of innocence, there is no proof of common intention or connivance, nor has any co-accused implicated us. It is not even the department's case that we shared in any monetary gains from the alleged diversion. In the absence of cogent evidence, the oblique charge of abetment remains bald and unsustainable.

18.3 We state that though the charges for alleged violations of the CBLR, 2018 have been raised against us, we as CB were never questioned and examined by the CB Section under the Customs Act, 1962 in this regard. We state that the CB cannot be penalised in the absence of his complicity and knowledge of the offences on their part. In this regard, we rely upon the ratio of the following reported case laws:

(i) M/s Perfect Cargo and Logistics Vs Commissioner of Customs (Airport & General) reported as 2020 (12) TMI 649 - CESTAT NEW DELHI

(ii) National Traders and Agencies - 2019 (6) TMI 371 - CESTAT BANGALORE

(iii) Poonia & Brothers - 2019 (4) TMI 911 - CESTAT NEW DELHI:

(iv) Merchant & Sons - 2018 (5) TMI 1067 - CESTAT MUMBAI:

(v) Millard Logistics Pvt Ltd - 2018 (1) TMI 960 - CESTAT ALLAHABAD.

19. Without prejudice to the foregoing, under the established Doctrine of Proportionality, any penalty must be commensurate with the alleged offence. Even assuming, without admitting, that Regulations 10(a), 10(e), 10(k), and 10(n) of CBLR, 2018 were violated, the proposal to revoke our Customs Broker licence is excessively harsh. Considering our limited role and the evidence on record, the alleged lapses do not warrant such precipitative action. In this regard, we rely upon the ratio of the following recent case laws:

(i) M/s. HSN Shipping Pvt Ltd Vs Commissioner of Customs, Chennai - 2021 (2) TMI 1149 - CESTAT CHENNAI.

(ii) Setwin Shipping Agency Vs Commissioner of Customs (Chennai – VIII) - 2021 (1) TMI 818 - CESTAT CHENNAI.

(iii) M/s Jetwing Freight Forwarders Vs C.C Bangalore – Cus - 2020 (6) TMI 316 - CESTAT, BANGALORE.

(iv) M/s Mallick Clearing Agency Vs CC (Admn & Airport), Kolkata - 2020 (1) TMI 489 - CESTAT KOLKATA.

(v) M/s Tanmay Global Logistics Vs Commissioner of Customs (Airport & General) - 2019 (12) TMI 529 - CESTAT NEW DELHI.

19.1 On the issue of proportionality of punishment we further rely upon the ratio of the following judgements:

(i) Commr of Cus & C. Ex Hyderabad Vs H. B. Cargo reported as 2011 (3) TMI 816 - ANDHRA PRADESH HIGH COURT

(ii) M/s Ashiana Cargo Services Vs Commissioner of Customs (I&G) - 2014 (3) TMI 562

(iii) M/s R R Shipping Agency reported as 2021 (12) TMI 857 - CESTAT MUMBAI

19.2 We have operated as a Customs Broker for nearly 104 years with proven goodwill, integrity, and diligence. Operating nationwide, we employ over 800 individuals across various Indian ports and Customs stations. Revoking our licence would unjustly deprive these employees of their livelihood. Proposing revocation by merely citing statutory provisions without cogent and tangible evidence is disproportionately harsh, legally unsustainable, and ought to be held as such.

20. The SCN proposes revoking our licence under Regulation 14(b) of CBLR, 2018 for alleged failure to comply with Regulations 10(a), 10(e), 10(k), and 10(n). Having demonstrated full compliance with each of these provisions, no violation exists, rendering the SCN without jurisdiction. Under established jurisprudence, conviction cannot rest on mere suspicion or moral satisfaction; complicity must be proven beyond reasonable doubt. We state that in the following four recent cases, among other cases, involving diversion of the duty free imported goods under Advance Authorisations or otherwise mis-use of the Advance Authorisations by the importers, the matter were decided in favour of the Customs Brokers and their appeals were allowed:

(i) M/s. Masterstroke Freight Forwarders Pvt. Ltd. Versus Commissioner of customs Chennai II Commissionerate reported as 2025 (7) TMI 858 - CESTAT CHENNAI
(ii) Mr J Uthaman, Air Cargo Helpers, M/s. Laxmi Fabrics Versus Commissioner of Customs, Chennai reported as 2025 (11) TMI 1652 - CESTAT CHENNAI
(iii) M/s Aggressive Shipping & Logistics Private Limited Versus Principal Commissioner of Customs (General), Mumbai reported as 2026 (1) TMI 666 - CESTAT MUMBAI
(iv) Commissioner of Customs Versus Shri Regin. P, Proprietor of M/s. Regin Agency, M/s. Daniel and Samuel Logistics Private Limited, M/s. Zion Logistics reported as 2026 (2) TMI 617 - MADRAS HIGH COURT

We state that the above cases are not contextually different from the present case. Therefore, the proposals in the SCN for action against us as CB may please be dropped and set aside inasmuch as consistency is the bedrock of judicial practice.

20.1 We submit the following mitigating factors in our favour: there is no allegation of disproportionate remuneration, *mala fides*, or conspiracy with Mr. Utkarsh Bhave or Mr. Rajesh Singh, nor did any witness depose against us during the investigation. The importer was operating from a verified, existing address, was not a habitual offender, and did not deny engaging us. No specific investigation targeted our role, leaving the charges mechanically framed on assumptions without cogent evidence. Furthermore, compliance with actual-user conditions and non-diversion of duty-free goods remained strictly the importer's post-clearance responsibility, secured by undertakings executed before Indore Customs. Not meeting the importer in person does not establish abetment, nor is there any causal nexus showing that our clearance of the goods enabled the subsequent diversion. Para 11.1 of the SCN vaguely asserts that procedural lapses enabled the diversion of plastic granules without demonstrating how we could have controlled post-clearance acts, an interpretation fully supported in our favour by established case law.

20.2 We respectfully submit 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 be followed unreservedly by the subordinate Authority. In this regard, we rely upon the ratio of the following case laws:

(i) Kamlakshi Finance Corporation **-** *1991 (9) TMI 72* **-** *SUPREME COURT***.**

(ii) T.V. Sundram Iyengar & Sons Pvt Ltd **-** *2021 (5) TMI 159* **-** *MADRAS HIGH COURT***.**

(iii) XL Health Corporation India Pvt Ltd – 2018 (10) TMI 1565 – Karnataka High Court

20.3 The Adjudicating Authority must judicially consider the cited precedents rather than dismissing them as irrelevant, as affirmed by the Hon'ble CESTAT in *M/s Vandana Global Ltd* [2023 (7) TMI 72 – CESTAT MUMBAI]. Adjudication requires a fair and transparent examination of allegations against the defense to arrive at the truth based on the totality of evidence, which is entirely lacking here. Under the established principle of "he who asserts must prove", the department has failed to discharge its legal burden, levelling bald allegations with criminal overtones based merely on assumptions and presumptions without proper application of mind. The SCN demonstrates a casual, mechanical, and prejudiced exercise of power, making the proposed revocation of our Customs Broker licence exceptionally harsh and arbitrary.

20.4 We state that in view of the totality of the facts and circumstances of the case, benefit of doubt needs to be extended to us inasmuch as the department does not have even an iota of evidence to prove our culpability in the matter. We, therefore, pray that all the said charges against us in these proceedings may please be held 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 in ignorance of applicable law. We pray to your honour that the facts & the circumstances of the matter may please be appreciated and justice may be rendered by holding that the charges are not proved inasmuch as the allegations made against us without any cogent evidence are serious in nature affecting our livelihood.

20.5 Before parting we state that since the allegations against us are based mainly on the oral statement of Shri Utkarsh Bhave and Shri Ritesh Kumar Singh Proprietor of M/s Singh

Exports Indore, we request that they may please be examined during the adjudication and we may be allowed to cross-examine them in terms of Regulation 17(4), ibid.

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

21. I have gone through the facts and records of the case; the offence report Offence Report dated 16.10.2025 issued by the Joint Commissioner of Customs, SIIB, Indore vide F.No. CUS/SIIB/INT/735/2023-SIIB-O/o-COMMR-CUS-INDORE; Show Cause Notice No. 52/2025-26 dated 18.03.2026 issued under Regulation 17(1) of CBLR, 2018; Inquiry Report dated 08.05.2026; Disagreement Memo dated 10.07.2026; PH records dated 13.08.2026 and the CB's written submission dated 07.08.2026.

21.1 Briefly stating, based on specific intelligence developed by SIIB, Customs Indore, an investigation revealed that M/s Singh Exports (IEC - CNLPS1119J, declared proprietor Shri Ritesh Kumar Singh) was a fictitious, non-existent entity created solely to fraudulently import duty-free Polypropylene (PP) granules under the Advance Authorisation Scheme and divert them into the Domestic Tariff Area (DTA) in violation of Notification No. 18/2015-Customs. Searches conducted at the declared premises on 29.11.2023 established that no office or factory existed at the location. Statements recorded under Section 108 of the Customs Act, 1962 revealed that Shri Ritesh Kumar Singh was merely a dummy name-lender working as a store manager in Jhansi, while the actual mastermind operating the firm was Shri Utkarsh Bhave (Partner of M/s KRM Plastics LLP), actively assisted and financed by Shri Vikas Jain and Shri Anshul Agrawal. In total, 555.5 metric tons of PP granules were imported across various ports, resulting in customs duty evasion of Rs. 1,67,78,659/-. In relation to the Customs Broker, M/s Liladhar Pasoo Forwarders Pvt. Ltd., the investigation and offence report forwarded by SIIB Indore disclosed that the broker handled the clearance of eight Ex-Bond consignments of PP granules for M/s Singh Exports between January and June 2023. In his statement, the CB's authorized representative admitted that the firm acted entirely on telephonic instructions from Shri Utkarsh Bhave without verifying his legal authority or the physical existence and functioning of M/s Singh Exports at its declared address and never met the declared proprietor. Consequently, a Show Cause Notice dated 18.03.2026 under Regulation 17 of the Customs Brokers Licensing Regulations (CBLR), 2018 was issued to the CB M/s Liladhar Pasoo Forwarders Pvt. Ltd. (CB Licence No. 11/22) charging them for alleged contravention of Regulations 10(a), 10(e), 10(k), and 10(n) of the CBLR, 2018.

22. I find that 04 articles of charges have been framed against the CB i.e. violation of Regulations 10(a), 10(e), 10(k) and10(n) of the CBLR 2018. Now, I proceed to discuss the articles of charges, sequentially.

22.1 Violation of Regulation 10(a) of the CBLR, 2018:

a) Regulation 10(a) of the CBLR, 2018 casts a mandatory duty upon a Customs Broker to obtain an authorization from each of the companies, firms, or individuals by whom he is for the time being employed as a Customs Broker and produce such authorization whenever required by the Deputy/Assistant Commissioner of Customs. The SCN alleged that the CB handled eight Ex-Bond Bills of Entry solely on telephonic instructions from one Shri Utkarsh Bhave, with documents routed through an email ID (singh.pexports@gmail.com), without obtaining proper and legal authorization from the actual importer. In his report, the Inquiry Officer exonerated the Customs Broker, reasoning that the broker had produced an authorization letter dated 27.01.2023 bearing the signature of the proprietor of M/s Singh Exports, that the department did not allege the signature to be forged, and that Regulation 10(a) does not prescribe the precise mode or manner of securing the document. The Customs Broker, in their submissions, took shelter under the Inquiry Officer's view, relying on judicial precedents including *Seaswan Shipping and Logistics vs. Commissioner of Cus., Chennai-II*, *Perfect Cargo & Logistics vs. Commissioner of Customs (Airport & General), New Delhi*, and *Trans Asia Shipping Services vs. Commissioner of Customs. Bangalore*, contending that an authorization letter was physically placed on record, the principal-agent relationship was never disowned by the importer, and the CB cannot be held guilty merely because instructions were mediated by an authorized representative or associate.

b) I have perused the facts and records of the case, the findings of the inquiry officer and the defence arguments of the CB. I find that the core of this charge lies in whether the authorization filed with the customs documents was validly issued by the actual importer to the licensed CB. In my considered view, the IO’s interpretation reduces a vital statutory safeguard to a mechanical paper-collecting exercise. The requirement under Regulation 10(a) to "obtain an authorisation" cannot be viewed as a formality where the mere procurement of a signed letter fulfils the mandate. The purpose of an authorization under the CBLR, 2018 is to establish a genuine, lawful principal-agent relationship between the real importer and the licensed CB. A CB is a vital stakeholder entrusted by the Department to ensure that only legitimate entities transact business at the Customs station. Therefore, the act of obtaining an authorization inherently requires that the CB satisfies himself that the authorization originates directly and authentically from the client who is employing him.

c) I observe that the facts and evidences brought out during the investigation completely demolishes the claim of genuine compliance. Shri Kailash Sharma

Totaram, Assistant Manager and authorized G-Card holder of the CB at Kandla Customs, in his voluntary statement recorded under Section 108 of the Customs Act, 1962 on 25.06.2025, stated that he never met, saw, or interacted with Shri Ritesh Kumar Singh, the proprietor of importer firm M/s Singh Exports. He explicitly admitted that the entire clearance work was undertaken exclusively on the telephonic instructions of Shri Utkarsh Bhave (Partner of M/s KRM Plastics LLP) and that the CB simply assumed that Singh Exports was part of Shri Bhave's business group because they had handled clearances for KRM Plastics in the past. This crucial admission reveals that the CB was never employed by M/s Singh Exports; they received instructions from a third party whose credentials turned out to be dubious.

d) Furthermore, the statement of Shri Ritesh Kumar Singh (Proprietor of M/s. Singh Exports) recorded under Section 108 on 12.12.2023 confirms beyond doubt that he was working as a store manager in a shoe showroom in Jhansi, who had lent his identity documents to Shri Utkarsh Bhave for a promised monthly consideration of Rs. 25,000/-. Shri Singh admitted having no knowledge of imports, exports, customs clearances, or Advance Authorisations, nor did he ever operate the bank accounts or engage any Customs Broker. When the declared proprietor himself had zero operational awareness and never engaged the CB, the paper authorization dated 27.01.2023 produced by the CB was nothing more than a procured document forwarded by Shri Bhave to fulfil paper compliance. The decisions in *Seaswan Shipping and Logistics vs. Commissioner of Cus., Chennai-II* and *Perfect Cargo & Logistics vs. Commissioner of Customs (Airport & General)* cited by the IO and the CB dealt with cases where the client was genuine, functioning, and had admittedly delegated operational liaison to an employee or an agent. Those rulings cannot be extended to shield a broker who blindly acts on telephonic calls from an unauthorized third party to clear sensitive, duty-exempted cargo on behalf of a dummy front firm. By acting entirely upon the verbal directions of Shri Utkarsh Bhave without being in contact with the actual importer and failing to establish any direct principal-agent engagement with the actual importer, the CB committed a blatant breach of their primary professional obligation. The facts and evidences on record establish beyond doubt that the CB never obtained an authorization directly from the importer at the time of undertaking the clearance work. The IO's findings do not hold water in the light of facts and evidences on record. Consequently, I reject the findings of the Inquiry Officer and uphold the charge of violation of Regulation 10(a) of the CBLR, 2018.

22.2 Violation of Regulation 10(e) of the CBLR, 2018:

a) I observe that Regulation 10(e) of CBLR, 2018 mandates that a Customs Broker shall "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 Article of Charge in the SCN alleged that due to procedural lapses and lack of due diligence, the CB facilitated the clearance of duty-free imports under the Advance Authorization Scheme, thereby enabling the fraudulent diversion of polypropylene (PP) granules into the Domestic Tariff Area (DTA). It was further alleged that the CB failed to advise the client that the imported goods were subject to actual user conditions and ought to be shifted directly to the registered manufacturing facility. The Inquiry Officer held this charge as not proved, observing that the SCN did not allege violation of Regulation 10(d) (which governs advising the client to comply with statutory provisions), that no specific false or incorrect information imparted by the broker to the client was identified in the SCN, and that once the goods were cleared out of customs charge, the broker had no control over post-clearance transport or disposal. The CB, in their defence, reiterated the IO's findings and cited caselaws including *Kunal Travels (Cargo)*, *M.D. Shipping Agency*, and *RDR Clearing Agent*, asserting that post-clearance diversion of goods cannot be mechanically imputed as a violation of Regulation 10(e).

b) I have gone through the IO's findings in detail and observe the findings to be cogent and tenable. On perusal of the Show Cause Notice, the Offence Report, and the relied-upon documents, I observe that there is no allegation of failure to advise the client, or any incorrect information imparted by the CB to the importer M/s Singh Exports has been identified or brought on record. Furthermore, nothing on record substantiates that the importer was misinformed or misguided by the CB or the CB acted in collusion with the importer in the fraudulent diversion of goods. Moreover, nothing on record indicates that there was any mis-declaration in the Bills of Entry regarding the description, quantity, value, or classification of the PP granules. The diversion of the goods took place after the goods were cleared out of customs charge. As held by the Hon'ble High Court of Bombay in *Commissioner of Customs (General) v. M.D. Shipping Agency* [2014 (299) E.L.T. 257 (Bom.)], once goods are cleared out of customs charge and handed over to the client or his transporter, the statutory responsibility of the CB under the licensing regulations ceases, and the CB cannot be presumed to possess omnipresent oversight over post-clearance vehicular movement or end-use utilization.

c) I place reliance on the decision of the *Hon'ble Calcutta High Court in the case of Commissioner of Customs (Airport & Admn.) vs. Shipping & Clearing Agents Pvt. Ltd. reported in 2023 (386) E.L.T. 544 (Cal.)* wherein, the Hon'ble High Court held that – *"thus the charge of violation of Regulation 11(e) comes into operation when information is given by Customs Broker to his client and there is allegation that the information given is false. When there is allegation that the Customs Broker did not advise the client to comply the provisions of the Act, there is no question of giving information to client which is not true, when there is no allegation by the client/exporter. Thus there is no breach of the said provision"*. In view of the foregoing discussions and relying upon the caselaws discussed, I do not find conclusive evidence of the CB's contravention of Regulation 10(e) of the CBLR, 2018. Therefore, accepting the findings of the Inquiry Officer and the CB's defence, I am inclined to observe that the CB has not violated Regulation 10(e) of the CBLR, 2018 and hence, drop the charge.

22.3 Violation of Regulation 10(k) of the CBLR, 2018:

a) I observe that Regulation 10(k) of the CBLR, 2018 requires a CB to "maintain up to date records such as bill of entry, shipping bill, transhipment application, etc., all correspondence, other papers relating to his business as Customs Broker and accounts including financial transactions in an orderly and itemised manner as may be specified by the Principal Commissioner of Customs or Commissioner of Customs, as the case may be". I find that the SCN alleged that the CB failed to comply with Regulation 10(k) because they did not personally meet the importer, did not verify the declared premises, and failed to retain copies of e-Way Bills, Lorry Receipts (LRs), or delivery confirmations reflecting the physical movement of the cleared cargo. The Inquiry Officer held the charge as not proved, observing that allegations regarding non-verification of premises and absence of personal meetings are foreign to Regulation 10(k) (which purely governs record-keeping), that the SCN itself admitted transportation was arranged directly by the importer, and that the CB had preserved and produced all clearance documentation and financial ledgers handled in their domain as a CB. I observe that the CB contested the charge, submitting that a CB cannot maintain documents generated by third-party transporters outside their contractual scope.

b) I have gone through the IO's report in detail and find the IO's reasoning for holding the charge as 'not proved', logical and convincing. Regulation 10(k) is strictly a record-keeping and accounting mandate aimed at ensuring that transactional papers handled by the broker are systematically maintained and available for departmental checks when required. Verification of premises and identity of clients fall exclusively within the domain of Regulation 10(n), and does not relate to the mandate under Regulation 10(k). Regarding the non-maintenance of e-Way Bills, Lorry Receipts, and delivery confirmations, it is an admitted and undisputed fact in the Show Cause Notice, as well as in the Offence Report, that "transportation and delivery were arranged directly by the importer". The investigation revealed that the transport arrangements were directly coordinated between Shri Utkarsh Bhave/ other persons and the transport company. The goods were cleared from the customs bonded warehouses under valid Ex-Bond Bills of Entry and handed over at the warehouse/CFS gate to the carriers designated by the importer. When the contractual scope of the CB was strictly limited to customs clearance and ex-bonding, and did not encompass internal transport, freight forwarding, or destination logistics, the allegation that the CB failed to maintain records of Lorry Receipts or e-Way Bills seems far-fetched.

c) The expression "other papers relating to his business as Customs Broker" in Regulation 10(k) cannot be expanded to indicate that a CB is mandated to procure and archive commercial transport documents generated independently between an importer and a private transport contractor post-clearance. Furthermore, the record shows that the CB produced the copies of the Ex-Bond Bills of Entry, customs out-of-charge documents, bond transfer copies, KYC documents, and ledger accounts showing billing and receipt of clearance charges. To penalize the CB under Regulation 10(k) for not maintaining records of activities they never performed is contrary to reason and justice. In light of the foregoing discussions, the IO’s findings appear sound and acceptable. Consequently, accepting the IO’s findings and the CB’s defence submission, I drop the charge of violation of Regulation 10(k) of the CBLR, 2018 levelled against the CB.

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

a) Upon detailed scrutiny of the facts and records of the case, I observe that the SCN charged the CB with gross negligence for failing to verify the identity and functioning of the importer M/s Singh Exports at its declared address prior to undertaking clearance work, acting entirely on the basis of information received through email and telephonic calls. The Inquiry Officer held the charge as not proved, reasoning that the CB had obtained standard KYC documents (PAN, Aadhaar, GSTIN, IEC, Shop & Establishment registration), that these statutory documents were genuine and issued by competent Government authorities, that the proprietor was an existing person who appeared during investigation, that physical verification of premises is not legally mandated as held under judgements in - *HIM Logistics Pvt. Ltd. vs. Commissioner of Customs, New Delhi* and *KVS Cargo vs.*

Commissioner of Customs (General), NCH, New Delhi, and that the departmental search was conducted six months post-clearance during which the firm could have relocated. In their defence, the CB relied on a series of judicial pronouncements and Board Circular No. 09/2010-Cus, arguing that verification of Government issued identity documents constitutes full compliance and that Customs Brokers cannot be expected to act as detective agencies.

b) I observe that Regulation 10(n) mandates that a Customs Broker shall verify correctness of the Importer Exporter Code (IEC) number, Goods and Services Tax Identification Number (GSTIN), identity of his client, and functioning of his client at the declared address by using reliable, independent, authentic documents, data, or information. I find that the CB has argued that because the IEC and GSTIN were genuine, validly issued by Government departments, and verified online, their statutory obligation was completed. They further claim that Regulation 10(n) does not explicitly mandate a physical visit to the client's premises and that online validation of statutory documents is sufficient. This line of reasoning completely ignores the plain language and essence of Regulation 10(n). Regulation 10(n) of the CBLR, 2018 should be given a comprehensive interpretation by giving special attention on the word 'and' which is employed between the words 'client and functioning'. The regulation not only simply prescribes that the CB has to collect documents viz, IEC/GSTIN/PAN/etc. for verification of his client, rather, it casts a bigger responsibility upon the CB for verification of 'functioning of his client at the declared address' using reliable, independent, and authentic means. In his voluntary statement recorded under Section 108 of the Customs Act, 1962, Shri Kailash Sharma Totaram, Assistant Manager and authorized G-Card holder of the CB stated that he never met, saw, or interacted with Shri Ritesh Kumar Singh, the proprietor of M/s Singh Exports. He explicitly admitted that the entire clearance work was undertaken exclusively on the telephonic instructions of Shri Utkarsh Bhave (Partner of M/s KRM Plastics LLP). The CB's authorized representative's admission and the investigation records establish that the CB did not conduct verification of the importer's functioning at the declared premises as envisaged under Regulation 10(n).

c) I find that the findings of the Inquiry Officer cannot be sustained, as the IO failed to appreciate the requirement under 10(n) to verify the "functioning of his client at the declared address by using reliable, independent, authentic documents, data or information". A diligent verification of a fairly new client is essential to keep a check on fly-by-night operators and dummy entities who obtain genuine statutory registrations on paper to facilitate fraudulent duty-free imports, duty evasion, and illicit diversions as revealed in the instant case of M/s. Singh Exports. Therefore, verifying whether the client is actually functioning at the declared business address is a distinct, mandatory, and substantive requirement that exists over and above verifying identity and document correctness. The mandate assumes greater significance when the business has been acquired through an intermediary (Shri Utkarsh Bhave) as is the case herein.

d) I find that the CB's defence which is also accepted by the IO that obtaining photocopies of PAN, GSTIN, IEC, and Aadhaar from a client fulfils the entirety of Regulation 10(n) renders the words "and functioning of his client at the declared address" completely redundant. While it is well-settled by judicial pronouncements that a CB is not required to conduct an intrusive physical inspection or visit the client's premises in every single routine import, the regulation unequivocally mandates that the CB must satisfy himself regarding the client's actual functioning at the declared address using *reliable, independent, and authentic documents, data, or information*. In the present case, the CB displayed negligence as they failed to take any step to ascertain whether M/s. Singh Exports had an operating office or manufacturing facility at the declared address. The KYC papers were simply received through a third party and all operational calls also came from the unrelated third party, Shri Utkarsh Bhave. If the CB had applied even elementary diligence to verify the "functioning at the declared address," they would have instantly discovered that no office or factory of M/s Singh Exports ever existed at 130, Sanwer Road, Indore. The search conducted by the investigating agency (SIIB, Indore Customs) under Panchnama proved that the importer M/s. Singh Exports did not operate from the declared premises. The CB's submission that the firm might have closed down after clearance is a convenient after-thought which is completely disproved by the statement of the dummy proprietor, Shri Ritesh Singh, who confessed that he was never involved in the business of M/s. Singh Exports and had simply lent his credentials for monetary consideration.

e) I find the CB's reliance on the judgements in *HIM Logistics Pvt. Ltd. vs. Commissioner of Customs, New Delhi and KVS Cargo vs. Commissioner of Customs (General), NCH, New Delhi, etc*. completely misplaced as those pertained to cases where the importer's functioning was substantiated by independent contemporaneous data. I observe that the obligation to verify the functioning of the client as mandated under Regulation 10(n) rests solely upon the licensed CB. Had the CB deployed basic, reliable, or independent means to verify the operational reality of the importer they would have discovered that the importer was a fictitious, fraudulent entity involved in the illicit diversion of goods imported under the

Advance Authorization Scheme. Here, the CB was handling repeated, high-value Ex-Bond clearances under a sensitive conditional exemption scheme (Advance Authorization) involving massive duty foregone. Given the CB's significantly long history of customs clearance work, the CB's actions of filing clearance documents on the instructions of an unverified third party without taking a single independent step to confirm the veracity of the client represents a complete lack of necessary due diligence mandated under Regulation 10(n). By blindly processing ex-bond clearances for a dummy importer, the CB directly enabled the resultant massive duty evasion. Under the factual matrix of the case, I reject the IO's findings and hold the CB guilty of violation of Regulation 10(n) of the CBLR, 2018.

23. I observe that the CB vide their submission requested examination and cross-examination of Shri Utkarsh Bhave and Shri Ritesh Kumar Singh under Regulation 17(4) of the CBLR, 2018 at the adjudication stage. I find that the said request is legally untenable, procedurally delayed, and devoid of merit. A plain reading of Regulation 17 of the CBLR, 2018 reveals that the recording of oral evidence and the exercise of cross-examination are expressly confined to the inquiry stage conducted by the Inquiry Officer under sub-regulations (3) and (4). Under Regulation 17(4), the right to cross-examine persons examined in support of the charges arises before the Inquiry Officer during the regular inquiry proceedings. Furthermore, the charges upheld against the Customs Broker specifically under Regulations 10(a) and 10(n) do not rest solely on the oral depositions of Shri Utkarsh Bhave or Shri Ritesh Kumar Singh. Rather, they stand conclusively established on the basis of facts and evidences brought out during the investigation and by the admissions of the CB's own authorized representative and G-Card holder, Shri Kailash Sharma Totaram, in his voluntary statement recorded under Section 108 of the Customs Act, 1962. Shri Kailash Sharma Totaram admitted that the firm processed the Ex-Bond Bills of Entry solely on the basis of telephonic calls from Shri Utkarsh Bhave, with documents received via email, without ever meeting or interacting with the declared proprietor, Shri Ritesh Kumar Singh, and without conducting any physical or independent verification of the existence and functioning of M/s Singh Exports at the declared address. When the essential facts constituting the regulatory infractions under Regulations 10(a) and 10(n) are directly admitted by the Customs Broker's own authorized employee and corroborated by documentary records, the oral cross-examination serves no practical purpose and is entirely redundant. Consequently, the belated plea for cross-examination under Regulation 17(4) is rejected. In this regard, I place reliance on the following caselaws: -

(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)], Hon'ble Tribunal observed at Para 17 that-

"No infraction of principles of natural justice where witnesses not cross-examined when statements admitting evasion were confessional."

(iii) 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."

24. I find that a Customs Broker occupies a very important position in the Custom House and is supposed to safeguard the interests of both the importers/exporters and the Customs Department. A lot of trust is kept in CB by the Government Agencies; however, by their acts of omissions and commissions, the CB M/s. Liladhar Pasoo Forwarders Pvt. Ltd. (CB License No. 11/22) has violated Regulations 10(a) and 10(n) of the CBLR, 2018. I find that for the violation of obligations provided under the CBLR, 2018 and for their acts of omissions and commissions, the CB M/s. Liladhar Pasoo Forwarders Pvt. Ltd. have rendered themselves liable for penal action under the CBLR, 2018. Hence, while deciding the matter, I rely on the following caselaws:

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

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

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

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

25. As discussed above, I conclude that the CB M/s. Liladhar Pasoo Forwarders Pvt. Ltd. (CB License No. 11/22) is guilty of violating Regulations 10(a) and 10(n) of the CBLR, 2018. In view of the detailed discussion and analysis above, it is established that the CB has failed to discharge the professional and statutory obligations mandated under the CBLR, 2018. I find that the CB acted in a callous manner by processing the Bills of Entry for M/s. Singh Exports on the basis of documents received over email without rigorously verifying the credentials of a new client. The CB failed in their fundamental statutory duties by transacting business on mere telephonic instructions of an unauthorized third party and omitting to exercise due diligence to verify the functioning of the client at the declared address using reliable, independent sources. The CB's actions facilitated the illicit diversion of goods resulting in a substantial loss of revenue to the exchequer. I observe that the CB acted as a mere conduit, processing ex-bond Bills of Entry for a non-existent/fly-by-night importer without verifying their operational status as mandated under Regulation 10(n). Further, from the records of the investigation and the inquiry proceedings, I find that the CB acted in a negligent manner but there is no evidence so as to indicate active connivance of the CB in the fraud perpetrated by the importer. Hence, under the factual matrix of the case and applying the principle of proportionate punishment I am not inclined to revoke the License and forfeit the security deposit of the CB as the punishment of revocation of license and forfeiture of security deposit is much harsher and disproportionate to the offence committed. However, I am of the considered view that the ends of justice will be met by imposing a penalty on the CB, under Regulation 18 of the CBLR, 2018 which suffices both as a punishment for the infraction and as a deterrent to future violations. In this regard, I place reliance on the following caselaws:

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

"13. By order dated 15-7-2000, licence was revoked. It is not clear how there could be revocation when the licence itself was not functional after 13-1-2000. Licence

can be suspended or revoked on any of the grounds as mentioned in Regulation 21. It is, therefore, clear that if any of the grounds enumerated existed, two courses are open to the Commissioner. One is to suspend the licence and the other is to revoke it. Suspension would obviously mean that licence would be for a particular period inoperative. An order of revocation would mean that licence is totally inoperative in future, it loses its currency irretrievably. Obviously, suspension/revocation, as the case may be, has to be directed looking to the gravity of the situation in the background of facts. For minor infraction or infraction which are not of very serious nature order of suspension may suffice. On the contrary, when revocation is directed it has to be only in cases where infraction is of a very serious nature warranting exemplary action on the part of the authorities, otherwise two types of actions would not have been provided for. Primarily it is for the Commissioner/Tribunal to decide as to which of the actions would be appropriate but while choosing any of the two modes, the Commissioner/Tribunal has to consider all relevant aspects and has to draw a balance sheet of gravity of infraction and mitigating circumstances. The difference in approach for consideration of cases warranting revocation or suspension or non-renewal has to be borne in mind while dealing with individual cases. In a given case the authorities may be of the view that non-renewal of licence for a period of time would be sufficient. That would be in a somewhat similar position to that of suspension of licence though it may not be so in all cases. On the other hand, there may be cases where the authorities may be of the view that licencee does not deserve a renewal either. Position would be different there. Though we have not dealt with the question of proportionality, it is to be noted that the authorities while dealing with the consequences of any action which may give rise to action for suspension, revocation or nonrenewal have to keep several aspects in mind. Primarily, the effect of the action vis-a-vis right to carry on trade or profession in the background of Article 19(l)(g) of the Constitution has to be noted. It has also to be borne in mind that the proportionality question is of great significance as action is under a fiscal statute and may ultimately lead to a civil death."

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

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

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

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

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

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

26. I have gone through the available records and find that the Inquiry Report in the matter was received on 11.05.2026. 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 Disagreement Memo dated 10.07.2026 was issued to the CB and a Personal Hearing (PH) was scheduled on 07.08.2026. The PH could not be held on 07.08.2026 due to administrative reasons and was then held on 13.08.2026. 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 (Born.), 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".

27. Having gone through the facts of the case and evidences on record, it is noted that the role of the CB, though marked by negligence and lack of professional caution, appears to be one of omission and failure to adhere to prescribed standards rather than a collusion with the importer in the clandestine diversion of the goods imported under Advance Authorization Scheme into the Domestic Tariff Area. This distinction is of material importance while determining the proportionality of punishment under the licensing regulations. The objective of action under the CBLR is not punitive alone but also corrective and deterrent, aimed at ensuring that Customs Brokers adhere to the high standards of diligence and responsibility expected of them as licensed intermediaries. In the present case, the regulatory lapses established on record justify the imposition of a monetary penalty under Regulation 18 of the CBLR, 2018, so as to underscore the seriousness of the obligations violated and to deter recurrence of such lapses in future. However, having regard to the absence of proven abetment, the nature of the violations, and the fact that revocation of the licence would have severe and disproportionate consequences on the livelihood of the CB and its employees, the extreme penalty of revocation or forfeiture of the security deposit is not warranted.

28. In view of the foregoing findings and relying upon the cited judicial precedents and the "Doctrine of Proportionality" which propagates the idea that the punishment for an offence should be proportional to the gravity of the offence, I am not inclined to revoke the license and forfeit the security deposit of the CB. However, for their acts of omissions and commissions, the Customs Broker M/s. Liladhar Pasoo Forwarders Pvt. Ltd. (CB License

No. 11/22) is held liable and guilty for violating the provisions of the CBLR, 2018, as mentioned above. Accordingly, I pass the following order:

ORDER

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

(i) I, hereby impose a penalty of Rs. 30,000/- (Rupees Thirty Thousand only) on the Customs Broker M/s. Liladhar Pasoo Forwarders Pvt. Ltd. (CB License No. 11/22) under Regulation 18(1) of the CBLR, 2018.

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

10.9.25

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

To,

M/s. Liladhar Pasoo Forwarders Pvt. Ltd.
(CB License No. 11/22)
Mulji House, 57, Devji Ratansay Marg,
Danabunder, Mumbai – 400009.

Copy to:

1. The Pr. Chief Commissioner/ Chief Commissioner of Customs, Mumbai - I, II, III.
2. The Principal Commissioner of Customs, SIIB, Indore.
3. EDI of NCH, ACC & JNCH.
4. ACC (Admn), Mumbai with a request to circulate among all departments.
5. JNCH (Admn) with a request circulate among all the concerned.
6. Cash Section, NCH.
7. Notice Board.
8. Office copy.