



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

संचिका सं./F. No.- GEN/CB/413/2025-CBS

आदेश दिनांक/Date of Order:30.09.2026

CAO No.50/2026-27/CAC/PCC(G)/AKP/Adj-CBS जारी दिनांक/Date of issue:30.09.2026

संख्या:

DIN:- 20260977NO000049C882

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।
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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, यथोत्तखंडपीठ 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 क्षेत्रीय खंडपीठ, 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 तदो 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 विरुद्ध 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 ब्याजवलागाएगए 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. Ryal Logistics Pvt. Ltd. (PAN - AAACR6636A) having its registered office at Pramukh Plaza, C wing, 2nd Floor, Cardinal Gracias Road, Chakala, Andheri (East), Mumbai - 400099 has been granted a regular Customs Broker License No. 11/2355 (hereinafter to be referred as the "CB") under the provision of Regulation- 7(1)/7(2) of the Customs Brokers Licensing Regulations, 2018 for transacting Customs Broker's business in the jurisdiction of Mumbai Commissionerates.

2. An Offence Report in the form of Show Cause Notice (SCN) No. 538/2025-26/ADC/CEAC/NS-II/CAC/JNCH dated 25.07.2025 issued by the Additional Commissioner of Customs, CEAC, NS-II, JNCH was received in the Customs Broker Section. The offence report interalia informed the following:

2.1 The Customs Broker M/s. Ryal Logistics Pvt. Ltd. (CB License No. 11/2355) filed one Shipping Bill No. 2158628 dated 03.07.2024 on behalf of exporter M/s. Surendra Saddlery (IEC - 069300066). The Shipping Bill (SB) was filed under Scheme Code-64 (Drawback, Special Advance License No. 0611001737 dated 07.12.2022 and RoSCTL) for export of goods declared as "Ladies Riding Breeches of Knitted Fabric with Full Seat of Artificial Leather Cloth" (The content - Bonded Knitted Dyed Fabric Front Side Nylon 75% spandex 25% & back side polyester 88% spandex 12% width 58 to 62 inch GSM 330 (+/-10%)). During the course of physical examination of the declared goods, the examining officer found that the CB, along with other relevant documents, also presented a Leather Declaration stating that the exporter has used indigenous finished leather in the manufacturing of the export product and no inputs procured without payment of duty, have been used in the export goods. However, later on, the exporter submitted its clarification vide letter dated 11.07.2024 that "they have not used any artificial leather in this shipment and the words are used only for licence redemption purposes."

2.2 Investigation revealed that the item to be exported under the said Advance Authorization No. 0611001737 dated 07.12.2022 was mentioned as "MEN/LADIES RIDING BREECHES OF WOVEN/KNITTED FABRIC WITH FULL SEAT OF ARTIFICIAL LEATHER CLOTH". Thus, it was crystal clear that there was misdeclaration with regard to the description of goods in the shipping bill vis-a-vis the Advance Authorization with a clear intention to fulfil the export obligation. It was evident that the goods under export were not covered under the subject Advance Authorization as per the shipping bill. Pursuant to the contraventions noticed, the goods covered under the SB No. 2158628, dated 03.07.2024 were examined 100 percent under Panchanama dated 31.07.2024. During the examination, the goods were found as "BLACK COLOURED ELASTIC PANTS". Representative samples of the goods were also drawn and forwarded

to the DYCC/JNCH for ascertaining exact nature, composition, classification and valuation of the goods covered under the subject shipping bill. The goods were duly seized under provision of Section-110 of the Customs Act, 1962 under Seizure Memo dated 02.08.2024.

2.3 DYCC/JNCH, after conducting tests of the RSS, forwarded its test report dated 02.09.2024 and 03.09.2024. The DYCC Test/Analysis Report stated that the goods were made of two layers of fabric pasted together with adhesive material (Polyurethane type). The outer layer was composed of Nylon yarns and spandex yarns and the inner layer was composed of polyester yarns with spandex yarns.

% composition: Outer Layer:- Nylon=76.68% Spandex=Balance; Inner Layer:- Polyester=87.29% Spandex=Balance

The DYCC/JNCH remarked the goods found as - **"IT IS OTHER THAN ARTIFICIAL LEATHER"**. The test findings of DYCC/JNCH clearly indicated the mis-declaration of goods description vis-a-vis the Advance Authorization with a clear intention to fulfil the export obligation/to avail undue export incentives.

2.4 During the investigation statement of Shri Harsh Chopra, the Authorized Representative of the Exporting Firm M/s. Surendra Saddlery (IEC- 0693000066), was recorded on 14.08.2024 and 02.09.2024 by SIIB(X) wherein, he inter-alia stated that:

- They were exporting goods described as Ladies Riding Breeches of Knitted Fabric with Full Seat of Artificial Leather Cloth (The content Bonded Knitted Dyed Fabric Front Side Nylon 75% spandex 25% & back side polyester 88% spandex 12% width 58 to 62inch GSM 330(+/-10%) filed under the Shipping Bill no. 2158628 dated 03.07.24 under Advance Authorization No.0611001737 dated 07.12.2022 which was issued under SION (Standard Input Output Norms) by the DGFT.
- They had filed 03 Bill of entries under the aforesaid Advance authorization wherein they had imported Bonded Knitted Dyed Fabric Front Side Nylon 75% spandex 25% & back side polyester 88% spandex 12% width 58 to 62 inch GSM 330 (+/-10%);
- He agreed with the input and output items mentioned at Sr. no. J252 of the SION and stated that it was the only nomenclature available for rider breeches i.e. J252;
- They prepared both type of breeches with & without a full seat of artificial leather cloth as per the requirements of buyers;
- They were exporting Ladies Riding Breeches of Knitted Fabric under the Shipping Bill no. 2158628 dated. 03.07.24 instead of the mentioned description under the Shipping Bill no. 2158628 dated 03.07.24 as Ladies Riding Breeches of Knitted Fabric with Full Seat of Artificial Leather Cloth;
- They did it only for advance authorization redemption and it is not made of artificial leather cloth; that they did it due to the nomenclature of the SION Sr. No. J252; that out of the Four Input items as per SION Sr. No. J252 they had imported only fabric under the advance authorization and they have imported other input items i.e. hooks and zips after paying the duty and not claimed the advance authorization benefit for them and further, he stated that they had not imported any artificial leather cloth against the said advance authorization nor claimed any drawback;

- They treat the imported cloth under Special machine to convert into artificial leather cloth and this helps the horse rider to have grip on the horse saddle. Further, they exported the goods with utilization of the same imported goods under the said advance authorization in the current shipment. Furthermore, he stated that they follow the SION norms in the said advance authorization; that more than 200 license have been issued to them, from DGFT, till date and they have been importing artificial leather cloths under advance authorization many a time as well as they procure artificial leather cloth locally.
- Further, the exporter submitted the minutes of the Norms Committee-V DGFT, Meeting no. NC/5/MEET/Mar/202425/22 dated 25.03.2025 vide letter dated 24.04.2025, stating norms committee decision wherein the committee had stated that the said authorization has been issued based on SION J-252, but the firm has not imported any artificial leather for their exported item, hence request of the firm for changing the export item description may not be acceptable. Further the norms committee stated that relevant fabric must be same in both Export & Import and as Exporter has imported only Item no.1 of the advance License thereby, in Export Description "Full seat of Artificial Leather Cloth" would not be relevant as there is no corresponding import.

2.5 During the course of investigation statement of Shri Deepak Mhabdi, G-Card holder of the Custom Broker Firm M/s. Ryal Logistics Pvt. Ltd. (CB License No. 11/2355) was recorded on 15.07.2025 by SIIB(X) wherein, he inter-alia stated that:

- They had taken the KYC documents of the Exporter and follow all due diligence while filing the Shipping Bill on behalf of the Exporter in order to present the goods for customs clearance for the purpose of Export.
- They had not visited the premises of the Exporter and had filed the shipping bill no. 2158628 dated 03.07.2024 on behalf of M/s Surendra Saddlery (IEC - 0693000066).
- Exporter submitted invoice, packing list & Advance Authorization to their office for filing the said shipping bill.
- On being asked about the uploading of the Leather Declaration in E-sanchit he stated that their office mistakenly submitted the Leather Declaration and the same was provided to them by the Exporter.
- On being asked whether the Exporter was aware that the goods were not made of Artificial Leather he stated that he was not aware of it. Further, he accepted that mistake had been made by their office as they did not study the document carefully and had committed the same mistake in the past for the said Exporter.

3. Contravention of the provisions of the Customs Brokers' Licensing Regulations, 2018 on the part of Customs Broker M/s. Ryal Logistics Pvt. Ltd. (CB License No. 11/2355): Functioning of the Customs Broker is governed by the various provisions laid down under Customs Brokers Licensing Regulations, 2018, various Standing Orders, Circulars, Notifications, Public Notices etc. issued by the DGFT and Customs department for undertaking clearance activities in its correct spirit, following the correct procedures. The Customs Broker has to strictly adhere to the set clearance norms and obligations cast upon him under the CBLR-2018. In the present case, there were clear violations of the aforementioned Rules, Act & Regulations. The following

violations/contraventions of Customs Brokers Licensing Regulations on the part of the Customs Broker, M/s. Ryal Logistics Pvt. Ltd. are relevant in the present case:

- **Regulation-10(d):** *advise his client to comply with the provisions of the Act, other allied Acts and the rules and regulations thereof, and in case of non-compliance, shall bring the matter to the notice of the Deputy Commissioner of Customs or Assistant Commissioner of Customs, as the case may be;*
- **Regulation-10(e):** *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;*

3.1 The CB M/s Ryal Logistics Pvt. Ltd in the statement dated 15.07.2025 accepted their failure to follow due diligence in the matter and mistakenly uploaded Leather Declaration despite the subject goods in the shipping bill were declared to be made of artificial leather. The CB also accepted that they had been doing this mistake for the past shipments as well and leather declaration was provided by the exporter. Therefore, it was clear that the CB had aided and abetted the violation committed by the Exporter and did not bring this violation to the notice of Customs authorities. The CB did not advise his client to comply with the relevant provisions of the Customs Act and also did not bring the non-compliance to the notice of the AC/DC Customs. Thus, it appeared that the CB failed to discharge their duties properly and violated Regulations 10(d) & 10(e) of CBLR, 2018. The said negligence on the part of Customs Broker was against the public interest and for the omissions and commissions, the CB rendered themselves liable for action under the provisions of Regulation-14, Regulation-15, Regulation-16 and Regulation-18 of the CBLR-2018.

3.2 In view of the offence report SCN No. 538/2025-26/ADC/CEAC/NS-II/CAC/JNCH dated 25.07.2025, the facts and circumstances of the case as discussed above, action under the CBLR, 2018 was initiated against the CB M/s. Ryal Logistics Pvt. Ltd. (CB License No. 11/2355) action under Regulation 17 of CBLR, 2018 was initiated against the CB and accordingly, a Show Cause Notice (SCN) No. 35/2025-26 dated 24.11.2025 was issued to the CB M/s. Ryal Logistics Pvt. Ltd. under the provisions of Regulation 17(1) of the CBLR, 2018 wherein, the CB was charged with violation of Regulations 10(d) and 10(e) of the CBLR, 2018 and was called upon to show cause, as to why:

- a. The Customs Broker License bearing no. 11/2355 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 Regulation 18 read with Regulation 17 of the CBLR, 2018.

3.3 Shri S.K.R. Reddy, Deputy Commissioner of Customs was appointed as Inquiry Officer to conduct the inquiry proceedings against the CB M/s. Ryal Logistics Pvt. Ltd. under Regulation 17 of the CBLR, 2018. However, in view of his impending superannuation, Shri S.K.R. Reddy, DC vide letter dated 16.12.2025 requested the competent authority to excuse him from conducting the proceedings. In view of the same, Shri J.A. Patel, Assistant Commissioner of Customs was then appointed as the Inquiry Officer (hereinafter referred to as the 'IO') to complete the inquiry proceedings against the CB M/s. Ryal Logistics Pvt. Ltd.

INQUIRY REPORT: -

4. The Inquiry Officer (hereinafter referred to as the 'IO') concluded the inquiry proceedings and submitted the Inquiry Report dated 11.06.2026, wherein, both the charges levelled against the CB vide Show Cause Notice No. 35/2025-26 dated 24.11.2025 were held as not proved. The IO further added that the Inquiry Report was delayed beyond the stipulated period as he was holding multiple charges during the time and there was very high pendency of Provisional Assessment, Arrears of Recovery etc. in Group-2(A-F) and significant workload in Bond and SVB Sections.

FINDINGS OF THE INQUIRY OFFICER: -

The IO submitted as below –

5. The Department's evidence highlights a serious dispute over export goods described in the shipping bill as riding breeches with artificial leather cloth, which the exporter later clarified was solely for licence redemption without actual artificial leather, as corroborated by DYCC/JNCH reports. However, the core CBLR inquiry is whether the Customs Broker's conduct violates Regulations 10(d), 10(e), and aiding and abetting allegations. The Department relies on the filing, the uploaded leather declaration, Shri Deepak Mhabdi's admission that the document was unstudied and mistakenly uploaded alongside past similar mistakes, and inferences of failing to advise, report non-compliance, or exercise due diligence. Conversely, the Customs Broker emphasizes that all documents including invoices, packing lists, and Advance Authorisations were exporter-supplied without fabrication, attributing discrepancies to SION nomenclature and technical composition, with G-Card holder statements showing no collusion, knowledge, wrongful gain, or intentional misdeclaration advice. Examining the record establishes that while uploading unstudied documents reflects an adverse circumstance and less-than-ideal scrutiny, it must be weighed against the full record. Since the documents were exporter-supplied, KYC was completed, and the G-Card holder lacked awareness of any falsehood, there is no material showing the CB knowingly used false declarations, modified documents, or shared benefits. Therefore, the record may show scope for greater caution

in handling the exporter-supplied leather declaration. However, the evidence must still be tested against the legal ingredients of each alleged violation. The findings are recorded below allegation-wise.

6. The first limb of Regulation 10(d) requires the Customs Broker to advise the client to comply with provisions of the Customs Act, other allied Acts and the rules and regulations thereof. The Department alleges that the CB failed to advise the exporter in the present case. The evidence relied upon by the Department consists of the filing of the shipping bill with the disputed description, uploading of the leather declaration, subsequent exporter clarification dated 11.07.2024, DYCC reports recording that the goods were other than artificial leather, and statement of the G-Card holder that the leather declaration was mistakenly uploaded and not carefully studied. The Customs Broker has denied that it failed to advise the exporter. It has submitted that the SCN does not identify any particular advice which ought to have been given but was not given. It has further submitted that there is no communication, email, message, correspondence, oral statement or conduct showing that the CB advised the exporter to misdeclare the goods or failed to advise compliance with law.

6.1 On examination, I find that the SCN does not contain any specific material showing that the CB failed to advise the exporter to comply with law. SCN proceeds from the fact of alleged misdeclaration by the exporter and the subsequent testing of goods. However, the finding that the exporter's description was incorrect or disputed does not automatically establish failure by the CB to advise the exporter. The exporter's own statements indicate that the disputed description was connected with Advance Authorisation/SION J-252 nomenclature and licence redemption. This explanation may or may not absolve the exporter in the parent proceedings, but it shows that the description issue originated from the exporter's licensing and manufacturing position. There is no evidence that the Customs Broker independently suggested or inserted the description for the purpose of evading legal compliance. The DYCC reports were obtained after physical examination and sampling. Such reports establish the laboratory findings regarding the nature of the goods. They do not establish that the Customs Broker had at the time of filing the shipping bill, failed to advise the exporter to comply with law. The statement of the G-Card holder may show that the leather declaration was not scrutinised with the care expected in an ideal case. However, the statement does not say that the CB did not advise the exporter to comply with law. It also does not say that the CB advised the exporter to use an incorrect description. In the absence of any specific evidence showing failure to advise compliance, the allegation under the first limb of Regulation 10(d) is not established. The charge cannot be sustained on a general inference drawn from the exporter's alleged misdeclaration. Accordingly, I find that the allegation of violation of Regulation 10(d), first limb, is not proved.

6.2 The second limb of Regulation 10(d) requires that, in case of non-compliance, the Customs Broker shall bring the matter to the notice of the Deputy Commissioner or Assistant Commissioner of Customs. This limb necessarily presupposes that the non-compliance was known to the Customs Broker. The Department alleges that the CB did not bring the exporter's violation to the notice of Customs. The allegation is based primarily on the upload of the leather declaration and the G-Card holder's statement that the document was not studied carefully and similar mistakes had occurred in past shipments. The Customs Broker has submitted that prior knowledge of non-compliance is not proved. It emphasized that the leather declaration was supplied by the exporter and that the G-Card holder specifically stated that he was not aware whether the exporter knew that the goods were not made of artificial leather. The CB has submitted that uploading an exporter-supplied document cannot be treated as knowledge that the document was false.

6.3 On examination of the record, I find that the SCN does not bring any independent material to show that, before or at the time of filing the shipping bill, the Customs Broker knew that the goods did not contain artificial leather or that the declaration was incorrect. There is no evidence of any prior communication between the exporter and the CB indicating knowledge of falsity. There is no evidence that the CB was informed by the exporter that the goods did not contain artificial leather before filing the shipping bill. The exporter's clarification dated 11.07.2024 was subsequent to filing of Shipping Bill No. 2158628 dated 03.07.2024. Therefore, that clarification cannot by itself prove that the CB had prior knowledge at the time of filing. Similarly, the DYCC reports dated 02.09.2024 and 03.09.2024 were subsequent technical findings. They also cannot prove that the CB knew the relevant facts before filing the shipping bill. The leather declaration was uploaded through the CB office. However, the Department's own record indicates that the declaration was provided by the exporter. Mere uploading or presentation of a document supplied by the exporter, without proof that the CB knew it was incorrect, does not satisfy the knowledge requirement for the second limb of Regulation 10(d). The G-Card holder's statement that the document was not studied carefully may indicate an omission in scrutiny. However, failure to study a document carefully is not the same as actual knowledge of non-compliance. For invoking the second limb of Regulation 10(d), the Department must prove knowledge first. The evidence on record does not establish such knowledge. Since knowledge of non-compliance is not established, the duty to report the matter to the Deputy Commissioner or Assistant Commissioner did not arise on the facts proved against the CB. The allegation of failure to report known non-compliance is therefore not established. Accordingly, I find that the allegation of violation of Regulation 10(d), second limb, is not proved.

7. Regulation 10(e) requires the Customs Broker 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 Department alleges that the CB failed to exercise due diligence because the leather declaration was uploaded and the G-Card holder accepted that the document was not studied carefully. The adverse material relied upon by the Department is important and cannot be ignored. The G-Card holder accepted that the leather declaration was uploaded through the CB office, that it was provided by the exporter, that the document was not studied carefully, and that similar mistakes might have occurred or were made in past shipments. These facts show that the CB office could have exercised greater care while dealing with exporter-supplied documents, especially because the export was under Advance Authorisation. However, the issue for determination is not whether the CB's conduct was ideal. The issue is whether the evidence establishes a legally sustainable breach of Regulation 10(e) of the degree alleged in the SCN, and whether such breach justifies disciplinary consequences of revocation, forfeiture and penalty under CBLR.

7.1 The Customs Broker has submitted that the relevant documents were supplied by the exporter. The invoice, packing list, shipping bill description and Advance Authorisation description all contained or supported the expression concerning riding breeches with full seats of artificial leather cloth. The leather declaration was also exporter-supplied. There is no evidence that the CB fabricated, edited, modified or created the declaration. The record also shows that the actual nature/composition of the goods was determined after 100% examination and DYCC/JNCH testing. The reports described the goods as two layers of fabric pasted with polyurethane type adhesive material and concluded that the goods were other than artificial leather. This demonstrates that the dispute involved technical composition of the goods, which was determined through examination and laboratory process. A Customs Broker is expected to exercise reasonable document scrutiny and diligence in customs clearance work. However, Regulation 10(e) cannot be interpreted as imposing a duty on the Customs Broker to physically inspect, dissect or chemically test export goods to verify their composition. Such functions belong to the exporter/manufacturer and the Customs examination/testing machinery, not to the Customs Broker.

7.2 The CB's omission in not studying the leather declaration carefully is an adverse fact. Nevertheless, the same does not establish that the CB knew or had clear reason to know that the exporter-supplied declaration was incorrect. The record does not show any clear contradiction apparent on the face of the documents that necessarily established falsity of the declaration to the CB at the filing stage. On the contrary, the description used in the invoice, shipping bill and Advance Authorisation was similar. The Department's case

under Regulation 10(e) is also connected to the allegation that the CB aided and abetted the exporter. However, there is no evidence that the CB obtained any additional benefit, shared any incentive, received any commission linked to misdeclaration, or had any clandestine arrangement with the exporter. There is also no evidence that the CB knowingly suppressed any fact from Customs. Due diligence must be assessed with reference to facts reasonably available to the CB at the time of filing and not solely with hindsight after examination and laboratory testing. In the present case, the Department has established a document-handling lapse or room for greater caution, but has not established knowledge, falsification, collusion, deliberate disregard or conscious facilitation by the CB. The CBLR Show Cause Notice proposes serious disciplinary consequences. Such consequences require clear proof of breach of the regulatory obligation alleged. On the evidence available, the material falls short of proving violation of Regulation 10(e) as a substantive disciplinary charge warranting revocation, forfeiture or penalty under the CBLR. Accordingly, I find that the allegation of violation of Regulation 10(e) is not proved on the evidence available on record.

8. The CBLR Show Cause Notice alleges that the Customs Broker aided and abetted the exporter's violation, an allegation requiring proof of knowledge and conscious participation. The Department relies on the filing of the shipping bill, the uploaded leather declaration, the G-Card holder's statement, and past mistakes. However, abetment cannot be presumed from merely filing documents supplied by the exporter. To sustain abetment, material must show that the Customs Broker knew of the offense and intentionally facilitated it through instructions to misdeclare, document fabrication, prior knowledge, sharing of wrongful benefits, or clandestine arrangements. No such evidence exists here: the CB did not advise incorrect descriptions, fabricate declarations, alter invoices, receive benefits, or engage in collusion. The G-Card holder's admission of a document-handling mistake and inadequate scrutiny reflects a lack of careful review rather than intentional assistance or awareness of a false declaration. Furthermore, the dispute stemmed from Advance Authorisation and SION nomenclature, failing to support an inference of conscious facilitation. Consequently, the allegation of aiding and abetting is not established by the record.

8.1 The SCN refers to past shipping bills filed under Advance Authorisation No. 0611001737 dated 07.12.2022 and alleges that similar mistakes occurred in past shipments. The G-Card holder's statement also contains a reference to past mistakes in respect of the same exporter. The past shipping bills may be relevant as background. However, for using them as evidence of violation of Regulation 10(d) or Regulation 10(e) in the present CBLR proceedings, the Department must establish shipment-wise facts showing the nature of goods, documents uploaded, whether examination/testing was conducted, whether the

declarations were incorrect, and whether the CB had knowledge of such incorrectness. The present CBLR SCN does not establish such shipment-wise evidence against the CB. It does not show that each past consignment was subjected to comparable examination and laboratory testing. It also does not establish that the CB had actual knowledge in those past cases that the exporter's declaration was incorrect. Therefore, the reference to past shipping bills may create suspicion or provide background to the Department's allegation, but it cannot substitute proof of the statutory ingredients required under Regulation 10(d) and Regulation 10(e). It also cannot independently establish aiding and abetting by the CB. Accordingly, the past shipping bills do not alter the finding that the Articles of Charge in the present CBLR proceedings are not proved.

9. The Customs Broker has relied upon several judicial decisions and CBIC Instruction No. 20/2024-Customs dated 03.09.2024. The said decisions have been considered for the principles applicable to the present facts.

- i. In *S. Y. Ranade v. Commissioner of Customs, Pune, 2009 (170) ECR 0059 (Tri.-Mumbai)*, the principle relied upon by the CB is that a Customs House Agent / Customs Broker cannot be visited with penalty for misdeclaration by the importer/exporter unless evidence shows involvement or abetment by the agent. This principle supports the proposition that the exporter's alleged misdeclaration cannot automatically be transferred to the CB.
- ii. In *Buhariwala Logistics, 2015 (336) ELT 170 (Tri.-Del.)*, the principle relied upon is that penalty or adverse action against a Customs Broker cannot be sustained where knowledge or involvement in illegality is not established. This principle is relevant to the present case because the Department has not established prior knowledge or conscious participation by the CB.
- iii. In *Kunal Travels (Cargo) v. Commissioner of Customs, 2017 (354) ELT 447 (Del.)*, the Hon'ble Delhi High Court observed in substance that a Customs House Agent is a processing agent of documents for clearance of goods through Customs and is not an inspector to weigh the genuineness of the transaction. This principle is relevant because the present dispute turns on technical composition of goods determined after Customs examination and DYCC testing.
- iv. In *United Cargo Services v. Commissioner of Customs (Airport & General), New Delhi, 2025 (5) TMI 1375-CESTAT New Delhi*, the Tribunal held in the context of Regulation 10(d) and 10(e) that the role of a Customs Broker is confined to filing shipping bills correctly as per documents provided and that there must be evidence to prove prior knowledge of misdeclaration. This supports the requirement that the Department must prove specific ingredients of CBLR violation against the CB.
- v. In *Cochin Air Cargo Clearing House v. Commissioner of Customs (Preventive), Tiruchirappalli, 2023 (9) TMI 1198 - CESTAT Chennai*, the principle relied upon is

that allegations of involvement, connivance or abetment against a Customs Broker are serious and require sufficient material evidence. In absence of evidence of falsification or connivance, such serious allegations cannot be sustained.

9.1 CBIC Instruction No. 20/2024-Customs, F.No. 520/01/2023-Cus.VI dated 03.09.2024, instructs that Customs Brokers should not be implicated as co-noticees in a routine manner in matters involving interpretation of statute unless the element of abetment of the Customs Broker is established by the investigating authority and clearly elaborated in the show cause notice. Although the present inquiry is under CBLR, the Instruction reflects the need to avoid routine implication of CBs without specific evidence of abetment. Applying the above principles to the present case, I find that the evidence does not establish prior knowledge, collusion, fabrication, wrongful gain, active assistance or conscious facilitation by the CB. The case laws and CBIC Instruction therefore support the conclusion that the allegations under Regulation 10(d), Regulation 10(e), and aiding/abetting are not established on the present record.

10. The connected Order-in-Original dated 29.10.2025 passed in the parent export offence proceedings has been considered only as a supporting circumstance and not as a binding determination in the present CBLR inquiry. The CBLR inquiry is independent and must be decided on its own evidence and legal ingredients. The parent OIO ordered confiscation of the live goods under Section 113(i) of the Customs Act, 1962, imposed redemption fine of Rs. 10,000/- on the exporter, imposed penalty of Rs. 10,000/- on the exporter under Section 114(iii), and imposed penalty of Rs. 5,000/- on M/s. Ryal Logistics Pvt. Ltd. under Section 114(iii) of the Customs Act, 1962. It also dropped recovery of drawback and incentives in respect of past shipments. The parent OIO records that the Customs Broker relied on exporter-provided documents and that lack of evidence of intentional abetment suggested a technical or procedural lapse. This observation is relevant because it arises from the Department's appreciation of the same factual record. However, it does not by itself decide the CBLR charges. In the present inquiry, I have independently examined whether the evidence proves violation of Regulation 10(d) or Regulation 10(e). On such independent examination, I find that the foundational ingredients of the CBLR charges are not established. The parent OIO supports, only as a surrounding circumstance, that the case is not one of grave misconduct, fraud, collusion or intentional abetment by the CB.

10.1 Revocation of Customs Broker licence and forfeiture of security deposit are severe consequences. Such action affects the professional standing and ability of the Customs Broker to carry on licensed business. Therefore, such action must be based on proved serious misconduct or proved breach of the CBLR obligations. In the present case, the substantive charges under Regulation 10(d) and Regulation 10(e) are not proved. The

evidence may indicate scope for greater care in scrutiny of exporter-supplied documents, but it does not establish prior knowledge, failure to advise, failure to report known non-compliance, legally sustainable breach of due diligence, or intentional abetment. Since the foundational charges are not proved, the consequential proposals for revocation of licence, forfeiture of security deposit and penalty under CBLR do not survive. The existence of a document-handling lapse or adverse inference, without proof of the statutory ingredients, is insufficient for the extreme action proposed in the SCN.

10.2 In view of the foregoing discussion and findings, I conclude that the Articles of Charge levelled against M/s. Ryal Logistics Pvt. Ltd., Customs Broker Licence No. 11/2355, under Regulation 10(d) and Regulation 10(e) of CBLR, 2018 are not established. Consequently, the proposal for revocation of Customs Broker licence, forfeiture of security deposit and imposition of penalty under CBLR, 2018 is not sustainable on the present record.

DISAGREEMENT MEMO: -

11. The Inquiry Officer in his report dated 11.06.2026 held all the charges levelled in the SCN as “Not Proved”. The Principal Commissioner of Customs (Gen.), Mumbai-I disagreed with the Inquiry Officer’s report and hence, a Disagreement Memo dated 18.08.2026 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 03.09.2026.

RECORDS OF PERSONAL HEARING: -

12. The Personal Hearing (PH) in the matter was scheduled on 03.09.2026. However, the same could not be held on the day due to administrative reasons and was then held on 07.09.2026 before me. Shri Manish Bandwadkar - Dy. General Manager at M/s. Ryal Logistics Pvt. Ltd., alongwith Shri Anil Mishra – Advocate and Ms. Aditi Mishra – Advocate appeared for the hearing on behalf of the CB. He submitted a written reply dated 03.09.2026 and reiterated the facts of the same. Accordingly, the oral and written submissions of the CB were taken on record.

WRITTEN SUBMISSION OF THE CB: -

The CB submitted as below -

13. This representation is with utmost regard for the tentative view expressed by the Hon'ble Principal Commissioner. The purpose of this reply is not merely to repeat the favorable findings of the learned Inquiry Officer, but to place additional facts, statutory grounds and objective safeguards that were not fully addressed in the Inquiry Report and

that may assist a reconsideration of the proposed disagreement. Preliminary request concerning the opportunity of representation- The Memo grants thirty days from receipt for filing a representation, while fixing personal hearing on 04.09.2026. The Customs Broker humbly requests that this representation be taken on record, that liberty be granted to file supplementary documents within the unexpired thirty-day period. No adverse inference may kindly be drawn for any document filed within the period expressly allowed by the Memo.

13.1 The Show Cause Notice issued and the Inquiry report issued, inter-alia, separated the two limbs of Regulation 10(d), identified the distinct statutory language of Regulation 10(e), examined the exporter-supplied documents, statements, DGFT material, laboratory reports and parent adjudication. It was thus held that concluded for charge as Not Proved. The proposed disagreement principally re-characterizes the same admitted document-handling mistake as a substantive breach.

13.2 The following independent grounds show why that re-characterization may kindly be reconsidered.

- (i) Regulation 10(e) is not attracted in matters of an exporter-supplied declaration transmitted to Customs through Customs Broker staff.
- (ii) Regulation 10(e) requires due diligence regarding the correctness of information which the Customs Broker imparts to a client. The alleged act here is the upload to Customs of a declaration authored and supplied by the exporter. There is nothing on records that the CB imparted any wrong information to the exporter nor is there allegation that there is any complaint that the exporter was misinformed.
- (iii) The legal merits about the way and manner the communication of exporter's documents to customs is decisive. A CB is not an investigator or Inspector. Even if CB deploy technical experts for examining the specifications and characteristics of the commodity an omission in transmitting an exporter-originated document to Customs is not a breach of obligations defined by Regulation 10(e).
- (iv) Hon'ble Bombay High Court in *BOMBAY HIGH COURT Commissioner of Customs (General) Versus M/s. Sky Shipping 2026 (6) TMI 906* - has held that -
 - 7. *After taking all these facts into consideration, and especially considering the fact that the goods imported were of such a nature that their classification could not be determined merely by looking at the goods, the CESTAT gave its finding on Regulation 10(d) in paragraph 11 referred to by us earlier. To put it in a nutshell, the CESTAT held that there was no evidence to hold that Regulation 10(d) of the CBLR, 2018, had been breached except the technical violation as set out in paragraph 9 of the impugned Order.*
 - 8. *As far as violation of Regulation 10(e) was concerned, the Tribunal, on facts, came to the conclusion that Regulation 10(e) has not been breached by the Customs Broker. In fact, in paragraph 13, the CESTAT noticed that at no stage had the*

importer suggested that it had been advised to furnish the goods only partially for examination owing to information imparted by the customs broker. In the absence of such imputation of misconduct and any finding to that fact, the CESTAT held that it cannot be said that there is a breach of Regulation 10(e) of the CBLR, 2018. It is in these facts that the CESTAT set aside the revocation of licence and forfeiting of security deposit and only continued the imposition of penalty of Rs.50,000/- in the impugned Order.

13.3 The Memo introduces a materially different factual case from the CBLR Show Cause Notice- The CBLR Show Cause Notice alleged, in general terms, mistaken upload of a leather declaration, failure of due diligence, failure to advise/report and aiding or abetting. It did not frame as a distinct charge the two documentary contradictions now constructed in paragraph 6.2.1 of the Memo: (i) indigenous finished leather versus artificial leather cloth, and (ii) the statement concerning inputs procured without payment of duty versus Scheme Code 64 and the Advance Authorization.

13.4 Those newly articulated contradictions are now made the principal foundation for holding Regulation 10(e) proved. A disagreement process may record tentative reasons on the charge framed; it is submitted with humility that disagreement memorandum cannot enlarge the factual foundation after the inquiry has concluded and thereby require the Customs Broker to meet a case that was never investigated charge-wise. The notice of an additional adverse material is the foundation of the case and adjudication cannot proceed on a new ground not made in the CBLR notice.

13.5 Staff is Not Technically Expert- Without prejudice, the declared description was, at the time of filing, prima facie consistent with the apparent and commercially understood nature of the export product. In his statement Shri Harsh Chopra, authorised representative of the manufacturer-exporter, stated on 2 September 2024 that the imported cloth was treated under a special machine/process so as to convert its seat portion into artificial-leather cloth and thereby provide grip to the rider on the horse saddle. This statement is corroborated by the contemporaneous commercial invoice, which describes the garments as having "full seat silicon gripping" and identifies the product as "Breeches Odette Silicone," as well as by the photographs showing visible silicone grip dots over the functional seat portion. This knowledge could have not been with the CB. Moreover, the erroneous and irrelevant upload regarding "leather" instead of "artificial leather" when there is no reference to natural leather in invoice, shipping bill or any other document was self-defeating and is inconsistent and redundant as for as exported articles are concerned. The uploaded irrelevant leather declaration did not conceal the discrepancy; it exposed it although for an article referring to "artificial leather". It was the very document that prompted the Customs clarification, 100% examination, testing and seizure. An act that directly alerted Customs and obstructed clearance cannot be constructed as a design to facilitate misdeclaration or secure export benefits.

13.6 There is no allegation that the Customs Broker made, altered or fabricated the declaration. They selected the product description from received documents. They never shared any incentive, nor received a special consideration nor had any communication showing a common design with the exporter. The absence of these connecting facts the error is pardonable with a lenient view. The event is of a clerical mismatch involving an exporter-supplied document, not aiding, abetting, deliberate disregard or unfitness to hold a licence.

13.7 Customs had actual and timely notice; there was no suppression after non-compliance became known- Shipping Bill No. 2158628 was filed on 03.07.2024. Customs itself raised the query on noticing the declaration, and the exporter furnished its written clarification on 11.07.2024 that no artificial leather had been used and that the wording related to licence redemption. Thereafter, the goods remained under Customs control, were examined 100%, sampled and tested. Thus, even assuming knowledge arose after filing, the relevant facts were already before Customs before export clearance. Regulation 10(d)'s second limb is intended to prevent concealment of a known non-compliance from the proper officer; it cannot apply in matters of information already disclosed in writing during the live Customs examination.

13.8 The Memo's statement that the matter was not brought to Customs 'at any stage' therefore requires reconsideration against the undisputed chronology. The alleged pattern is not established by shipment-wise primary evidence The Disagreement Memo relies on answers said to concern Shipping Bill Nos. 1771702 dated 19.06.2024, 1321987 dated 31.05.2024, 1346275 dated 01.06.2024 and 1720695 dated 17.06.2024. However, the Inquiry Report records that the CBLR SCN's table of past shipping bills identified different consignments: 8928430 dated 05.04.2024, 9471933 dated 29.04.2024, 1346275 dated 01.06.2024, 5689749 dated 25.07.2024 and 3553677 dated 19.07.2024. Only one number overlaps. This mismatch needs reconciliation.

13.9 No shipment-wise checklist, invoice, packing list, declaration, e-Sanchit acknowledgement, examination report or test report for the Memo's four consignments is analyzed. The parent Order-in-Original, moreover, dropped recovery of drawback and incentives for past shipments. The Inquiry Officer's conclusion that untested past consignments could not prove a statutory breach be kindly accepted in absence of any additional adverse material. It is on records that the DGFT records confirms a genuine technical and licensing issue. The exporter was a manufacturer of riding breeches, a recognised Two Star Export House, and stated that it had obtained more than 200 DGFT licences. The CB had obtained KYC documents and was dealing with a regular manufacturer using a facially valid Special Advance Authorisation. DGFT Norms Committee-V recorded that where the relevant fabric was the only imported input, the

expression 'Full seat of Artificial Leather Cloth' would not be relevant because there was no corresponding import, and it accepted the stated fabric consumption on a case-specific technical basis. This does not decide the Customs charge, but it demonstrates that the nomenclature issue was genuine, specialized and capable of engaging the competent technical authority.

14. Against that background, it is prayed that incident be kindly not inferred as the broker's failure to identify the issue at filing or that there was conscious disregard or a complete absence of a verification process. The description originated in the licence/SION framework and the exporter was uniquely placed to explain its manufacturing process and imported inputs. It is prayed that an admission of oversight is not an admission of the legal ingredients- The G-Card holder accepted that the declaration was mistakenly uploaded and not studied carefully. He did not admit that the CB knew the declaration to be false, advised the exporter to misdeclare, or intentionally withheld known non-compliance from Customs. The answer concerning 'responsibility' was given to a broad, leading proposition about knowing 'such details'. A lay employee's assent cannot enlarge the statutory obligation beyond Regulation 10(e)'s text, convert a technical product-composition issue into broker knowledge, or prove that no system existed in the firm. The statement must be read with the exculpatory portions: the exporter supplied the documents; KYC was obtained; ordinary due diligence was followed; and the witness was unaware whether the exporter knew the goods were not made of artificial leather. The inference of a systemic absence of verification is unsupported and, in any event, remediable.

14.1 The Memo infers that no verification process existed at all. No inspection of the CB's office procedure, employee allocation, checklist system, training material, supervisory review or internal records is cited for that conclusion. Nor is any prior adverse CBLR order against the CB identified. Without prejudice, the CB is prepared to place a written corrective protocol on record: a dual-document comparison for scheme-code shipments; a mandatory mismatch escalation to an F-card holder; a prohibition on uploading commodity-specific declarations unless the description and licence are cross-checked; periodic employee training; and retention of the review checklist with the job file. These objective safeguards are relevant additional material because they address the precise concern expressed in the disagreement note and demonstrate continuing fitness to transact customs-broker business.

14.2 The inquiry report was submitted substantially beyond the period specified in Regulation 17(5)-The CBLR SCN is dated 24.11.2025 and the Inquiry Report is dated 11.06.2026, approximately 199 days later, whereas Regulation 17(5) specifies ninety days from issue of the notice. The Memo records that the first Inquiry Officer recused and was nearing superannuation and that a substitute was appointed on 07.01.2026. Those are

departmental circumstances; the final decision should expressly identify what part, if any, of the delay is attributable to the CB and why the period remained reasonable. The Customs Broker respectfully preserves this jurisdictional and procedural objection. Even under the Bombay High Court's balanced approach, the prescribed timeline cannot be reduced to an open-ended formality; unexplained delay must be tested for reasonableness and prejudice.

14.3 Proportionality - The parent Order-in-Original imposed only Rs. 5,000/- penalty on the CB, recorded absence of intentional abetment, and dropped recovery of drawback and incentives in respect of past shipments. The live upload caused the discrepancy to come to Customs' attention, and no wrongful gain to the CB is alleged. Even if a limited document-scrutiny lapse were ultimately found, revocation or forfeiture would be disproportionate to an exporter-supplied, self-revealing upload in the absence of collusion, gain, fabrication, prior adverse record or demonstrated revenue loss attributable to the CB. A recorded caution, employee retraining and acceptance of the corrective protocol would fully meet any regulatory concern without extinguishing the licensed business.

14.4 The consequence of revocation of a Customs Broker's licence is severe, as it directly affects the continuation of the business and livelihood of the licensee and its employees. The exercise of disciplinary jurisdiction must, therefore, remain proportionate to the established breach. Further, as held by the Hon'ble Supreme Court in *State of Kerala Vs M.K. Mathew* [(1978) 42 STC 348/ AIR 1978 SC 1571], suspicion, however strong, cannot take the place of legal proof.

14.5 Case Laws Relied:

- i. *Decision of the Hon'ble Delhi High Court in the case of Kunal Travels (Cargo) v CC-2017 (354) ELT 447*
- ii. *Commissioner Of Customs (Airport and General) Versus M/s. Jaiswal Import Cargo Services Ltd. 2025 (9) TMI 147 - DELHI HIGH COURT*

15. Point-wise response to the grounds in the Disagreement Memo:

- (i) **Paragraph 6.1 - Regulation 10(d):** There is no evidence of any specific advice sought and withheld, or of any communication showing that the CB encouraged non-compliance. Absence of a written advisory in every job file cannot reverse the burden of proof. Once the discrepancy arose, Customs already had the declaration and the exporter's written clarification before clearance; there was no known non-compliance concealed from the proper officer.
- (ii) **Paragraph 6.2.1 alleged facial inconsistencies:** The newly formulated two-document comparison was not the case framed in the CBLR SCN. More fundamentally, it concerns information supplied by the exporter and transmitted to Customs, not information imparted by the CB to its client under Regulation 10(e). The incorrect upload immediately exposed, rather than concealed, the discrepancy.

- (iii) **Paragraph 6.2.2 - alleged repeated practice:** The shipping-bill numbers relied upon in the Memo materially differ from those tabulated in the SCN/Inquiry Report. The underlying documents and composition of the earlier consignments were not proved shipment-wise. The parent adjudication dropped incentive recovery for past shipments. No systemic conclusion can safely rest on an uncorroborated compound answer.
- (iv) **Paragraph 6.2.3 - mistake versus due diligence:** The CB does not contend that every mistake is immune from Regulation 10. Its submission is narrower: the particular regulation charged must fit the proved act. Regulation 10(e)'s client-directed wording, absence of prior knowledge under Regulation 10(d), and lack of a charge-specific factual foundation prevent a clerical upload mistake from becoming the substantive violations proposed.
- (v) **Paragraph 6.3 - distinctness of Customs Act and CBLR proceedings:** The CB accepts that the proceedings are legally distinct. The parent order is relied upon only as a relevant factual and proportionality circumstance on the same evidentiary record: no intentional abetment, nominal penalty, and no past-incentive recovery. Independence of proceedings does not make those factual findings irrelevant.
- (vi) **Paragraph 6.4 - gravity:** The description and licence particulars came from the exporter; the disputed declaration also came from the exporter; KYC was obtained; the exporter was an established manufacturer; the DGFT issue was technical; Customs was alerted by the uploaded document itself; and no collusion, fabrication, gain or concealment is shown. These facts point to a low-gravity, remediable document mismatch, not professional unfitness.
- (vii) We solemnly affirm that the commercial documents, licence particulars and leather declaration originated from the exporter and that no employee of the CB advised or participated in any misdescription.

16. In view of the foregoing, and without prejudice to every submission already accepted in the Inquiry Report, M/s. Ryal Logistics Pvt. Ltd. most respectfully prays that the learned Principal Commissioner may be pleased to:

- a. reconsider and withdraw the proposed grounds of disagreement;
- b. accept the Inquiry Report dated 11.06.2026 holding the charges under Regulation 10(d) and Regulation 10(e) as Not Proved;
- c. drop the proposals for revocation of licence, forfeiture of security and penalty under CBLR, 2018;
- d. in the alternative and without admission, treat the occurrence as an isolated, self-revealing document-handling lapse adequately addressed by corrective controls, without revocation or forfeiture; and
- e. pass such further order as may be just and proper in the facts of the case.

16.1 The Customs Broker assures full cooperation and reiterates its commitment to strengthened document review, timely escalation of discrepancies and faithful compliance with CBLR, 2018.

DISCUSSIONS AND FINDINGS: -

17. I have gone through the facts and records of the case; the Offence Report received in the form of SCN No. 538/2025-26/ADC/CEAC/NS-II/CAC/JNCH dated 25.07.2025; Show Cause Notice No. 35/2025-26 dated 24.11.2025 issued under Regulation 17(1) of CBLR, 2018; Inquiry Report dated 11.06.2026; Disagreement Memo dated 18.08.2026; PH records dated 07.09.2026 and the CB's written submission dated 03.09.2026.

17.1 Briefly stating, the exporter M/s. Surendra Saddlery (IEC - 0693000066), through CB M/s. Ryal Logistics Pvt. Ltd. (CB No. 11/2355), filed Shipping Bill No. 2158628 dated 03.07.2024 at JNCH for the export of 556 pieces of goods declared as "*Ladies Riding Breeches of Knitted Fabric with Full Seat of Artificial Leather Cloth*" under Scheme Code 64 (Drawback, RoSCTL, and Special Advance Authorization No. 0611001737 dated 07.12.2022). Along with the shipping documents, a Leather Declaration was uploaded via e-Sanchit certifying the use of indigenous finished leather. However, physical examination under Panchanama dated 31.07.2024 revealed the goods to be "black coloured elastic pants" and chemical testing by DYCC confirmed that the material was entirely bonded knitted textile fabric containing no artificial leather whatsoever. Statements of the exporter's authorized representative, Shri Harsh Chopra recorded under Section 108 of the Customs Act, 1962 confirmed that the description had been intentionally misdeclared in order to match that in the Advance Authorization License and fulfil export obligations thereunder, despite the firm not having imported or incorporated artificial leather cloth. In his statement dated 15.07.2025, Shri Deepak Mhabdi, G-card holder of the CB firm, admitted that they failed to exercise due diligence, did not physically inspect the goods or visit the exporter's premises, and erroneously uploaded the contradictory Leather Declaration without scrutinizing the underlying documents, a lapse he conceded had occurred in earlier shipments as well. It thus appeared that the CB failed to advise the client to comply with legal provisions, failed to inform Customs authorities of non-compliance, and exhibited gross negligence amounting to aiding and abetting the exporter's misdeclaration. Accordingly, SCN No. 35/2025-26 dated 24.11.2025 was issued under Regulation 17(1) charging the CB with contravention of Regulations 10(d) and 10(e) of the CBLR, 2018.

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

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

- a) I have gone through the facts and records of the case in detail. I find that the Inquiry Officer held this charge as not proved, reasoning that the Department could not produce direct positive evidence such as an advisory letter or email proving that the CB failed to advise the exporter. The IO also observed that there was no evidence that the CB had actual prior knowledge of the misdeclaration at the time of filing. The CB has adopted this line of defence, arguing that the goods were described as per the exporter's documents and SION Sr. No. J252, that the upload of the leather declaration was an inadvertent error, and that once Customs flagged the issue, the facts were already before the department, leaving no scope for concealment.

- b) I find that the interpretation adopted by the Inquiry Officer and reiterated by the CB is pretty narrow and reduces the mandate of Regulation 10(d) to a mechanical exercise. The role of a CB envisaged under the CBLR, 2018 is not to simply upload/handover documents supplied by the importer/ exporter without due application of mind. The professional standing conferred upon a CB as a licensed intermediary carries an affirmative, statutory duty to actively examine the clearance documents and advise the client on necessary compliance. In the present case, the exporter vide Shipping Bill No. 2158628 dated 03.07.2024 was attempting to clear a consignment under Scheme Code 64 (Special Advance Authorization No. 0611001737) and claim Drawback/RoSCTL, declaring the goods as "*Ladies Riding Breeches of Knitted Fabric with Full Seat of Artificial Leather Cloth*". Yet, simultaneously, the CB handled and uploaded a formal "Leather Declaration" asserting that *indigenous finished leather* was used in the export product and that *no inputs procured without payment of duty* were utilized. On elementary scrutiny, the CB would have instantly realized that this Leather Declaration was diametrically opposed to the declared shipping bill particulars on two counts: first, the goods were declared to have artificial (synthetic) leather, not natural finished leather; and second, the export was being made under an Advance License where duty-free imported raw materials were specifically being redeemed. Had the CB examined these documents well, they would have immediately pointed out this patent contradiction to the exporter and advised them to rectify the declaration. Instead, the CB unquestioningly uploaded both contradictory documents on e-Sanchit, facilitating a declaration tailored to unlawfully fulfil export obligations. The defence that the SCN lacks proof of a "withheld advisory" is untenable as the total lack of advice is evident from the CB's actions of uploading contradictory documents without raising a query with the exporter.

- c) I further observe that the Inquiry Officer erred in equating the requirement of knowledge with absolute and established foreknowledge of laboratory (DYCC) findings. The documentary knowledge of non-compliance was evident from the goods' description and the uploaded leather declaration. I find that the CB chose to remain wilfully blind, failed to alert the Assistant/Deputy Commissioner of Customs, and filed the shipping bill for clearance. The CB cannot claim credit for the detection made by Customs officers, nor can it escape liability on the ground that the exporter later submitted a clarification admitting that the artificial leather description was used purely for "license redemption purposes". The subsequent confirmation by the DYCC chemical analysis that the goods were 100% knitted synthetic fabric with polyurethane adhesive, completely bereft of artificial leather, only proves that the non-compliance was absolute. Therefore, the CB completely failed both to advise its client to adhere to legal provisions and to report the non-compliance to the proper officer of Customs. In light of the facts and evidences on record, I do not find the CB's defence tenable. Under the factual matrix of the case, the findings of the Inquiry Officer exonerating the CB are hereby set aside, and the charge of violation of Regulation 10(d) of the CBLR, 2018 is upheld.

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

- a) On meticulous examination of the facts and records of the case, I find the Inquiry Officer held that this charge was not established because the documents were supplied by the exporter, the CB did not fabricate them, and a broker cannot be expected to act as an investigator or conduct chemical testing of cargo. Relying upon judicial pronouncements such as *Kunal Travels* and *Sky Shipping*, the CB has contended that Regulation 10(e) is strictly confined to information imparted by the broker to the client, and does not cover the transmission of exporter-supplied documents to Customs. The CB further submitted that the G-card holder's statement admitting an unstudied upload was merely an admission of an isolated clerical oversight rather than a statutory failure of due diligence.
- b) I find the interpretation advanced by the CB and accepted by the IO to be a pretty narrow reading of Regulation 10(e) that runs contrary to the mandate under CBLR. I observe that the reasoning of the Inquiry Officer proceeds on the premise that the discrepancy could be detected only through 100% examination and DYCC testing. That premise does not survive a reading of the document actually uploaded by the CB. The leather declaration presented along with the shipping bill stated that indigenous finished leather had been used in the manufacture of the export product and that no inputs procured without payment of duty had been used in the export goods. Both limbs of that declaration stood contradicted on the face of the CB's own

filing - (i) The shipping bill filed by the CB described the goods as “Ladies Riding Breeches of Knitted Fabric with Full Seat of Artificial Leather Cloth”. A declaration certifying the use of indigenous finished leather is plainly at variance with a declared description of artificial leather cloth. The two cannot stand together; (ii) The shipping bill was filed by the CB under Scheme Code-64, expressly against Special Advance Authorisation No. 0611001737 dated 07.12.2022, under which the exporter had imported bonded knitted dyed fabric without payment of duty. A declaration that no inputs procured without payment of duty had been used is directly contradicted by the very scheme code and licence particulars keyed in by the CB in the same shipping bill. These are not technical or scientific matters. They are inconsistencies apparent from a comparison of documents that the CB itself prepared, checked and uploaded on ICES 1.5 system. No physical examination, no drawing of samples and no chemical analysis was required to notice them. The IO’s finding that the issue “came to light only after 100% examination, sampling and laboratory testing” therefore does not address the case as it stands on the documents, and the IO’s findings under Regulation 10(e) proceeds on an incomplete appreciation of the records.

- c) I find that Shri Deepak Mhabdi, G-card holder of the CB firm M/s. Ryal Logistics Pvt. Ltd. in his statement dated 15.07.2025 before the investigating agency stated that the CB office had mistakenly submitted the leather Declaration while filing the said shipping bill; that they usually studied the documents properly but in this case mistake was made by their office. On being asked that in the shipping bills the declared description referred to artificial leather while his office had nonetheless uploaded leather declarations in e-Sanchit, he stated that they accepted they were regularly making such mistake but it might be due to their employee’s oversight. The CB’s own admission points to a glaring lack of necessary diligence in the clearance process. It is clear beyond an iota of doubt that the CB uploaded the same category of declaration, in respect of the same exporter, across several consignments, without at any stage examining whether the declaration was consistent with the description. A single oversight may be explained as human error. An oversight that is admitted to have been made regularly demonstrates that no process of verification existed at all. The plea that it “might be due to our employee’s oversight” does not assist the CB, since the obligation under Regulation 10(e) is cast on the Customs Broker and is not discharged by attributing the omission to an employee.
- d) I observe that the IO has repeatedly characterized the CB’s conduct as a document-handling lapse or absence of ideal scrutiny, and has treated that characterization as

being inconsistent with a finding of contravention. I differ with the IO's observations. A failure of due diligence will almost always present itself as an omission or an oversight. The question is not whether the conduct can be labelled a mistake, but whether it falls below the standard of care that a licensed Customs Broker is required to observe. Regulation 10(e) does not require proof of intention, collusion or recklessness but a negligent failure to exercise the prescribed standard of professional care is itself the contravention. The CB's argument that this error was self-revealing and effectively exposed the fraud does not exculpate them. I observe that the documents handled by the CB were self-contradictory on their face, claiming duty-free benefits under an Advance Authorization while uploading a declaration that no duty-free inputs were used. Handling export documents in a casual and mechanical manner, coupled with an admitted failure to study the documents received from the exporter, constitutes a direct abdication of necessary due diligence. Accordingly, the IO's findings and the CB's defence do not merit acceptance. In view of the foregoing findings, I am of the firm opinion that the CB has violated Regulation 10(e) of the CBLR, 2018.

19. I find that a Customs Broker occupies a very important position in the Custom House and is supposed to safeguard the interests of both the importers/exporters and the Customs Department. A lot of trust is kept in the CB by the Government Agencies; however, by their acts of omissions and commissions, the CB M/s. Ryal Logistics Pvt. Ltd. (CB License No. 11/2355) has violated Regulations 10(d) and 10(e) 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 has rendered itself liable for penal action under the CBLR, 2018. Hence, while deciding the matter, I rely on the following caselaws:

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

“the CB occupies a very important position in the Custom House. The Customs procedures are complicated. The importers have to deal with a multiplicity of agencies viz. carriers, custodians like BPT as well as the Customs. The importer would find it impossible to clear his goods through these agencies without wasting valuable energy and time. The CB is supposed to safeguard the interest of both the importers and the Customs. A lot of trust is kept in CB by the importers/exporters as well as by the government agencies. To ensure appropriate discharge 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 advise the client accordingly. Though the CB was accepted as having no mensrea of the noticed mis-declaration /under- valuation or mis-quantification but from his own statement acknowledging the negligence on his part to properly ensure the same, we are of the opinion that CH definitely has committed violation of the above mentioned Regulations. These Regulations caused a mandatory duty upon the CB, who is an important link between the Customs Authorities and the importer/exporter. Any dereliction/lack of due diligence since has caused the Exchequer loss in terms of evasion of Customs Duty, the original adjudicating authority has rightly imposed the penalty upon the appellant herein."

20. As discussed above, I conclude that the CB M/s. Ryal Logistics Pvt. Ltd. (CB License No. 11/2355) is guilty of violating Regulations 10(d) and 10(e) 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. Having taken cognisance of the facts and circumstances of the case, I observe that while the investigation has conclusively established gross negligence, poor supervision, and a lack of documentary due diligence on the part of the CB, the record does not establish that the CB was in connivance or direct beneficiary in the exporter's fraudulent misdeclaration. There is no evidence on record that the CB received any illicit consideration or actively fabricated the documents. Furthermore, in the parent export offence proceedings adjudicated under the Customs Act, 1962 vide Order-in-Original 1049/2025-26/ADC/CEAC/NS-II/CAC/JNCH dated 29.10.2025, the adjudicating authority (AA) imposed a nominal penalty of Rs. 5,000/- on the CB under Section 114(iii) of the Customs Act, 1962, recording that the evidence pointed to a technical and procedural lapse rather than intentional abetment. I observe that while the misconduct of the CB in abdicating its statutory duties under Regulations 10(d) and 10(e) cannot be condoned, revoking the license would be unduly harsh and disproportionate to the gravity of the offence. 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. 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 licensee 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\(1\)\(g\)](#) of the Constitution has to be noted. It has also to be borne in mind that the proportionality question is of great significance as action is under a fiscal statute and may ultimately lead to a civil death."

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

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

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

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

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

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

21. I find that the Inquiry Report in the matter was received on 11.06.2026. I observe that the Inquiry in the matter was delayed for reasons elaborated in *para 3.3 & 4 supra*. 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”.

22. 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 exporter in the misdeclaration of the goods aimed at fulfilling export obligations. 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.

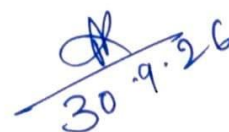
23. In view of the foregoing findings and relying upon the cited judicial precedents and the "Doctrine of Proportionality" which propagates the idea that the punishment for an offence should be proportional to the gravity of the offence, I am not inclined to revoke the license and forfeit the security deposit of the CB. However, for their acts of omissions and commissions, the CB M/s. Ryal Logistics Pvt. Ltd. (CB License No. 11/2355) is held liable and guilty for violating the provisions of the CBLR, 2018, as mentioned above. Accordingly, I pass the following order:

ORDER

24. 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. Ryal Logistics Pvt. Ltd. (CB License No. 11/2355) 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.


30.9.26

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

To,

M/s. Ryal Logistics Pvt. Ltd.
(CB License No. 11/2355)

Pramukh Plaza, C wing, 2nd Floor,
Cardinal Gracias Road, Chakala,
Andheri (East), Mumbai - 400099.

Copy to:

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