



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

संचिका सं./F. No.- GEN/CB/451/2024-CBS आदेश दिनांक/Date of Order: 12.02.2026

CAO No. 147/2025-26/CAC/CC(G)/SJS/Adj-CBS जारी दिनांक/Date of issue: 25.02.2026

संख्या:

DIN:- 20260277NO000000F206

द्वारा जारी : श्रद्धा जोशी शर्मा

Issued By : Shraddha Joshi Sharma

आयुक्त, सीमाशुल्क (सामान्य)

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 129 की धाराA(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 नियमावली (कार्यविधि), १९८२, के प्रावधानों के अंतर्गत, यथोत्खंडपीठ 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 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 नियमावली (अपीलस), 1982 के नियम में उल्लेखित व्यक्ति 2 के उपनियम 3 के तहत निर्धारित है एवं उसी नियमावली के नियम 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-1000 .पाँच लाख या इस से कम होतो रु ., (ii)यदि यह राशि रुपाँच लाख से अधिक .) एवं -/5000 .हो किंतु पचास लाख से अधिक न होतो रुiii) यदि यह राशि रुपचास लाख से अधिक होतो . के शुल्क -/10000 .रु का भुगतान क्रॉस 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, 50 .के तहत निर्धारित रु 6 की अनुसूची मद 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. Super Shipping Services (Customs Broker License No. 11/549, EDI No. AAPFS0335RCH001), having its registered address at Room No. 6, B Wing, 3rd Floor, Roy Apartment, near Sahar Air Cargo Complex, Andheri (East), Mumbai - 400099 (hereinafter referred to as "the Customs Broker" or "the CB"), is the holder of Customs Broker License No. 11/549, issued by the Commissioner of Customs, Mumbai, under Regulation 8 of the CHALR, 1984 [now Regulation 7(2) of the CBLR, 2018], and as such, they are bound by the regulations and conditions stipulated therein.

2. An offence report in the form of Show Cause Notice No. 28/ADC/ADJ(X)/2023-24 ACC dated 01.08.2024, issued by the Additional Commissioner of Customs (Export), ACC, Mumbai, was received from the Drawback Section, ACC, Mumbai Zone-III on 08.08.2024.

2.1 The Directorate of Revenue Intelligence (DRI), Mumbai Zonal Unit (MZU), initiated an investigation against an exporter, M/s. Lorgan Lifestyle Limited, Pune (IEC No. 3107012696), regarding the availment of undue export benefits on the basis of fake/bogus export documents. The investigation revealed that the said exporter was engaged in bogus exports by procuring fake purchase bills against export consignments from one Shri Suhel Parvez Mohammed Sharif Ansari, which were generated through fake and fictitious firms floated by him.

2.2. During the course of the investigation, various searches were conducted by the officers of DRI. The office premises of M/s. Lorgan Lifestyle Limited were searched on 23.07.2015, resulting in the recovery and seizure of certain incriminating documents and two computers.

2.3 Further, a search was conducted on 29.07.2015 at the office premises of M/s. Karan Ranka & Associates, the Chartered Accountant of Shri Suhel Parvez Mohammed Sharif Ansari. Statements were recorded under Section 108 of the Customs Act, 1962, on 29.07.2015 and 30.07.2015, wherein it was admitted that purchase bills were being prepared on blank invoices on the basis of commercial invoices and packing lists of various export goods, and that the domestic suppliers were entirely bogus and existed only on paper.

2.4 Subsequently, the office premises of Shri Suhel Ansari were searched on 14.08.2015, leading to the recovery and seizure of various records/documents, three laptops, one hard disk, and several rubber stamps of fictitious firms.

2.5 Furthermore, the statements of Shri Suhel Parvez Ansari and his employee, Shri Shaikh Mohammed Arshad, were recorded under Section 108 of the Customs Act, 1962, on 24.08.2015 by DRI, Mumbai. In their voluntary statements, they inter-alia admitted to supplying fake invoices to various export

firms, including M/s. Paras Industries, to facilitate the availment of undue export benefits.

2.6 During the course of the investigation, the voluntary statement of Shri Suryabhan Eknath Dhurphate, Proprietor of M/s. Sanket Overseas, Navi Mumbai, was recorded under Section 108 of the Customs Act, 1962, on 01.07.2016 by the DRI, MZU. Shri Dhurphate acted as a logistics provider and was involved in clearing the consignments through the Customs Broker, M/s. Indo Foreign Agents. A perusal of his statement disclosed that the actual cost and expenses incurred on the export materials constituted only around 35% of the drawback amount claimed. He further admitted that the undue benefits availed by them and the exporters extended to approximately 65%. This factual position appeared to be corroborated by the statement of the CB, Shri Gunjal, who admitted to the overvaluation of the export goods. It emerged that this was a systemic *modus operandi* adopted by various exporters, including M/s. Paras Industries, who were exporting goods on the strength of fake supplier invoices.

2.7 The aforesaid *modus operandi* was further confirmed through an overseas enquiry conducted by the DRI vide letter F. No. DRI/MZU/D/INT-31/2015/7766 dated 04.10.2016, routed through the Consulate General of India, Dubai, UAE. The Consulate, vide letter dated 08.03.2018, reported that scrutiny of the documents provided by the Federal Customs Authority, Dubai, revealed that the goods had been cleared at unit values significantly lower than what had been declared before Indian Customs. As per the DRI, the instant exporter had also adopted this identical *modus operandi*.

2.8 The DRI, vide its letter F. No. DRI/MZU/D/INT-31/2015/7766 dated 04.10.2016, apprised that undue drawback was being fraudulently claimed by exporters by artificially overvaluing the exports, whereas cheaper materials were actually being exported. To falsely justify the inflated value of the goods, fake invoices showing higher purchase prices were procured from Shri Suhel Ansari. The DRI provided a list of suspected exporters, noting that these entities, which included M/s. Paras Industries (IEC No. 0888003668), appeared to have adopted a similar *modus operandi*, and requested that the matter be thoroughly investigated by the Special Intelligence and Investigation Branch (SIIB) (Export), ACC, Mumbai.

2.9 Pursuant to the DRI's communication, the cases of various exporters, including M/s. Paras Industries, were taken up for investigation by SIIB (Export), ACC, Mumbai. The subject proceedings relate to one such exporter, namely M/s. Paras Industries. Investigation revealed that the said exporter had filed a total of 187 Shipping Bills during the period from 01.01.2012 to 31.12.2016.

2.10 It was found that a total of 20 Customs Brokers (CBs) had facilitated the clearance of the export goods covered under the aforementioned 187 Shipping Bills. Consequently, summonses under Section 108 of the Customs Act, 1962, were issued to all the concerned CBs; however, only 11 CBs appeared to tender evidence in respect of the ongoing investigation.

2.11 Upon the conclusion of the investigation, Show Cause Notice No. 28/ADC/ADJ(X)/2023-24 ACC dated 01.08.2024 was issued by the Additional Commissioner of Customs (Export), ACC, Mumbai, to various noticees, including the subject Customs Broker, M/s. Super Shipping Services (CB License No. 11/549). The said SCN was subsequently forwarded to this office vide email dated 07.08.2024, with a request to initiate appropriate disciplinary proceedings against the 20 CBs under the provisions of the Customs Brokers Licensing Regulations (CBLR).

3. CASE OF M/s. PARAS INDUSTRIES (IEC-0888003668):

3.1 On the basis of specific intelligence received by the Directorate of Revenue Intelligence (DRI), Mumbai Zonal Unit (MZU), an investigation was initiated which revealed that various export firms, including M/s. Paras Industries (IEC No. 0888003668), were engaged in procuring fake purchase bills against their export consignments from one Shri Suhel Parvez Mohammed Sharif Ansari, generated through fake and fictitious firms floated by him. Consequent to the searches conducted at the premises of Shri Suhel Ansari, copies of bogus bills issued by him in the names of several companies were recovered and seized.

3.2 During the course of the investigation, the voluntary statements of Shri Suhel Parvez Ansari and his employee, Shri Shaikh Mohammed Arshad, were recorded under Section 108 of the Customs Act, 1962, on 24.08.2015 by DRI, Mumbai. In their statements, they inter-alia admitted to having supplied fake invoices to various export firms, specifically including M/s. Paras Industries.

3.3 The DRI, vide its letter F. No. DRI/MZU/D/INT-31/2015/7766 dated 04.10.2016, apprised that undue drawback was being fraudulently claimed by the exporters by artificially overvaluing the exports, whereas cheaper materials were actually being exported. To falsely justify the inflated value of the goods, fake invoices showing higher purchase prices were procured from Shri Suhel Ansari. The DRI provided a list of suspected exporters, noting that these entities, which included M/s. Paras Industries, appeared to have adopted a similar *modus operandi*, and requested that the matter be thoroughly investigated by the Special Intelligence and Investigation Branch (SIIB) (Export), ACC, Mumbai.

3.4 During the investigation by SIIB (Export), the details of exports executed by M/s. Paras Industries were retrieved from the ICES System. The data revealed

that during the period from 01.01.2012 to 31.12.2016, the said exporter had filed a total of 187 Shipping Bills with a declared FOB value of Rs. 2274.34 Lakhs, thereby availing a total drawback amounting to Rs. 187 Lakhs.

3.5. Subsequently, the Special Intelligence and Investigation Branch (SIIB) (Export), Air Cargo Complex, Sahar, Mumbai, issued multiple summonses under Section 108 of the Customs Act, 1962, between October 2017 and October 2018 to Shri Pragnesh Suresh Jariwala, Director of M/s. Paras Industries. However, Shri Pragnesh Jariwala appeared before SIIB(X), ACC, only on 25.10.2023. His voluntary statement was recorded under Section 108 of the Customs Act, 1962, wherein he inter-alia stated that;

- i. That regarding the procurement of raw materials, they usually purchased cotton-based grey fabrics from South India-based companies and polyester-based grey fabrics from Surat-based companies, whereas ready-to-cut fabrics were sourced from Mumbai and Ahmedabad;
- ii. That he was acquainted with Shri Suhel Ansari, who had visited his office on two or three occasions;
- iii. That Shri Suhel Ansari was introduced to him by one Shri Uday Desai, a garment exporter known to him for the past 15 years. He added that Shri Suhel Ansari had approached him with an offer to supply knitted and woven garments, which were required to fulfill certain export enquiries emanating from Africa.
- iv. That Shri Suhel Ansari had offered him competitive rates along with favorable credit terms.
- v. Upon being specifically asked whether he had procured fabrics or readymade garments from entities such as M/s. Ruby Trading Co., M/s. Alaska Trading Co., M/s. Suman Impex, M/s. Sumangal Enterprises, M/s. B.A. Trading, M/s. Mahavir Enterprises, M/s. Combo Trading Pvt. Ltd., M/s. Caddilac Tradelink Pvt. Ltd., M/s. Imperious Mercantile Pvt. Ltd., M/s. Rahul Trading Co., M/s. Khushi Corporation, M/s. Apex Enterprises, M/s. Abas Trading Co., M/s. Naman Enterprises, M/s. Pavani Impex Pvt. Ltd., M/s. Snehal Enterprises, and M/s. Bloomberg Multi-ventures Pvt. Ltd., he replied in the affirmative, claiming that they had purchased genuine goods from some of these companies;
- vi. That these goods were purchased under Form-H, and the exact quantities purchased were exported "as it is," without any further processing;
- vii. That the payments for the aforesaid purchases were remitted through RTGS from their official bank account, and he undertook to provide the detailed records of the said purchases and corresponding payments in the near future.

3.6 Subsequently, Shri Pragnesh Suresh Jariwala, Director of M/s. Paras Industries, was repeatedly issued summonses under Section 108 of the Customs Act, 1962, by SIIB (Export), ACC, during the period from June 2019 to July 2021. However, no response was received, and he failed to appear before the investigating authorities. In the interim, an officer of SIIB (Export) visited the registered premises of M/s. Paras Industries on 10.03.2021 to physically serve Summons No. VKA/251/2020-21 dated 05.03.2021. However, the said premises were found to be locked.

3.7 From the culmination of the investigation, it appeared that M/s. Paras Industries had executed the export of goods through the Air Cargo Complex, Mumbai, by deliberately resorting to over-valuation, thereby fraudulently availing undue drawback benefits. A summary of the exports executed during the period from 2011 to 2016, along with the quantum of drawback fraudulently availed against these exports, is tabulated below: -

Sr. No.	Time period (LEO Date)	No. of Shipping Bills	Total FOB (In lakhs rupees)	Total DBK (In lakhs rupees)
1.	01.01.2011 to 31.12.2011	19	127.94	10.30
2.	01.01.2012 to 31.12.2012	31	206.15	16.94
3.	01.01.2013 to 31.12.2013	37	563.45	48.62
4.	01.01.2014 to 31.12.2014	47	842.03	69.88
5.	01.01.2015 to 31.12.2015	53	534.77	41.26
6.	01.01.2016 to 31.12.2016	0	0	0
	Total	187	2274.34	187.00

As is evident from the aforesaid table, it appeared that the exporter executed exports under 187 Shipping Bills and fraudulently availed a total drawback amounting to Rs. 187.00 Lakhs by way of deliberate overvaluation of the export goods.

3.8 Further, upon detailed scrutiny of the Shipping Bills filed by the exporter, M/s. Paras Industries, it was revealed that a total of 20 Customs Brokers (CBs) had facilitated the clearance of the said export consignments. The details of these Customs Brokers are tabulated in Table-'A' below;

Table-A

Sr. No.	CB name	No. of SBS cleared	Summons dated/Statement	Date Of Statement
1.	A.A. Abdul Azeez	1	07.05.2022, 14.03.2023	Not Appeared

2.	Agility Logistics Private limited	1	07.05.2022, 18.08.2022, 14.03.2023	Not Appeared
3.	Aviraj	1	07.05.2022, 14.03.2023	18.03.2023
4.	Babaji Khimji And Co.	23	05.05.2022	06.05.2022
5.	D.H. Clearing & Forwarding Agency.	14	Reconstituted from M/s D.H. Clearing & Forwarding Agency (proprietorship) to M/s D.H. Clearing & Forwarding (Pvt. Ltd.) vide notice number 124/2012 dated 21.03.2012.	
6.	D.H. Clearing & Forwarding Pvt. Ltd.	2	18.05.2022, 14.03.2023	Not Appeared
7.	Expo Freight Pvt. Ltd.	8	07.05.2022, 18.08.2022, 14.03.2023	Not Appeared
8.	Freightwings & Travels Pvt. Limited	2	18.08.2022, 14.03.2023	18.03.2023
9.	M/s. DHL Logistics Pvt Ltd	8	30.05.2022, 18.08.2022	20.08.2022
10.	M/s. Logic Transware (I) Pvt. Ltd.	4	08.12.2021, 31.05.2022, 14.03.2023	Not Appeared
11.	M/s. MSK Shipping & logistics Private ltd	1	30.05.2022, 14.03.2023	20.03.2023
12.	M/s. Sayani & Sons	2	18.05.2022	21.05.2022
13.	M/s. Shantilal Devji & Co.	1	18.05.2022, 18.08.2022, 14.03.2023, 24.03.2023	24.03.2023
14.	MDS Associates	34	08.12.2021, 31.05.2022, 14.03.2023	Not Appeared
15.	PRM Cargo Movers	1	31.05.2022, 14.03.2023	Not Appeared
16.	Sadguru Forwarders Pvt. Ltd.	12	30.05.2022, 14.03.2023	The CB not in Existence
17.	Shiv Kumar Gupta	36	10.12.2021,	27.01.2022

			17.01.2022	
18.	Sreegayatri	2	30.05.2022, 14.06.2022	14.06.2022
19.	SSS Sai Shipping Services Private Limited	1	30.05.2022	04.06.2022
20.	Super Shipping Services	30	05.05.2022	06.05.2022

3.9 During the course of the investigation, the voluntary statement of Shri Mohammed Rizwan Saiyed, Partner of the Customs Broker firm M/s. Super Shipping Services (CB License No. 11/549), was recorded under Section 108 of the Customs Act, 1962, on 06.05.2022. In his statement, he inter-alia deposed that;

- i. He had no knowledge regarding the exporter, M/s. Paras Industries, as the erstwhile partners of the CB firm had passed away in the years 2016 and 2017, respectively, and he had only joined the firm subsequently in April 2018. He, however, undertook to search for the relevant documents and submit them if found, and he did submit the available KYC documents of the exporter.
- ii. He was unaware of whether any physical address verification of the exporter was ever conducted, owing to the demise of the former partners who handled the clearances at the material time.
- iii. He had no knowledge regarding the logistics or the manner in which the export goods were received by them from M/s. Paras Industries.
- iv. He was oblivious as to the source from which the exporter acquired the said goods.
- v. He lacked knowledge as to whether the exporter had ever submitted or presented samples of the exported goods for their perusal.
- vi. He was completely unaware of whether the goods exported by M/s. Paras Industries were artificially overvalued or not.
- vii. He had no information regarding any tripartite agreement submitted by the exporter.

3.10 From the findings of the investigation, it emerged that the Customs Broker, M/s. Super Shipping Services (CB License No. 11/549), failed to produce the mandatory Authorization Letter from the exporter, comprehensive KYC documents, and other requisite records pertaining to the packing and storage of the export consignments. Consequently, it appeared that either the Customs Broker or the exporter was willfully suppressing material facts.

4. Role of the CB:

4.1 The Customs Broker (CB) acts as an authorized agent of the exporter. In this capacity, the CB is mandated to obtain a formal authorization to transact business on behalf of the exporter. A CB remains fully cognizant that any act of omission or commission by the exporter inevitably impacts the professional standing and image of the CB. It is an established business practice, and a statutory requirement under the Customs Brokers Licensing Regulations, that the CB must verify and know their client. Even in the absence of explicit statutory mandates, standard commercial prudence dictates that the CB must be fully aware of the entity on whose behalf they are operating, given that the relationship between a CB and an exporter is typically of an ongoing, long-term nature, and the CB is always subject to regulatory scrutiny for any lapses.

4.2 Unlike retail transactions, where a customer engages in a brief, one-time exchange, the professional relationship between a CB and an exporter involves continuous interactions, including the exchange of sensitive commercial documents, the physical handling of export goods, and the processing of financial transactions for professional fees. Consequently, it is highly improbable that a CB would operate without thorough knowledge of the exporter. Furthermore, it is practically impossible for a CB to legitimately transact business on behalf of a non-existent or fictitious entity.

4.3 As per the Offence Report (Show Cause Notice dated 01.08.2024), the Customs Broker, M/s. Super Shipping Services (CB License No. 11/549), facilitated the clearance of goods under 30 Shipping Bills. It is alleged that the CB actively connived with the exporters in fraudulently claiming undue drawback, artificially overvaluing the export goods, and resorting to misdeclaration in the Shipping Bills. Consequently, the subject SCN has proposed the imposition of penalty upon the CB under Sections 114(i), 114(iii), and 114AA of the Customs Act, 1962, read with the provisions of the CBLR, 2013.

4.4 Further, in the subject SCN(59/2024-25), it is alleged that the CB failed to fulfill their statutory obligations mandated under Regulations 11(a), 11(d), 11(e), 11(f), 11(k) and 11(n) of the CBLR, 2013 [which correspond to Regulations 10(a), 10(d), 10(e), 10(f), 10(k) and 10(n) of the CBLR, 2018]. During the course of the investigation, Shri Mohammed Rizwan Saiyed, Partner of M/s. Super Shipping Services, admitted that he had no knowledge regarding M/s. Paras Industries and was unable to provide the export-related documents or the requisite Authorization Letter to the investigating agency. Moreover, the Offence Report highlights that, in terms of Circular No. 16/2009-Customs dated 25.05.2009 (issued vide F. No. 609/137/2007-DBK), merchant exporters

purchasing goods from local traders are required to furnish a specific declaration at the time of export. It was the paramount responsibility of the CB to advise their client regarding the mandatory submission of this declaration to the Customs Authority; however, the CB failed to impart this crucial advice. Additionally, scrutiny of the Bank Realization Certificate (BRC) details retrieved from the ICES System in respect of M/s. Paras Industries (IEC No. 0888003668) revealed that export proceeds (FOB value) to the tune of Rs. 2274.34 Lakhs against 187 Shipping Bills had not been realized. This further indicates that the CB failed to exercise due diligence in ensuring compliance with the said Customs Circular. Finally, the investigation established that the declared address of the exporter was fictitious, and the CB failed to produce the basic Authorization Letter and comprehensive KYC documents of the exporter.

In view of the aforesaid observations and the findings detailed in the subject Show Cause Notice, it appeared that the Customs Broker failed to fulfill their statutory obligations mandated under Regulations 11(a), 11(d), 11(e), 11(f), 11(k), and 11(n) of the CBLR, 2013 [now corresponding to Regulations 10(a), 10(d), 10(e), 10(f), 10(k), and 10(n) of the CBLR, 2018].

5. From the findings of the investigation in the aforementioned case, the following acts of omission and commission, leading to the violation of the obligations stipulated under Regulation 11 of the CBLR, 2013 [now Regulation 10 of the CBLR, 2018], appeared evident:

5.1 Sub-regulation 11 (a) of CBLR, 2013 (now sub-regulation 10 (a) of CBLR, 2018):

“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”

Scrutiny of the Offence Report and the voluntary statement of Shri Mohammed Rizwan Saiyed, Partner of M/s. Super Shipping Services (CB License No. 11/549), recorded during the course of the investigation, revealed that he admitted to having no knowledge regarding the exporter, M/s. Paras Industries. He attributed this lack of knowledge to the fact that the former partners of the firm had passed away in 2016 and 2017, respectively, and he had only joined the firm subsequently in April 2018. Although he undertook to search for any available documents and submit them, the CB ultimately failed to produce the mandatory Authorization Letter.

From the aforesaid facts, it is evident that while the current partner may not have personally interacted with the exporter due to his later induction into the firm, it remains the absolute statutory responsibility of the Customs Broker firm as an entity to securely maintain and preserve all records, correspondence, and authorizations pertaining to their business operations. The CB's failure to produce the mandatory Authorization Letter from the exporter before the investigating agency constitutes a clear breach of this statutory duty. Consequently, it appeared that the Customs Broker violated the provisions of Regulation 11(a) of the CBLR, 2013 [now Regulation 10(a) of the CBLR, 2018].

5.2 Sub-regulation 11 (d) of CBLR, 2013 (now sub-regulation 10 (d) of CBLR, 2018):

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

It is evident from the Offence Report that, in terms of the provisions contained in Circular No. 16/2009-Customs dated 25.05.2009 (issued vide F. No. 609/137/2007-DBK), merchant exporters who procure goods from local traders are mandated to furnish a specific declaration in the prescribed format at the time of export of such goods. It was the statutory responsibility of the CB to advise their client regarding the mandatory submission of this declaration. However, from the facts available on record, it appeared that the CB failed to tender such advice to the exporter and concomitantly failed to bring the matter of this non-compliance to the notice of the Deputy/Assistant Commissioner of Customs. Thus, it appeared that the CB failed to perform their obligations under Regulation 11(d) of the CBLR, 2013 [now Regulation 10(d) of the CBLR, 2018].

5.3 Sub-regulation 11 (e) of CBLR, 2013 (now sub-regulation 10 (e) of CBLR, 2018):

"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;"

It was observed from the Offence Report that the exported items were procured from local traders, yet the exporter did not submit the mandatory declaration as required under Circular No. 16/2009-Customs dated 25.05.2009. The facts on record indicated that the CB did not act in a diligent manner to verify the sourcing of the goods and the completeness of the required documentation before processing the customs clearance. Therefore, it appeared that the CB failed to exercise the requisite due diligence, thereby violating the

provisions of Regulation 11(e) of the CBLR, 2013 [now Regulation 10(e) of the CBLR, 2018].

5.4 Sub-regulation 11 (f) of CBLR, 2013 (now sub-regulation 10 (f) of CBLR, 2018):

"not withhold information contained in any order, instruction or public notice relating to clearance of cargo or baggage issued by the Customs authorities, as the case may be, from a client who is entitled to such information"

As per the Offence Report, it was evident that despite the export items being procured from traders, the exporter failed to file the declaration mandated by Circular No. 16/2009-Customs dated 25.05.2009. The circumstances of the case strongly suggested that the CB withheld crucial regulatory information and instructions contained in the said Customs Circular from their client, who was otherwise required to comply with it. Consequently, it appeared that the CB violated Regulation 11(f) of the CBLR, 2013 [now Regulation 10(f) of the CBLR, 2018].

5.5 Sub-regulation 11 (k) of CBLR, 2013 (now sub-regulation 10 (k) of CBLR, 2018):

"maintain up to date records such as bill of entry, shipping bill, transshipment 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;"

During the course of the investigation, Shri Mohammed Rizwan Saiyed, Partner of M/s. Super Shipping Services (CB License No. 11/549), in his statement recorded on 06.05.2022, explicitly admitted that the firm did not possess the requisite documents relating to the packing and storage of the export consignments covered under the Shipping Bills filed by them. It is the fundamental responsibility of the Customs Broker to maintain comprehensive and up-to-date records relating to their customs clearance business. By failing to retain these crucial documents, it appeared that the CB breached their statutory obligation under Regulation 11(k) of the CBLR, 2013 [now Regulation 10(k) of the CBLR, 2018].

5.6 Sub-regulation 11 (n) of CBLR, 2013 (now sub-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"

As per the findings in the Offence Report, the declared address of the exporter, M/s. Paras Industries, was found to be fictitious during the course of the investigation. Specifically, when an officer of SIIB (Export) visited the registered address of the exporter on 10.03.2021 to physically serve Summons No. VKA/251/2020-21 dated 05.03.2021, the premises were found to be locked. Furthermore, the Customs Broker conspicuously failed to produce the basic Authorization Letter from the exporter along with other requisite KYC and logistical documents. These facts collectively demonstrate that the CB failed to independently verify the identity and the actual physical functioning of their client at the declared address. Accordingly, it appeared that the CB failed to perform their due obligations under Regulation 11(n) of the CBLR, 2013 [now Regulation 10(n) of the CBLR, 2018].

6. In view of the facts detailed above and the outcome of the investigation, it appeared that the Customs Broker, M/s. Super Shipping Services (CB License No. 11/549), had completely failed in fulfilling their statutory obligations as mandated under the Customs Brokers Licensing Regulations. Consequently, it appeared that the CB violated the provisions of Regulations 11(a), 11(d), 11(e), 11(f), 11(k), and 11(n) of the CBLR, 2013 [now corresponding to Regulations 10(a), 10(d), 10(e), 10(f), 10(k), and 10(n) of the CBLR, 2018].

7. In view of the offence report received in the form of Show Cause Notice No. 28/ADC/ADJ(X)/2023-24 ACC dated 01.08.2024 issued by the Additional Commissioner of Customs (Export), ACC, Mumbai, action under the CBLR, 2018 was initiated against the CB M/s. Super Shipping Services (CB License No. 11/549). Considering the nature and gravity of the infractions, the license of the CB was suspended under Regulation 16 of the CBLR, 2018. Furthermore, action under Regulation 17 of CBLR, 2018 was initiated against the CB M/s. Super Shipping Services and accordingly, based on the Offence Report, the following 6 (six) articles of charge were framed against the CB:

- (i) Article of Charge-I: Violation of Regulation 10(a) of the CBLR, 2018.
- (ii) Article of Charge-II: Violation of Regulation 10(d) of the CBLR, 2018.
- (iii) Article of Charge-III: Violation of Regulation 10(e) of the CBLR, 2018.
- (iv) Article of Charge-IV: Violation of Regulation 10(f) of the CBLR, 2018.

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

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

7.1 In light of the above, a Show Cause Notice (SCN) No. 59/2024-25 dated 12.11.2024 was issued to the CB M/s. Super Shipping Services (CB License No. 11/549) under the provisions of Regulation 17(1) of the CBLR, 2018 wherein, the CB was called upon to show cause, as to why:

- a. The Customs Broker License bearing no. 11/549 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.

7.2 Shri Ajay Anand Arya, Deputy Commissioner of Customs, was appointed as Inquiry Officer (IO) to conduct the inquiry proceedings against the CB M/s. Super Shipping Services under Regulation 17 of the CBLR, 2018.

INQUIRY REPORT: -

8. The Inquiry Officer (here in after referred to as the 'IO') concluded the inquiry proceedings and submitted the Inquiry Report dated 25.09.2025, wherein all the charges levelled against the CB of violation of Regulations 10(d), 10(e), 10(f), 10(g), 10(k) and 10(n) of the CBLR, 2018 were held as "Correct and Proved". Further, the IO stated that the prescribed timeline under Regulation 17 for completion of inquiry proceedings could not be adhered to as he was allotted multiple sensitive charges involving time-bound compliances.

FINDINGS OF THE INQUIRY OFFICER: -

9. The IO submitted that he had meticulously gone through the facts of the case, the Show Cause Notice issued under Regulation 17(1) of the CBLR, 2018, and the relied upon documents including the Offence Report (SCN No. 28/ADC/ADJ(X)/2023-24 ACC dated

01.08.2024). The IO submitted that he had also gone through the statements of all the persons recorded during the investigation, the alleged Articles of Charges or contraventions mentioned in the Show Cause Notice, as well as the legal provisions reflected in the CBLR, 2018.

9.1 The IO noted that despite repeated communications to submit evidence and refute the charges, the Customs Broker, M/s. Super Shipping Services (CB License No. 11/549), failed to discharge their responsibility. The CB did not attend the scheduled Personal Hearings (PH) and did not care to reply or respond with any written submissions in the matter during the inquiry proceedings conducted by the IO.

9.2 Article of Charge -II- Violation of Regulation 10(d) of CBLR, 2018

The IO found that the CB did not submit any written reply during the inquiry proceedings to refute the charges. However, as per the statement of the partner recorded under Section 108 of the Customs Act, 1962, they stated that they had no idea about the exporter M/s. Paras Industries, that there was no question of producing export-related documents as the former partners had passed away and he was completely unaware of the transactions.

The IO found that the charged CB M/s. Super Shipping Services had filed 30 Shipping Bills during the period between 2012 and 2016 on behalf of exporter M/s. Paras Industries (IEC- 0888003668) for clearance of export goods. The IO found that as per the offence report, the exported items were procured from local traders, and the exporter was engaged in bogus exports by way of procuring fake purchase bills from one Shri Suhel Ansari to claim undue drawback by overvaluing the exports.

The IO found from the offence report that the CBEC (now CBIC) vide Circular No. 16/2009-Customs dated 25.05.2009 issued vide F.No.609/137/2007-DBK made it mandatory that merchant exporters who purchase goods from traders are required to furnish a declaration in the prescribed format at the time of export of such goods. The IO submitted that as per the requirements of the said Circular, the export of goods procured from traders to claim drawback is governed as per the specific conditions indicated therein. The IO

found that the said Shipping Bills were filed without adhering to the conditions of Circular No. 16/2009-Customs dated 25.05.2009 and accordingly, the export of these goods was in violation of the prescribed procedures under the Customs Act.

The IO found that the CB had filed the 30 Shipping Bills during the material period, whereas the exporter had not submitted the requisite declaration. The IO found that the declaration for procurement from traders was required to be submitted by the exporter while filing the Shipping Bills whereas, it was found during the investigations that no such declaration was submitted by the exporter. Thus, it is apparent that the CB did not advise the exporter M/s. Paras Industries that such declaration as per Circular No. 16/2009-Customs was required prior to filing of Shipping Bills.

The IO submitted that the CB did not ask for the trader procurement declaration in view of Circular No. 16/2009-Customs dated 25.05.2009, vide which the exporter was required to notify the Customs Authorities regarding the procurement of export goods from traders in the prescribed format to accurately claim drawback. The IO found that such advise was required prior-to filing of the said Shipping Bills, which the charged customs broker failed to provide.

The IO found that Shri Mohammed Rizwan Saiyed, Partner of M/s. Super Shipping Services in his statement recorded on 06.05.2022, under Section 108 of the Customs Act, 1962 stated that he didn't have any idea about the exporter or how the goods were acquired by them. The IO found that the charged CB M/s. Super Shipping Services was unaware about the mandatory compliance for the clearance of goods procured from traders. The IO found that the CB failed to advise the exporter M/s. Paras Industries about the aforementioned compliance, as they were unaware about the same or completely neglected their duty. The IO also found from the investigation that the exporter M/s. Paras Industries was not sensitized by them regarding Circular No. 16/2009-Customs dated 25.05.2009. The IO found that such sensitization was required prior-to filing of the said Shipping Bill, which the charged customs broker failed to execute.

The IO found that it was the responsibility of the CB to advise their client regarding compliance of the provisions and rules framed under the Customs Act. Thus, the IO found that CB had neither advised the exporters about aforesaid compliance nor brought the non-compliance to the notice of the Customs Authorities. Accordingly, the IO held the Article of Charge alleging violation of Regulation 10(d) of the CBLR, 2018 as “Correct and Proved”.

9.3 Article of Charge –III- Violation of Regulation 10(e) of CBLR, 2018

The IO found that the SCN alleged that the Customs Broker failed to exercise due diligence to ascertain the correctness of information imparted to a client with reference to the clearance of cargo. The IO observed from the offence report that the exported items were procured from local traders, and as such, the exporter was statutorily mandated to submit a specific declaration in terms of Circular No. 16/2009-Customs dated 25.05.2009.

The IO found that the CB had processed the clearance of 30 Shipping Bills for M/s. Paras Industries without ensuring that this mandatory declaration was submitted. The IO noted that a Customs Broker is expected to be diligent in their filing process and carefully peruse the documents submitted by the client. By failing to verify the sourcing of the goods and the completeness of the required documentation before processing the customs clearance, the CB demonstrated a severe lack of professional care.

The IO submitted that it was the fundamental responsibility of the CB to advise the exporter to furnish the said declaration and to ascertain the correctness of the procurement details. The IO found that the CB blindly facilitated the export without exercising the requisite due diligence. Accordingly, the IO held the Article of Charge alleging violation of Regulation 10(e) of the CBLR, 2018 as “Correct and Proved”.

9.4 Article of Charge –IV- Violation of Regulation 10(f) of CBLR, 2018

The IO found that the CB is mandated not to withhold information contained in any order, instruction, or public notice relating to the clearance of cargo issued by the Customs authorities from a client who is entitled to such information.

As per the investigation report, the IO observed that some of the exported items were undeniably procured from traders. Consequently, the provisions of Circular No. 16/2009-Customs dated 25.05.2009 issued vide F.No.609/137/2007-DBK were directly applicable to the exporter. The IO submitted that it was the paramount responsibility of the CB to communicate these specific instructions to the exporter and advise them to furnish the corresponding declaration.

The IO found that the exporter did not submit the said declaration, which strongly suggests that the CB failed to apprise them of the mandatory Customs instructions. The IO found that by failing to relay the contents of the Board's Circular, the CB effectively withheld crucial regulatory information from their client. Accordingly, the IO held the Article of Charge alleging violation of Regulation 10(f) of the CBLR, 2018 as “Correct and Proved”.

9.5 Article of Charge –V- Violation of Regulation 10(k) of CBLR, 2018

The IO found that Regulation 10(k) mandates the Customs Broker to maintain up-to-date records, including all correspondence and other papers relating to their business, in an orderly and itemized manner.

During the course of the investigation, the IO found that the statement of Shri Mohammed Rizwan Saiyed, Partner of M/s. Super Shipping Services, was recorded on 06.05.2022. In his voluntary statement, he explicitly accepted the fact that the firm did not possess any requisite documents related to the packing and storage of the export consignments covered under the Shipping Bills filed by them.

The IO found that it is the fundamental responsibility of the CB to retain comprehensive records of the clearances they facilitate. The total absence of these crucial logistical records demonstrates a blatant disregard for statutory record-keeping obligations. Accordingly, the IO held the Article of Charge alleging violation of Regulation 10(k) of the CBLR, 2018 as “Correct and Proved”.

9.6 Article of Charge –VI- Violation of Regulation 10(n) of CBLR, 2018

The IO found that the SCN alleged the CB failed to verify the correctness of the Importer Exporter Code (IEC), GSTIN, identity of the client, and functioning of their client at the declared address using reliable, independent, and authentic documents.

The IO submitted that as per the offence report, the declared address of the exporter, M/s. Paras Industries, was found to be entirely fictitious. The IO noted that during the investigation, an officer of SIIB(X) visited the registered address on 10.03.2021 to serve Summons No. VKA/251/2020-21 dated 05.03.2021, but the premises were found locked and abandoned.

Furthermore, the IO observed that during the investigation, the Customs Broker egregiously failed to produce the basic Authorization Letter from the exporter, along with comprehensive KYC documents and other requisite logistical records. The IO found that these facts collectively establish that the CB blindly processed the documents without ever independently verifying the actual physical functioning of their client at the declared address. Accordingly, the IO held the Article of Charge alleging violation of Regulation 10(n) of the CBLR, 2018 as “Correct and Proved”.

10. SUMMARY OF THE FINDINGS:

The IO concluded the findings of the inquiry as under:

1.	Violation of Regulation 10(d) of CBLR, 2018	Proved
2.	Violation of Regulation 10(e) of CBLR, 2018	Proved
3.	Violation of Regulation 10(f) of CBLR, 2018	Proved
4.	Violation of Regulation 10(k) of CBLR, 2018	Proved
5.	Violation of Regulation 10(n) of CBLR, 2018	Proved

10.1 Under the provisions of Regulation 17(6) of the CBLR, 2018, a copy of the Inquiry Report dated 25.09.2025 was shared with the CB and further, to uphold the Principle of Natural Justice an opportunity of personal hearing was granted to the CB on 09.12.2025.

RECORD OF PERSONAL HEARING: -

11. An opportunity of Personal Hearing was granted to the CB on 09.12.2025 at 12:00 p.m. However, the CB failed to appear for the said hearing and did not submit any

communication seeking an adjournment. In view of the same, and to uphold the Principle of Natural Justice, a 2nd P.H. was scheduled on 30.12.2025. The CB once again failed to attend the P.H. on 30.12.2025 without citing any reasons for their absence. The Adjudicating Authority, granting maximum latitude, scheduled a 3rd and final opportunity for P.H. to the CB on 13.01.2026 at 12:30 p.m. However, despite repeated opportunities being extended, the CB persistently failed to appear before the Commissioner of Customs (Gen.) and did not care to reply or respond with any written submissions to refute the charges levelled against them. Since the CB was granted three distinct opportunities for a Personal Hearing, which they chose not to avail, it is concluded that the CB has no defense to offer. Consequently, the matter was taken up for ex-parte adjudication based on the facts of the case, the findings of the Inquiry Officer, and the evidence available on record.

WRITTEN SUBMISSION OF THE CB: -

12. The Customs Broker, M/s. Super Shipping Services (CB License No. 11/549), was provided with ample opportunities to submit their written defence against the charges levelled in the Show Cause Notice and the findings of the Inquiry Report.

12.1 However, it is observed from the records that the CB did not submit any written reply to the Show Cause Notice. Furthermore, despite repeated communications to submit evidence from their side, the CB failed to discharge their responsibility to refute the charges and did not care to reply or respond with any written submissions during the inquiry proceedings conducted by the IO.

12.2 Additionally, as detailed in the records of the Personal Hearing, the CB continuously failed to attend the scheduled hearings before the Adjudicating Authority and completely abstained from filing any written defence or documentary evidence in their support.

12.3 Consequently, in the absolute absence of any written or oral submissions from the Customs Broker, it is concluded that they have no defence to offer in respect of the contraventions of the CBLR, 2018 alleged against them. The matter is therefore taken up

for decision *ex-parte* on the basis of the facts, the findings of the Inquiry Officer, and the evidence available on record.

DISCUSSIONS AND FINDINGS: -

13. I have gone through the facts and records of the case; the offence report received in the form of Show Cause Notice No. 28/ADC/ADJ(X)/2023-24 ACC dated 01.08.2024 issued by the Additional Commissioner of Customs (Export), ACC, Mumbai; the Show Cause Notice issued under Regulation 17(1) of the CBLR, 2018; and the Inquiry Report dated 25.09.2025. I note that the CB has failed to submit any written reply or defence during the entire course of the inquiry and adjudication proceedings.

14. Briefly stating, the case involves an investigation into the fraudulent availment of undue drawback by way of deliberate over-valuation of export goods by M/s. Paras Industries through their Customs Broker, M/s. Super Shipping Services (CB License No. 11/549). The exporter, M/s. Paras Industries, executed exports under 187 Shipping Bills, fraudulently availing a total drawback amount of Rs. 187.00 Lakhs against a declared FOB value of Rs. 2274.34 Lakhs during the period from 2011 to 2016. Out of these, the subject CB filed 30 Shipping Bills. Upon investigation, it was determined that the exporter procured fake purchase bills from one Shri Suhel Ansari to falsely justify the inflated value of the export goods. Under the relevant Customs regulations, specifically Circular No. 16/2009-Customs dated 25.05.2009, merchant exporters procuring goods from local traders are required to furnish a specific declaration at the time of export. The exporter failed to submit this mandatory declaration. Furthermore, the declared address of the exporter was found to be fictitious, and the Bank Realization Certificates (BRC) against a massive portion of these exports were not realized. During statement recording, the partner of M/s. Super Shipping Services admitted they did not possess the mandatory Authorization Letter, KYC documents, or other logistical records for the export consignments. Consequently, the CB is charged with actively conniving with the exporters and violating Regulations 10(a), 10(d), 10(e), 10(f), 10(k), and 10(n) of the CBLR, 2018.

14.1 I observe from the Offence Report, i.e., Show Cause Notice No. 28/ADC/ADJ(X)/2023-24 ACC dated 01.08.2024, that the investigating authority explicitly observed that the Customs Broker, M/s. Super Shipping Services, actively connived with the exporter in claiming undue drawback, overvaluing the export goods, and mis-declaring them in the Shipping Bills. The SCN highlights that the CB failed to advise their client to comply with the provisions of Circular No. 16/2009-Customs dated 25.05.2009, failed to exercise due diligence to ascertain the correctness of the information imparted, failed to verify the functioning of the client at the declared address, and failed to maintain essential records such as the authorization letter and KYC documents. For these various acts of omission and commission by the Customs Broker, which appear to have rendered the impugned goods liable for confiscation, the Customs Broker M/s. Super Shipping Services has rendered themselves liable for penal action. Consequently, a penalty under Sections 114(i), 114(iii), and 114AA of the Customs Act, 1962, read with the CBLR, 2013, has been proposed against the CB in the said SCN.

15. I find that 6 (six) articles of charge have been framed against the CB in the SCN, i.e., violation of Regulations 10(a), 10(d), 10(e), 10(f), 10(k), and 10(n) of the CBLR, 2018.

15.1 Before proceeding with the individual analysis of the charges, I find it imperative to address a procedural discrepancy between the Show Cause Notice and the Inquiry Report. I observe that the Inquiry Officer, in his report dated 25.09.2025, has returned a finding that the CB violated Regulation 10(g) of the CBLR, 2018. However, upon careful scrutiny of the SCN, I find that no such charge under Regulation 10(g) was framed against the CB. It is a settled principle of law that the adjudicating authority cannot travel beyond the scope of the Show Cause Notice, as the noticee cannot be penalized for a charge they were never formally called upon to defend. Therefore, the Inquiry Officer's finding with respect to Regulation 10(g) is legally unsustainable and is hereby dropped. Conversely, I find that the SCN explicitly charged the CB with a violation of Regulation 10(a), which the IO inadvertently failed to discuss in his findings. As the Adjudicating Authority, I am bound to examine all charges framed in the SCN. Accordingly, I proceed to sequentially

adjudicate the validly framed charges, including the violation of Regulation 10(a), based on the facts and evidences available on record.

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

(a) I find that the charge of violation of Regulation 10(a) of the CBLR, 2018 has been levelled against the CB on the grounds that the CB failed to obtain an authorization from the exporter, M/s. Paras Industries, and failed to produce such authorization before the Deputy/Assistant Commissioner of Customs. It appeared from the investigation that Shri Mohammed Rizwan Saiyed, Partner of M/s. Super Shipping Services, admitted he had no idea about the exporter and could not produce the mandatory Authorization Letter, citing the demise of the former partners.

(b) While I note that the Inquiry Officer inadvertently omitted this charge in his final report, the evidentiary record speaks for itself. The CB failed to submit any written reply to the Show Cause Notice and did not appear for the Personal Hearing to present any defence to refute this specific charge.

(c) The CB in this regard failed to submit any written reply to the Show Cause Notice and did not appear for the Personal Hearing to present any defence. Consequently, there are no submissions from the CB to refute the findings of the Inquiry Officer or the charges levelled in the SCN.

(d) Regulation 10(a) mandates that a Customs Broker shall obtain an authorization from each of the companies, firms, or individuals by whom he is employed and produce such authorization whenever required by the Customs Authorities. Having gone through the facts and records of the case, I find that the possession of a valid Authorization Letter is the fundamental bedrock upon which the agency relationship between a Customs Broker and an importer/exporter is established. The CB's inability to produce this document upon demand by the investigating agency is a fatal flaw. The change in partnership or the unfortunate demise of former partners does not extinguish the statutory liabilities and record-keeping mandates of the licensed entity itself. Operating without verifiable authorization facilitates the entry of fictitious entities into the export chain, as was precisely

the case here with M/s. Paras Industries. Accordingly, I uphold the charge of violation of Regulation 10(a) of the CBLR, 2018.

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

(a) I find that the charge of violation of Regulation 10(d) of the CBLR, 2018 has been levelled against the CB on the grounds that, from the investigation and the statement of Shri Mohammed Rizwan Saiyed, Partner of Customs Broker M/s. Super Shipping Services recorded under Section 108 of Customs Act, 1962, it appeared that the Customs Broker failed to advise the exporter, M/s. Paras Industries, regarding the mandatory compliance required for merchant exporters procuring goods from local traders. Specifically, in terms of Circular No. 16/2009-Customs dated 25.05.2009, such exporters were required to furnish a declaration in the prescribed format at the time of export to accurately claim drawback. In the instant case, the CB appeared to have failed to advise his client to comply with the above mentioned rules and regulation framed under the provisions of the Customs Act, 1962. Moreover, the CB also failed to bring the matter of non-compliance to the notice of the Deputy/Assistant Commissioner of Customs and hence, it appeared that the CB failed to perform their obligation under Regulation 10(d) of CBLR, 2018.

(b) I find that the Inquiry Officer, in this regard, has observed that the CB had filed 30 Shipping Bills during the material period on behalf of M/s. Paras Industries. The IO observed that while the goods were procured from traders, the exporter had failed to submit the declaration mandated by Circular No. 16/2009-Customs. The IO found that authorization for such procurement and the corresponding declaration was required to be submitted by the exporter while filing the Shipping Bills whereas, it was found during the investigations that no such declaration was submitted. Thus, it was apparent that the CB did not advise the exporter M/s. Paras Industries that such declaration was required prior to filing of Shipping Bills.

The IO observed that Shri Mohammed Rizwan Saiyed, Partner of M/s. Super Shipping Services in his statement recorded on 06.05.2022, under Section 108 of the Customs Act, 1962 stated that he didn't have any idea about the exporter or how the goods

were acquired by them. The IO found that the charged CB was unaware about the mandatory compliance for the clearance of goods procured from traders. The IO found that the CB failed to advise the exporter about the mandatory compliance, as they were completely negligent in their duties. The IO also found that the exporter was not sensitized by them regarding Circular No. 16/2009-Customs dated 25.05.2009. The IO found that such sensitization was required prior to filing of the said Shipping Bills, which the charged customs broker failed to provide. Thus, the IO found that CB had neither advised the exporter about the compliance nor brought the non-compliance to the notice of the Customs Authorities. Accordingly, the IO held the Article of Charge alleging violation of Regulation 10(d) of the CBLR, 2018 as “Correct and Proved”.

(c) The CB in this regard failed to submit any written reply to the Show Cause Notice and did not appear for the Personal Hearing to present any defence. Consequently, there are no submissions from the CB to refute the findings of the Inquiry Officer or the charges levelled in the SCN. The CB has effectively chosen not to contest the fact that they failed to advise their client regarding the provisions of Circular No. 16/2009-Customs.

(d) Regulation 10(d) mandates that a Customs Broker shall advise his client to comply with the provisions of the Act and allied Acts, and in case of non-compliance, shall bring the matter to the notice of the Deputy/Assistant Commissioner of Customs. Having gone through the facts and records of the case, I find that the investigation revealed that the CB filed 30 Shipping Bills for M/s. Paras Industries wherein the exporter availed fraudulent drawback by overvaluing goods procured from traders. I find that the CB's partner admitted in his statement dated 06.05.2022 that they had no knowledge of the exporter's procurement methods and did not possess the relevant documents. Consequently, they failed to advise the exporter regarding the requirement of the mandatory declaration under Circular No. 16/2009-Customs. The obligation to advise compliance is a proactive duty that must be performed prior to the clearance process. The CB cannot absolve themselves of their statutory duty by claiming ignorance of the exporter's activities, especially when dealing with a client they claim to not know.

Further, I find that the failure to secure the mandatory declaration for trader-procured goods directly facilitated the fraudulent drawback scheme. Had the CB advised the client to comply with the Circular and insisted on the declaration, the overvaluation might have been detected or prevented. The total absence of any advice to the client, and the subsequent failure to report this non-compliance to the Customs Authorities, constitutes a clear breach of the regulations. Accordingly, I am of the firm opinion that the CB's actions were negligent in advising the exporter with respect to the necessary compliance requirement before filing the Shipping Bills. Accordingly, I uphold the charge of violation of Regulation 10(d) of the CBLR, 2018.

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

(a) I find that the charge of violation of Regulation 10(e) of the CBLR, 2018 has been levelled against the I find that the charge of violation of Regulation 10(e) of the CBLR, 2018 has been levelled against the CB on the grounds that the CB failed to exercise due diligence to ascertain the correctness of any information which they imparted to their client with reference to the clearance of cargo. It appeared from the offence report that the exported items were procured from local traders, which necessitated a mandatory declaration as per Circular No. 16/2009-Customs dated 25.05.2009. The CB allegedly processed the clearances without verifying the sourcing of the goods or ensuring the submission of the required declaration, thereby failing to perform their obligation under Regulation 10(e) of the CBLR, 2018.

(b) I find that the Inquiry Officer, in this regard, has observed that the exporter did not submit the mandatory declaration for goods procured from traders. The IO observed that it was the core responsibility of the CB to advise the exporter to furnish the said declaration and to diligently verify the procurement details. The IO found that the CB blindly facilitated the export of 30 consignments without exercising the requisite due diligence expected of a licensed professional. Accordingly, the IO held the Article of Charge alleging violation of Regulation 10(e) of the CBLR, 2018 as "Correct and Proved".

(c) The CB in this regard failed to submit any written reply to the Show Cause Notice and did not appear for the Personal Hearing to present any defence. The matter is decided *ex-parte* on merits.

(d) Regulation 10(e) mandates that a Customs Broker shall exercise due diligence to ascertain the correctness of any information which he imparts to a client. Having gone through the facts, I find that a Customs Broker has blindly filed documents handed over to them. They are required to apply their professional mind and meticulously scrutinize the export documents. By failing to identify that the goods were procured from traders and subsequently failing to require the mandatory declaration under Circular No. 16/2009-Customs, the CB displayed gross negligence. This lack of due diligence directly enabled the exporter to artificially overvalue the goods using fake invoices from Shri Suhel Ansari and fraudulently claim Rs. 187 Lakhs in drawback. Accordingly, I uphold the charge of violation of Regulation 10(e) of the CBLR, 2018.

15.5 Violation of Regulation 10(f) of the CBLR, 2018:

(a) I find that the charge of violation of Regulation 10(f) of the CBLR, 2018 has been levelled against the CB on the grounds that the CB withheld information contained in an order, instruction, or public notice relating to the clearance of cargo issued by the Customs authorities. Specifically, it appeared the CB withheld the instructions contained in Circular No. 16/2009-Customs regarding the mandatory declaration for trader-procured goods from the exporter.

(b) I find that the Inquiry Officer, in this regard, has observed that the exporter was entitled to the regulatory information governing their specific type of export. The IO observed that since the declaration was never submitted, it is evident the CB failed to communicate these mandatory Customs instructions to their client. The IO held that by failing to relay this vital information, the CB effectively withheld it. Accordingly, the IO held the Article of Charge alleging violation of Regulation 10(f) of the CBLR, 2018 as “Correct and Proved”.

(c) The CB in this regard failed to submit any written reply to the Show Cause Notice and did not appear for the Personal Hearing to present any defence.

(d) Regulation 10(f) strictly prohibits a Customs Broker from withholding regulatory information from a client who is entitled to it. Customs Brokers serve as a vital bridge between the Customs Department and the trading community. Dissemination of relevant Customs Circulars and Notifications is an inherent part of their service. The continuous failure of the CB across 30 Shipping Bills to apprise the exporter of the requirements of Circular No. 16/2009-Customs amounts to withholding statutory information. Accordingly, I uphold the charge of violation of Regulation 10(f) of the CBLR, 2018.

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

(a) I find that the charge of violation of Regulation 10(k) of the CBLR, 2018 has been levelled against the CB on the grounds that they failed to maintain up-to-date records such as shipping bills, correspondence, and other papers relating to their business as a Customs Broker.

(b) I find that the Inquiry Officer, in this regard, has observed that Shri Mohammed Rizwan Saiyed, Partner of the CB firm, explicitly admitted in his statement dated 06.05.2022 that he did not possess any requisite documents related to the packing and storage of the export consignments pertaining to the Shipping Bills filed by them. The IO held that the complete absence of these essential logistical and clearance records proved the violation. Accordingly, the IO held the Article of Charge alleging violation of Regulation 10(k) of the CBLR, 2018 as “Correct and Proved”.

(c) The CB in this regard failed to submit any written reply to the Show Cause Notice and did not appear for the Personal Hearing to present any defence.

(d) Regulation 10(k) imposes a strict statutory obligation on the Customs Broker to retain all transactional documents in an orderly manner. This record-keeping is crucial for post-clearance audits and investigations. The outright admission by the firm's partner that they hold no records of the clearances they executed for M/s. Paras Industries is a glaring

contravention of this mandate. Accordingly, I uphold the charge of violation of Regulation 10(k) of the CBLR, 2018.

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

(a) I find that the charge of violation of Regulation 10(n) of the CBLR, 2018 has been levelled against the CB on the grounds that the CB failed to verify the correctness of the Importer Exporter Code (IEC), GSTIN, identity of the client, and functioning of their client at the declared address using reliable, independent, and authentic documents.

(b) I find that the Inquiry Officer, in this regard, has observed that the declared address of M/s. Paras Industries was found to be fictitious. The IO observed that when an SIIB(X) officer visited the premises on 10.03.2021 to serve a summons, it was found locked and abandoned. Furthermore, the IO observed that the CB completely failed to produce the KYC documents or the authorization letter of the exporter. The IO held that this proved the CB never conducted any independent physical verification of the client's functioning. Accordingly, the IO held the Article of Charge alleging violation of Regulation 10(n) of the CBLR, 2018 as "Correct and Proved".

(c) The CB in this regard failed to submit any written reply to the Show Cause Notice and did not appear for the Personal Hearing to present any defence.

(d) Regulation 10(n) places a heavy burden on the Customs Broker to act as the first line of defense against fictitious entities. They are statutorily required to verify that the client actually functions at the declared registered address. The fact that the exporter's premises were found locked, combined with the CB's inability to present even basic KYC documentation, incontrovertibly establishes that the CB processed 30 Shipping Bills for a fictitious entity without ever verifying their physical existence. This lapse directly facilitated the massive drawback fraud. Accordingly, I uphold the charge of violation of Regulation 10(n) of the CBLR, 2018.

16. 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 various acts of omission and commission, the Customs Broker M/s. Super Shipping Services (CB License No. 11/549) has brazenly violated Regulations 10(a), 10(d), 10(e), 10(f), 10(k), and 10(n) of the CBLR, 2018. I find that for the gross violation of the statutory obligations provided under the CBLR, 2018 and for their systemic acts of omission and commission, the Customs Broker M/s. Super Shipping Services has rendered itself liable for strict penal action under the provisions of 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 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."

17. As discussed above, I conclude that the CB M/s. Super Shipping Services (CB License No. 11/549) is guilty of violating Regulations 10(a), 10(d), 10(e), 10(f), 10(k), and 10(n) of the CBLR, 2018. In view of the detailed discussion and analysis above, it is established that the CB, M/s. Super Shipping Services, has miserably failed to discharge the professional and statutory obligations mandated under the Customs Brokers Licensing Regulations. The evidence on record confirms that the Customs Broker actively connived with the exporter in claiming undue drawback by overvaluing the export goods and mis-declaring them in the 30 Shipping Bills filed by them. Furthermore, by blindly processing clearance documents for a fictitious entity without obtaining the mandatory authorization, failing to advise them on the required trader procurement declarations, and completely neglecting to verify the client's registered address, the Customs Broker demonstrated a gross and willful abdication of their statutory duties.

Further, the investigating agency found that the exporter, M/s. Paras Industries, was engaged in a systemic and well-orchestrated fraud, availing a total fraudulent drawback of Rs. 187.00 Lakhs on an inflated FOB value of Rs. 2274.34 Lakhs using fake invoices, for which the foreign remittances were never realized. Thus, the exports facilitated by the CB in the instant case do not seem to be mere errors of judgment, but are integral parts of a deeply entrenched systemic fraud. Accordingly, I find a clear angle of active connivance and premeditated facilitation of fraud on the part of the CB during the clearance process. Further, I find that the scale of the fraud is massive, involving huge losses to the Government exchequer over an extended period from 2012 to 2016. Considering the gravity of the offense, the huge quantum of government revenue involved, and the CB's persistent failure to cooperate with the inquiry proceedings or present any defense, I find that the extreme action of revocation of the Customs Broker's License is fully warranted.

Also, I note that the license of the CB was already placed under immediate suspension under Regulation 16 of the CBLR, 2018, keeping in view the necessity to

prevent further misuse of the facility. Furthermore, it is a matter of record that in another independent proceeding initiated against the same Customs Broker, M/s. Super Shipping Services, for similar grave infractions, their license has already been revoked vide Order-in-Original No. 69/2024-25/CAC/PCC(G)/RC/Adj-CBS dated 08.01.2025 (F. No. GEN/CB/577/2022-CBS). In the said order, the license of the CB was revoked, the entire security deposit was ordered to be forfeited, and a penalty of Rs. 50,000/- was imposed upon them under the provisions of the CBLR, 2018. This strongly establishes the habitual nature of the Customs Broker in flouting statutory regulations. Hence, under the factual matrix of the present case and applying the principle of proportionate punishment, I am firmly inclined to formally revoke the License and order the full forfeiture of the security deposit of the CB in this matter as well, as any lenient view would be highly detrimental to the interests of revenue and the strict discipline expected under the CBLR. Furthermore, I am of the considered view that the ends of justice will only be met by imposing a severe penalty on the CB, under Regulation 18 of the CBLR, 2018, which suffices both as a punishment for the grave infractions committed and as a strong 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”.

18. I find that the Inquiry Report against the Show Cause Notice issued under Regulation 17(1) in the present case was submitted by the Inquiry Officer on 25.09.2025. The IO attributed the delay in concluding the inquiry and submitting the Inquiry Report to the significant workload, as he was allotted multiple sensitive charges involving time-bound administrative compliances. Further, upon receipt of the Inquiry Report, to strictly uphold the principles of natural justice, the CB was granted Personal Hearing opportunities on three distinct occasions. However, the CB deliberately chose not to appear on any of the scheduled dates, nor did they submit any written defence, and the detailed sequence of these events has been elaborated above. Consequently, with no other recourse, the matter was taken up for *ex-parte* adjudication on the basis of facts, the findings of the IO, and the evidences available on record. The CB’s persistent non-cooperation during the inquiry phase and their repeated, unexplained non-appearance at all three Personal Hearing opportunities delayed the overall adjudication proceedings significantly. Further, with respect to the timelines prescribed under Regulation 17 of the CBLR, 2018, relying on the following caselaws, I observe that the timelines under CHALR/CBLR are directory in nature and not mandatory:

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”.

19. Having gone through the facts of the case and evidences on record, it is noted that the role of the CB is not merely marked by negligence and lack of professional caution, but explicitly reveals active connivance and a well-thought-out *modus operandi* to effect fraudulent exports and siphon government revenue. 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 only corrective but highly deterrent, aimed at ensuring that Customs Brokers adhere to the high standards of absolute integrity and responsibility expected of them as licensed intermediaries. In the present case,

the egregious regulatory lapses established on record do not merely justify the imposition of a monetary penalty under Regulation 18 of the CBLR, 2018, but demand the strictest regulatory action to weed out corrupt elements and deter the recurrence of such massive frauds in the future. Therefore, having regard to the presence of proven connivance, the systemic nature of the violations involving a fictitious exporter, and the fact that the CB completely abdicated their statutory duties to facilitate a massive drawback fraud, the extreme penalty of revocation of the license and full forfeiture of the security deposit is strictly warranted.

20. In view of the above judgements and applying the “Doctrine of Proportionality,” which propagates the idea that a punishment for an offence should be strictly proportional to the gravity of the offence, I am fully inclined to revoke the license and forfeit the entire security deposit of the CB. For their deliberate acts of omission, commission, and active facilitation of fraud, the Customs Broker M/s. Super Shipping Services (CB License No. 11/549) is held liable and conclusively guilty for violating the critical provisions of the CBLR, 2018, as detailed above. I hold that the CB has totally failed to discharge the duties cast upon them with respect to Regulations 10(a), 10(d), 10(e), 10(f), 10(k), and 10(n) of the CBLR, 2018, and the interest of justice would only be met by the revocation of their license, absolute forfeiture of their security deposit, and the imposition of a severe penalty under Regulation 18 of the CBLR, 2018. Accordingly, I pass the following order:

ORDER

21. I, 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 revoke the Customs Broker License bearing No. 11/549 issued to M/s. Super Shipping Services under Regulation 14 read with Regulation 17(7) of the CBLR, 2018.
- (ii) I, hereby order the full forfeiture of the security deposit furnished by the Customs Broker M/s. Super Shipping Services (CB License No. 11/549) under Regulation 14 read with Regulation 17(7) of the CBLR, 2018.

(iii) I, hereby impose a penalty of Rs. 50,000/- (Rupees Fifty Thousand only) on the Customs Broker M/s. Super Shipping Services (CB License No. 11/549) under Regulation 18(1) of the CBLR, 2018.

(iv) I, hereby order that the CB surrender the Original License as well as all the 'F', 'G' and 'H' cards issued thereunder immediately.

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.


12/2/26
(Shradha Joshi Sharma)
Commissioner of Customs (Gen.)
NCH, Mumbai-I

To,

M/s. Super Shipping Services (CB License No. 11/549)

Room No. 6, B Wing,
3rd Floor, Roy Apartment,
near Sahar Air Cargo Complex,
Andheri (East), Mumbai - 400099.

Copy to:

1. The Pr. Chief Commissioner/ Chief Commissioner of Customs, Mumbai - I, II, III Zone.
2. SIIB (X), ACC, Sahar, Mumbai.
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. Office copy