



प्रधान सीमाशुल्क आयुक्त सामान्य) का कार्यालय  
**OFFICE OF THE PRINCIPAL COMMISSIONER OF CUSTOMS (GENERAL)**  
 कस्टम ब्रोकर अनुभाग, नवीन सीमाशुल्क भवन,  
**CUSTOMS BROKER SECTION, NEW CUSTOM HOUSE,**  
 बेलार्ड इस्टेट, मुंबई - I  
**BALLARD ESTATE, MUMBAI - I**

F. No. GEN/CB/568/2024-CBS

Date: 05.02.2025

DIN: 2025027700000000FAB

**SHOW CAUSE NOTICE NO. 76 /2024-25**  
**ISSUED UNDER REGULATION 17 OF CBLR, 2018**

M/s O.K Cargo Craft Private Limited (CB License No. 11/887) (EDI License No AAACO3043JCH) having address registered at Office no 2, 66/4th Clive Cross Lane , Dana Bunder Area Masjid Bunder East, Mumbai 400009 (hereinafter referred as the Customs Broker/CB) is holder of Customs Broker License No. 11/887, issued by the Commissioner of Customs, Mumbai under Regulation 8 of CHALR, 1984, [Now regulation 7(2) of CBLR, 2018] and as such they are bound by the regulations and conditions stipulated therein.

2. An offence report in the form of **Offence Report in the form of** Order-In-Original No **08/Commr/VC/Sri Balaji Office/ICD-PPG/2024-25 dated 14.08.2024** issued by Office of the Commissioner of Customs, ICD PPG & Others ICDs, Patparganj, New Delhi, by e-receipt was received. The RUDs for the same have been received in this office on 07.11.2024, wherein it was inter-alia informed that:

2.1 On the basis of specific intelligence gathered by Directorate of Revenue Intelligence, Delhi Zonal Unit, two containers having No. IAAUI94650 and IAAU1719884 cleared from SEZ, Mundra and consigned to **M/s Sri Balaji Office Systems, New Delhi**, a proprietary concern of Shri Sachin Soni, were intercepted. Examination of the goods imported and being transported was conducted by DRI officers. Upon opening, cartons/cardboard boxes were found containing parts of office chairs like Footrest, Chair lifter/Spring (Pneumatic), Screws, Seats of Chair, Base of Chair and other hardware accessories used for the Chair etc. Scrutiny of documents available, pertaining to the examined goods, revealed that the containers were imported by **M/s Deals 365** and consigned to M/s Sri Balaji Office Systems. The goods imported in the said containers on examination, prima facie, **appeared grossly undervalued as per the quality of furniture and its parts**. It also appeared that **certain items had been mis-classified to evade payment of Customs duty**.

Antecedent verification of M/s Sri Balaji Office Systems revealed that in the past, duty evasion cases were booked by DRI, DZU and also by ICD Tughlakabad. Therefore, it appeared that Sri Balaji Office Systems is a habitual Offender. Thus, the matter was further taken up by the DRI. Accordingly, to recover the documents or things, relevant to proceedings under Customs Act, 1962, different premises (office, residential and warehouse) related to M/s Sri Balaji Office Systems were searched on 03.09.2022. The DRI made detailed inventory of the detained goods at the godown of M/s Sri Balaji Office Systems on 03.09.2022 and 06.09.2022, during which, it was noticed that each furniture item had unique specification (quality, size etc.,) vide which it can be identified. Further, on being asked about why there is a marking of "BALAJI POWER (NEW)" on the packings of chair lifters, although they were imported from China, Shri Pradeep Kumar Das, storekeeper of M/s Sri Balaji Office System stated that the same was made in China with their brand name for their office company, namely M/s Sri Balaji Office Systems. He showed demo of assembling, during which it was noticed that these chairs and office tables were packed either in completely Knocked down condition or Semi-knocked down condition and require a time of 10-15 minutes for assembling. It is nothing but complete chairs and tables. On being asked about accessories spring he informed that that these accessories springs (Pneumatic) are nothing, but lifters used for chairs, and is integral part of chair.

During the searches at the premises of M/s Sri Balaji office systems certain electronic devices i.e., two (2) I phones, one (1) Samsung Mobile and one (1) Laptop were resumed which were forensically examined under Panchana dated 14.02.2023 with the help of forensic expert in the presence of independent Panch as, as even after repeated request neither Shri Sachin Soni attend the forensic proceedings nor his representative advocate.

On 16.09.2022, the detained goods imported in the containers No. IAAU1946450 and IAAU1719884 and lying at ICD, Garhi Harsaru, were re-examined. It was observed that the examined items are pins of chairs and other furniture and the chair lifters which are being declared by the importer as pneumatic springs were got manufactured from China on a customized basis. None of these goods are parts of general use having multiple purposes. Rather every part was meant specifically and exclusively for chairs or other furniture items, and these are not items of general use.

**2.2 Recording of Statement of Importer and Customs Broker and all relevant parties:**

2.2.1 Shri Sandeep Booba Shetty, proprietor, M/s Deals 365, was summoned and his voluntarily statement was recorded under Section 108 of the Customs Act, 1962. In his statement dated 04.10.2022, he inter-alia stated that

i) he had taken IEC in the name of his proprietorship firm M/s Deals. 365 in the year 2019 on the instructions / suggestions of one of his friends, namely, Shri Sharda Prasad Pal;

ii) that he was running in financial losses in 2019 when Shri Sharda Prasad Pal (Mobile No 9769718772), working in Customs Broker firm naniely M/s Om Logistics, suggested an idea to take an IEC registration and give it on rent for money; thereafter, he took IEC in the name of his old firm M/s Deals 365 and handed over it to his friend Shri Sharda Prased Pal and he put it on rent of Rs 10,000/-per container basis;

iii) that he (Sharda) informed him that this IEC firm was given to one Delhi based importer Shri Sachin Soni, M/s Balaji Office System. Shri Sandeep Booba Shetty further stated that he didn't know who was using/misusing GST no of his firm for sale /purchase;

iv) that he did not raise any invoice to M/s Balaji Office System, New Delhi from M/s Deals 365; that he had no knowledge who was raising sales invoice to M/s Balaji Office System, New Delhi. On being shown his Bank a/c statement for the last one year that M/s Deals 365 bank account was being used by him and he controlled his bank login credential. He further stated that on directions of Shri Sharda Pal, he received Rs 13,24,900/- from M/s Balaji Office Systems and transferred the same to M/s Om Logistics, a logistics firm.

v) that he did not know about any M/s Balaji Office System and never dealt with them, either personally or professionally before the interception of these two containers by DRI on 2/3 .9.2022. He never imported any furniture, nor filed any documents with Customs in the name of M/s Deals 365 by filing joint bill of entry with 'M/s Empezar Logistics Pvt Ltd., Mundra Port, SEZ Mundra. That he had not imported any goods and never filed any paper of import with customs, these items did not belong to him, that he had not authorized any person to sign this sales invoice consigned to M/s Balaji Office System, it might have been signed by the person who was using his firm's IEC.

vi) he further stated that he did not know who was in contact with the foreign suppliers from whom these goods were imported.

2.2.2 Statement of Shri Sharda Prasad Nanuka Pal, employee of M/s Om Logistics, was recorded on 12.10.2022 vide summons under Section 108 of Customs Act, 1962 wherein he, inter-alia, stated

i) that he advised Shri Sandeep Shetty to take an IEC and rent it through him to Shri Durgesh Shelke who further rented it to Shri Sachin Soni. He had no knowledge of who was raising sales invoice to M/s Balaji Office System.

ii) He further stated that bank account of M/s Deals 365 was just being used as a layering or transit point. That Shri Sachin Soni transferred the money to M/s Deals 365, then got it transferred to M/s Om logistics for further payments;

iii) that this amount was used to give payments to transporters/ shipping lines, CFS charges, Customs Duty and Stamp duty; that IEC of M/s Deals 365 was being used by Shri Sachin Soni and he is the actual beneficiary of goods imported through M/s Deals 365.

iv) For transportation/ shipping lines/ Customs Duty charges he used to pay the amount in the bank account of M/s Deals 365. He further stated that M/s Pushpanjali Logistics was being used as Customs Broker firm for clearance of M/s Deals 365.

2.2.3 Further, Shri Narendra Bhanushali, Proprietor of M/s Sanjana Traders, was summoned and his voluntarily statement was recorded on 12.10.2022, under Section 108 of the Customs Act, 1962, wherein he, inter-alia, stated

i) that he rented his IEC to Shri Sachin Soni for importing furniture in SEZ Mundra by filing joint bill of entry with M/s Empezar Logistics Private Limited, Mundra Port, SEZ at the -rate-of Rs' 40.,000/- . per container for using his IEC; that from Rs.40,000/- he used to keep Rs 20,000/- per container himself and RS.20,000/- he used to forward to Shri Durgesh Shelke as his commission.

ii) that he (Shri Sachin Soni) used to pay him through proper banking channel, as a lump sum amount which included IEC rent, transportation, CFS, Customs Clearance, Shipping lines, CGST/IGST etc. charges which used to vary in the range of 6-7 Lakhs per container. He raised the GST bills to M/s Balaji Office System and filed GST returns regularly to claim IGST credit.

iii) that he did not receive any payments for the imported goods for which he had raised the invoices to M/s Balaji Office System. that he further stated that he did not know the mode of payment through which Shri Sachin Soni her been paying to the overseas suppliers;

iv) that he raised the bills for the whole imported consignments but received the payment only for IEC rent, transportation, CFS, Customs Clearance, Shipping lines, CGST/IGST etc. Shri Sachin Soni had imported around 20-25

containers in his firm through SEZ Mundra. He further stated that Shri Sachin Soni used to place the order to the overseas suppliers.

v) that Shri Sachin Soni used to place the order to the overseas supplier and payment used to also be made by Mr. Sachin Soni; that he did not know the mode of payment Mr. Sachin Soni was using for payment the Overseas suppliers. That M/s Pushpanjali Logistics was being used as customs Broker firm for clearance of M/s Sanjana Traders through M/s Om Logistics

2.2.4 Statement of Shri Durgesh Shelke, employee of OM Logistics and Proprietor of M/s V Shelke OPC, was recorded under Section 108 of the Customs Act on 22.11.2022, 23.11.2022 wherein he, inter-alia, stated that Shri Sachin Soni requested him to arrange consignee/ front importer in whose name he could do import. They agreed to give IECs of firms M/s Deals 365, M/s Sanjana Traders and JP Performance which were not actual importers. Shri Sachin Soni imported around 20-25 containers in the firm M/s Sanjana Traders; 2 containers in the IEC of JP Performance and 2 containers by using IEC of Deals 365. Shri Sachin Soni directed him to take the SEZ based route to evade Customs Duty due to less supervision in the SEZ and suggested to get clearance either in Chapter 73 or 83 wherein BCD is 10% and 15% respectively.

2.2.5 Statement of Shri Rahul Bhanushali, Manager of M/s Pushpanjali Logistics, a CB firm, was recorded on 11.11.2022 and 29.11.2022 under Section 108 of the Customs Act, wherein he, inter-alia, stated

i) that Shri Sandeep Shetty of M/s. Deals 365 had contacted them to handle their hardware accessories and furniture consignment at Mundra SEZ and asked them to file joint Warehouse Bill of Entry with M/s. Empezar Logistics Private Ltd; that Shri Sandeep Shetty shared import documents viz Bill of Lading, Invoice, Packing Lists of both the consignments;

ii) On being asked what procedure they have followed in r/o present consignment between the importation and DTA clearance of the goods, he stated that the above said two containers had been shifted to M/s. Empezar logistics Private Limited, area; that after gate in, the seals were verified by the customs in presence of SEZ unit staff, as well as their staff; that the Seals bearing no. IAAF772112 and IAAG134709 had been found intact on the containers bearing no. IAAU1946450 and IAAU1719884 respectively; thereafter the said containers had been moved to the warehouse; that on 29.08.2022, they had filed DTA Bill of Entry after mentioning the details of the declared description of the goods as per packing list and Invoice and as mentioned in the both Bills of Lading i.e. 'Hardware accessories and furniture'; that before filing the DTA Bill of Entry, the Customs Officer had examined the goods on 29.08.2022 and issued out of charge after the examination;

iii) that new temporary seals were placed on the containers but he had not remembered those seal nos at present; that they were submitting all the documents pertaining to this consignment for office's reference.

2.2.6 Statement of Shri Sachin Soni, Proprietor of M/s Balaji Office Systems, was recorded under Section 108 of the Customs Act on 21.11.2022 and 24.11.2022 and 28.11.2022, 24.02.2023 wherein he, inter-alia, stated

i) that he requested Shri Durgesh Shelke to give him imported furniture which he got under proper CGST bill imported through M/s Sanjana Traders. He admitted that the Spring/ chair lifter is rightly classifiable under CTH 9403 wherein BCD is 25% instead of mis-classified CTH 73 wherein BCD is only 10%. He raised his purchase order in China to one supplier HK QXR TRADE LIMITED.

ii) that he maintained his inventory as per Model wise/colour wise/size wise; however, on the day of search on 03.09.2022, the software which keeps this record was not properly functioning due to some technical issues.

iii) that he agreed that Pneumatic Spring is nothing but chair lifter and is rightly classifiable under chapter 94 and it is essential part of chair and not classifiable under chapter 73, of customs Tariff that the importer has misclassified to evade customs duty as under chapter 94 the Basic Customs Duty is 25%; however, when it is being mis classified under CTII 73 its BCD is only 10%. Further Footrest (fitting-accessories) and base (fitting accessories), which are essential part of salon chair were wrongly classified under CTH 83 as it is rightly classifiable under 9402 chapter as it is used in salon chair that most of the importers of the furniture are importing either under CTH 83 or under CTH 73, for saving the customs duty.

2.2.7 Statement of Shri Runit S Shah, Proprietor of M/s JP Performances, was recorded on 03.04.2023, under Section 108 of the Customs Act, 1962, wherein he, inter-alia, stated that

i) In December 2019, he sought help from his friend Shri Kishore Bhanushali of M/s Om Logistics in turn advised him to open a firm in the name of M/s. JP Perfomances. He had taken IEC in the name of his proprietorship M/s. JP Performance in the year 2019 on the instructions/suggestions of one of his friend namely Shri Kishore Bhanushali of M/s Om Logistics, and he assured him that he would help him financially and suggested him to take an IEC registration and gave it on rent for money; Shri Kishore Bhanushali opened M/s. JP Performance and took IEC in his name and he put it on rent of Rs 15,000/- per container basis; He informed him that this IEC firm was given on rent to one Delhi based importer Shri Sachin Soni, M/s Balaji Office System;

ii) that all the work whether it was putting the IEC on rent or using GST no was all done by Shri Kishore Bhanushali of M/s Om Logistics; He received the payment, from M/s. Balaji Office System in M/s. JP Performances A/c which is maintained with IndusInd bank; He did not remember how much amount he had received in A/c of M/s. JP Performances; However, he stated that whatever amount was received in the A/c of M/s. JP Performances was transferred to the account of M/s Om Logistics by him: that he only received Rs.15,000/-per container; He further stated that as far as he knew only three containers were imported till date in the IEC of M/s JP Performances;

iii) that he had never imported any furniture nor filed any documents with Customs as he had already stated above that his IEC of M/s JP Performances was being used by M/s Om Logistics which was eventually.

iv) On being shown Panchnama dated 03.09.2022 drawn at Shop Cum office premise of M/s Sri Balaji office System in which purchase file in respect of M/s JP Performance was resumed and sought comments on it, he stated that he had never imported any goods and never filed any paper for import with customs and never raised any GST bill. However, these papers were made by M/s OM Logistics for M/s Sri Balaji Office System as he had given Shri Kishore Bhanushali of M/s OM Logistics full right of IEC of M/s JP Performance for money.

2.2.8 Statement of Shri Sunil Navin Joiser, Manager of **M/s Ok Cargo Craft Pvt** Ltd and authorized representative of Shri Dinesh Liladhar Bhanushali, director of M/s Ok Cargo Craft Pvt Ltd were recorded on 10.04.2023, under Section 108 of the Customs Act, 1962, wherein he, inter-alia, stated that-

(i) they had received import documents viz Bill of lading, invoice, packing list etc. in respect of M/s Deals 365 and M/s Sanjana Traders. He stated that Shri Kishore Bhanushali of M/s Om Logistics was known to him for long time. Shri Kishore Bhanushali & Shri Narendra Bhanushali, Proprietor of M/s Sanjana Traders, are real brothers; Shri Sandeep Booba Shetty, Proprietor of M/s Deals 365 is a friend of Shri Kishore and Narendra and met him at M/s Om Logistics office in Mumbai in the month of April, 2022 and requested to get customs clearance of furniture at FTWZ, Mundra.

ii) He explained him that they would import and trade furniture and their parts along with some hardware accessories. After discussing and agreeing finalizing the Customs Clearance rate which was Rs 7000/- per container, they submitted their KYC along with letter of authorization for Customs Clearance at Mundra port; he submitted all the documents and KYC along with letter of authorization. As the work of customs clearance of import consignment was

placed through M/s Om Logistics, a freight forwarder firm, M/s Ok Cargo Craft Pvt. Ltd. raised the bills to M/s Om Logistics.

iii) Shri Kishore Bhanushali introduced Shri Narendra Bhanushali as his younger brother and Shri Sandeep Booba Shetty as his friend cum younger brother; thus, he used to raise bill directly to M/s Om Logistics. Shri Sandeep Booba Shetty and Shri Kishore Bhanushali had also agreed on that.

iv) That they had maintained all records pertaining to the clearance of all 14 shipments/Containers imported in the IEC of M/s Sanjana Traders and M/s Deals 365. He further stated that 11 Containers were imported in the name of M/s Sanjana Traders and 3 were imported in the name of M/s Deals 365. He submitted the documents pertaining to M/s. Sanjana Traders and stated that he would submit the documents in respect of M/s Deals 365 through email as soon as possible.

v) that they had just facilitated his work from April 22 to mid of June 22, however simultaneously, he hired another CHA namely M/s Pushpanjali Logistics.

vi) On being asked under which provisions of law he filed Joint Bill of Entry, he stated that M/s Empezar Logistics Pvt Ltd. created a login Id and Password at NSDL, SEZ online site for them. On behalf of M/s. Empezar Logistics and importer they create warehouse Bill of Entry and after the creation of the warehouse Bill of Entry they take permission for the transit of imported container from the Port Terminal to M/s Empezar Logistics Pvt. Ltd. On receiving the container at M/s Empezar Logistics Pvt. Ltd. they create home consumption Bill of Entry on behalf of M/s Empezar Logistics Pvt. Ltd, on account of importer. The Bill of Entry is digitally signed and submitted to the customs by M/s Empezar Logistics Pvt. Ltd at SEZ portal. The joint Bill of Entry is reflected at SEZ Portal and he is not aware of the provision of law under which the joint Bill of Entry is being filed; however, it is the standard practice which is being followed by every' SEZ unit and which is also allowed by the SEZ and Customs Authority.

vii) That he doesn't know any person by the name of Shri Sachin Soni. On being informed that during the investigation initiated against M/s. Deals 365, Thane, Maharashtra in respect of Customs Duty evasion by way of misclassification and undervaluation of goods, a search was conducted at go down of M/s Balaji Office System 93-8 Block A Narsingh Garden Khyala New Delhi-110018 wherein it was noticed that a lot of misclassified and undervalued goods were found stored imported by different importers including M/s Sanjana Traders and asked as to whether he had ever advised the importers regarding valuation and classification of the goods and sought his comments on it, he stated that the valuation of imported goods was decided by the importers;



viii) that they as a Customs clearance agent just facilitate the importers and submit the declaration as per the documents provided by the Importers; he further wanted to state that he had suggested the importers that the furniture and its parts are classifiable in chapter 94. However, the importers decided to declare the goods in chapter 73. He further wanted to state that in FTWZ, there is 100% examination of the imported goods also. M/s Sanjana Traders were importing the Hardware Accessories Spring /chair lifter under CTH 73; however, the same product is actually classifiable under CTH 94 in which Basic Customs Duty is 25%. However, when it is classified under CTH 73 its BCD is only 10%. In this regard, he stated that when the issue of classification was raised with the importers namely Shri Kishore Bhanushali and Shri Narendra Bhanushali, they informed that it was a hardware spring which is used in different kind of products, as it is made of steel with multi usage and in spite of suggestion the Importer had mis-declared it in chapter 73. He further clarified that if it is used in furniture, then it has to be classified in chapter 94.

2.2.9 Statement of Shri Kishore Bhanushali, Proprietor of M/s Om Logistics, 23.11.2022,

i) that he knew Shri Sachin Soni of M/s Balaji Office System as he had been their client since 2017-18; however, he had never met him in person; that he was their client through one of employees Shri Durgesh Shelke,

ii) that in April, 2022, Shri Sachin Soni had requested Shri Durgesh Shelke to arrange consignee/front importer in whose name he could do import; They had agreed to provide Shri Sachin Soni front IECs of Firms (like M/s Deals 365, M/s Sanjana Traders and JP Performances) which were not the actual importers; that in order to show them the actual importer, Shri Sachin Soni also sought GST bills post sale; that he used to place the orders to the foreign supplier ; that after Customs clearance, they used to add 3 percent on total value then raised a local CGST bill to him which showed that the IEC holder had imported the goods and sold the same goods locally to M/s Balaji Office System; that actually, this added 3 percent covered all the commission/incentive and sundries; that no cash dealing was being done with M/s Balaji Office System. Out of this 3 percent which was their commission of total billing which was in the range of 45-60 thousand rupees; this amount was being shared by M/s Om Logistics, IEC holder and Shri Durgesh Shelke.

iii) that Shri Sachin Soni used to give them money through proper banking channel for each container which was a lump sum amount for IEC rent, transportation, CFS, Customs Clearance, Shipping lines, CGST and GST etc. that varied in the range of 6-7 Lakhs per container to the IEC holder firm account

which was controlled by M/s Om Logistics; however, it did not include the value of imported goods; that Shri Sachin Soni had raised all purchase orders to Chinese supplier; that M/s Om .Logistics, Shri Narendra Bhanushali, Sandeep Booba Shetty and Shri Durgesh Shelke had just helped him (Sachin Soni) by providing the IECs and other logistics facility;

iv) On being specifically asked how it was possible to import such a huge quantity of furniture having exorbitant amount without payment of single dollar/rupee to the Chinese supplier M/s HK QXR TRADE L"ITED9 whether supplier provided 5-6 months long credit or he was providing any credit to Shri Sachin Soni or otherwise, in this regard he stated that M/s Om Logistics did not have any contact/negotiation/ terms and conditions with the Chinese supplier M/s HK QXR TRADE LIMITED; that any foreign payment had been looked upon by Shri Sachin Soni of M/s Balaji Office System;

v) The GST bills were raised to M/s Balaji Office System and GST returns were regularly filed to claim IGST credit through the front IEC Holder's firm; however, the payment to the Overseas suppliers had been done by Shri Sachin Soni of M/s Balaji Office System as he used to contact and place the orders to the suppliers himself; that he had not received any payments for the imported goods for which he had raised the invoices to M/s Balaji Office System; that till then;

vi) M/s Pushpanjali Logistics was being used as their customs Broker firm for clearance of M/s Sanjana Traders, M/s Deals 365 and M/s JP Performance at Mundra Port; On being shown the statement of shri Sachin Soni dated 21.11.2022, he stated that he had read the content of the same; however, agree with the same and contradicted on the following points:

> Shri Sachin Soni had come forward to deal with them for such a foolproof Customs Duty evasion arrangement; he had heard from trade that he is a habitual offender and had been doing Customs clearance even in the Chennai SEZ although he was Delhi based importer; that he devised SEZ based route to evade Customs Duty due to less supervision in the SEZ. He had learnt that he had been booked many times in Delhiby many agencies of customs department the charges of misclassification and misdeclaration due to which he left Delhi ports and moved to different ports across India to find easy clearance like Chennai SEZ and Mundra Port. He misstated that they are the seller of the imported furniture in the Indian market; however they are only Customs Clearing and logistics support company and they had never dealt with selling of furniture as it was not their

profession; that he was placing purchase orders in China as per his requirement from the same supplier since 2017.

> As per general practice, importer knows his CTH which he gets from supplier as he has been regular importer of chair Lifter/Spring since he was importing this item. He suggested them to get his clearance either in Chapter 73 or 83 wherein BCD is 10% and 15% respectively; that the evasion benefit or profit never ever had been given to them which showed his intention to enrich himself by evading Customs Duty.

> He had never raised purchase order to them and he himself used to negotiate in China with the Supplier; that after booking the container and making freight payment till India, then only he supplied import docket for clearance purpose; that after clearing the containers from the Indian Customs after paying the Customs duty and all shipping charges and transportation he raised CGST invoice to him which showed that he was as local trader; however, he was actual importer as he was making profit and is the beneficiary of the imported goods on which Customs duty liability would arise. Shri Sachin Soni misstated the facts that he used to place purchase orders to Shri Durgesh Shelke, in this regard, he stated that Shri Durgesh Shelke was young new employee who was working as marketing executive with a monthly salary for Rs 35000/-only, he had no connection links in China; that it was actually Shri Sachin Soni who places order to Chinese Supplier.

2.2.10 Statement of Shri Akash Desai, President of Empezar Logistics, was recorded on 03.04.2023, under Section 108 of the Customs Act, 1962, wherein he, inter-alia, stated that-

i) On being asked about what is the concept of the joint Bill of Entry, he stated that the joint bill of entry is being filed under the Rule 29 and 48 of SEZ Rules; as they are warehouse keeper/custodian of the cargo as per practice, any Bill of Entry/Bill of export has to be filed jointly with them. As per the process/standard practice they always obtain/take undertaking from CHA who approaches them for sub agent user ID and password for filing Bill of Entry and bill of export;

ii) On being shown to him excerpt of the SEZ rule 29 wherein it is mentioned that if importer and supplier are dealing in free of cost/on loan/lease basis then only joint bill of entry is to be filed and sought his comment on that, he stated that he did not want to offer comment on that as they follow the standard practice which is being opted/ accepted and allowed by the SEZ Customs Authority and they are still following this practice;

iii) On being shown the excerpt of the Rule 48 of SEZ as stated by him in his statement, he stated that they used to deal with Customs Broker, namely, M/s. Pushpanjali Logistics and OK Cargo Craft Pvt Ltd. and they had given them proper authorization and he was submitting the same duly signed in that date;

iv) On being asked that. from the foregoing statement, it appeared that M/s Empezar Logistics Pvt. Ltd. had not followed the due law procedure/rules of the SEZ and sought his comment on it; he stated that he did not want to comment on it, however, it was the standard practice which was being followed by every SEZ unit and which was allowed by the SEZ and Customs Authority;

v) that declaration of the goods/examinations of the goods in the import documents were being looked after by the CHA as they did not have any role in it; they had never met/heard about any importer by the name of M/s Sri Balaji Office System. He submitted a list of Bills of Entry filed by M/s Deals 365 and M/s Sanjana Traders which were processed by CHA namely M/s Pushpanjali Logistics and M/s Ok Cargo Craft Pvt. Ltd by using sub login IDs provided by them on their request. He also submitted the undertaking and KYCs taken from the CHAs.

2.3 In the present matter, investigation by the DRI revealed that a conspiracy was hatched by Shri Sachin Soni, Proprietor of M/s. Sri Balaji Office Systems in connivance with certain persons and the IEC owners to evade Customs duty in the import of furniture and parts thereof from China, via the SEZ route, by filing joint DTA Bills of Entry / ex-bond Bills of Entry for DTA clearance, misdeclaring / suppressing the actual transaction value and by misclassification of certain imported goods. Shri Sachin Soni, after import of misdeclared goods in terms of value and classification, surrendered his IEC and his father's IECs to the DGFT; then opted to use someone's IEC to avoid any Customs Duty liability, if the same arises in future. He subsequently started to use IECs of third parties, viz M/s Deals365, M/s Sanjana Traders and M/s JP Performances which were admittedly arranged by Shri Durgesh Shelke and others. M/s Deals 365 is the proprietorship firm in the name of Sandeep Booba Shetty, whereas M/s Sanjana Traders is the proprietorship firm in the name of Shri Narendra Bhanushali and M/s JP. Performance is the proprietorship of Shri Runit J. Shah. The goods imported in these three IECs belonged to and were owned by Shri Sachin Soni / M/s Sri Balaji Office Systems, since the effective control over these imported goods rested with Shat Sachin Soni only and all the goods were consigned to him after clearance from the Mundra, SEZ customs. Moreover, the dealings with the

foreign supplier were done by Shri Sachin Soni, and not by the (on-paper) three proxy importers. The documents required for filing with Customs at MSEZ, related to these consignments viz. invoice, Bill of Lading etc. were given by Shri Sachin Soni to Shri Durgesh Shelke etc., who in turn sent the same to the importers or the CHA to file the Bills of Entry for home consumption. Shri Kishore Bhanushali facilitated the import of the said consignments by way of Custom clearance work through. His freight forwarders and Customs Broker company; namely M/s OM Logistics, Pushpanjali Logistics and OK Cango. While facilitating the said import, Shri Kishore Bhanushali appears to be clearly aware that the actual beneficial importer for the imports done in the name of the said three IECs is Shri Sachin Soni/ M/s Sri Balaji Office Systems. For clearance of the said goods, the undervalued invoices were prepared by Shri Sachin Soni, and these invoices were meant only for filing Bills of Entry, whereas the full consideration of the imported goods, admittedly appears to have been transferred via illegal channels. By way of such undervaluation and misclassification Shri Sachin Soni and others had knowingly defrauded the government exchequer by evading customs duty and violated the provisions of the Customs Act, 1962.

In accordance with provisions of General Rules of interpretation and Explanatory notes to Chapter heading 9401, the imported furniture and identifiable parts of chairs appear to be rightly classifiable under CTH 9401 and assessable to duties accordingly. The differential duty arising out of the misclassification of CTH and undervaluation by M/s Balaji Office Systems, has been calculated to Rs. 15,50,26,047/- (Rupees Fifteen Crore Fifty Lakh Twenty-Six Thousand and Forty-Seven only).

### **3. Role of Customs Broker:**

The Customs Broker (CB) is an agent authorized by the exporter to work on their behalf. As per regulations of the CBLR, 2018, it is the obligation of the Customs Broker to exercise due diligence to ascertain the correctness of any information he imparts to a client and to advise the client accordingly 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. Further, it is mandatory for a Customs Broker to verify correctness of Importer Exporter Code (IEC) number, Goods and Services Tax Identification Number (GSTIN), identity of his client and functioning of his client at the declared address by using reliable, independent, authentic documents, data or information.

4. In the instant case, the importer had engaged the CB, M/s Ok Cargo Craft Pvt. Ltd. as agent on their behalf to file import documents and process the Bills of Entry. The CHA is an agent of importer. He works on behalf of importer. He also takes authorization to work on behalf of importer. A CHA, remains fully aware that omission and commission by the importer affects working of image of CHA. It is a business practice that CHA knows on whose behalf they are working, as CHA can face investigation for omission and commission at any time. As per CHA Regulation, a CHA also requires to know the client. Even in the absence of such requirement it is business practice that the CHA knows on whose behalf they are working as the relation between CHA and importer is a long-time relation.

As per the Offense report, M/s Ok Cargo Craft Pvt Ltd never made aware clients about due customs procedures. They appear to have facilitated the Customs Clearance for the dummy importers. Being CB, they have also not followed the obligations entrusted upon them as per statutory requirements. It appears that they are also hand in glove with their handlers i.e., M/s Om Logistics.

5 In view of the above, it appears that CB M/s. R.R. Shipping Agency (Customs Broker License No. 11/807), Mumbai, has failed to comply with following regulations of the Customs Brokers Licensing Regulations 2018: -

**5.1 Sub-regulation 10 (d) of the CBLR, 2018 which reads as:**

*“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;”*

In the instant case, Customs Broker M/s Ok Cargo Craft Pvt. Ltd. in its statement dated 10.04.2023 has stated that when the issue of classification was raised with Shri Kishore Bhanushali of M/s Om Logistics and Shri Narendra Bhanushali, Proprietor of M/s Sanjana Traders, they informed that it was a hardware spring which is used in different kind of products, as it is made of steel with multi usage and in spite of suggestion the Importer had mis-declared it in chapter 73. He further clarified that if it is used in furniture, then it has to be classified in chapter 94. This clearly indicates that the CB was suspicious of the wrong classification by the Importer, but they never bothered to bring the matter to the Deputy Commissioner or Assistant Commissioner.

Further, as per the statement of the CB M/s Ok Cargo Craft Pvt Ltd dated-10.04.2023, the CB, filed Bs/E for two Importers i.e., M/s Sanjana Traders and

M/s Deals 365. From the offense report and various statements, it is clear that both the Importers made the said Imports by renting their IEC to Shri Sachin Soni of M/s Balaji Office Systems, who was the actual Importer in these cases. Thus, it appears that the Imports were made by dummy Importers. This led to loss to the govt exchequer by way of misclassification and undervaluation by the dummy Importers.

Further, Shri Kishore Bhanushali, Proprieter of M/s Om Logistics, 23.11.2022, in his statement has stated that in April, 2022, Shri Sachin Soni of M/s Balaji Office Systems, had requested Shri Durgesh Shelke (Employee of M/s Om Logistics) to arrange consignee/front importer in whose name he could do import and that they had agreed to provide Shri Sachin Soni front IECs of Firms (like M/s Deals 365, M/s Sanjana Traders and JP Performances) which were not the actual importers. The CB vide its statement dated- 10.04.2023, stated that Shri Kishore Bhanushali of M/s Om Logistics was known to him for long time. From the above, it appears that M/s OK Cargo Craft Pvt Ltd. are also hand in glove with their handlers i.e., M/s Om Logistics, in illegal imports made by dummy Importers. From the above it appears that, M/s Ok Cargo Craft Pvt Ltd did not advise the clients to comply with the provisions of the Act and other allied act and rules and regulations thereof and facilitated the Imports made by dummy Importers.

In view of the above, the CB appears to have violated the regulation 10 (d) of CBLR, 2018.

**5.2 Sub-regulation 10 (e) of the CBLR, 2018 which reads as:**

*(e) "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;"*

In the instant case, as per the statement of the CB M/s Ok Cargo Craft Pvt Ltd dated- 10.04.2023, the CB, filed Bs/E for two Importers i.e., M/s Sanjana Traders and M/s Deals 365. From the offense report and various statements, it is clear that both the Importers made the said Imports by renting their IEC to Shri Sachin Soni of M/s Balaji Office Systems, who was the actual Importer in these cases. The goods Imported vide the abovesaid Bs/E were misclassified and undervalued. Had the CB worked with due diligence the misclassification, undervaluation and Imports made by the dummy Importers could have been avoided. These Imports by the dummy importers led to loss to the Govt Exchequer.

Further Shri Kishore Bhanushali, Proprieter of M/s Om Logistics, 23.11.2022, in his statement has stated that in April, 2022, Shri Sachin Soni of M/s Balaji Office Systems, had requested Shri Durgesh Shelke (Employee of M/s

Om Logistics) to arrange consignee/front importer in whose name he could do import and that they had agreed to provide Shri Sachin Soni front IECs of Firms (like M/s Deals 365, M/s Sanjana Traders and JP Performances) which were not the actual importers. The CB vide its statement dated- 10.04.2023, stated that Shri Kishore Bhanushali of M/s Om Logistics was known to him for long time. From the above, it appears that M/s OK Cargo Craft Pvt Ltd. are also hand in glove with their handlers i.e., M/s Om Logistics, in illegal imports made by dummy Importers. Thus, the said CB did not exercise their duties with due diligence and failed to check any scope for fraud or loss of Government Revenue it appears.

In view of the above, the CB appears to have violated the regulation 10 (e) of CBLR, 2018.

**5.3 Sub-regulation 10 (m) of the CBLR, 2018 which reads as:**

*(m) "discharge his duties as a Customs Broker with utmost speed and efficiency and without any delay;"*

In the instant case, the CB failed to check the misclassification and undervaluation of the goods despite being suspicious about the misclassification. Had the CB informed customs authorities regarding the wrong classification of goods the loss to exchequer could have been avoided. Further the CB M/s Ok Cargo Craft Pvt Ltd., appears to have facilitated imports by dummy Importers. From the above, it is clear that the CB did not discharge his duties efficiently.

In view of the above, the CB appears to have violated the regulation 10 (m) of CBLR, 2018.

6. From the investigation, it appears that the M/s O.K Cargo Craft Private Limited (CB License No. 11/887) was aware about the misclassification of the goods by the Importer M/s Deals as has been stated in the statement dated- 10.04.2023. These facts should have been brought before the notice of the Deputy Commissioner of Customs or Assistant Commissioner of Customs. Further, they appear to have facilitated the Customs Clearance for the dummy importers. The Imports by the dummy importers led to loss to the Govt Exchequer. Hence, it appears that the M/s O.K Cargo Craft Private Limited (CB License No. 11/887) (EDI License No AAACO3043JCH) has actively aided & abetted the exporter in affecting the Imports. Therefore, it appears that the CB has violated the provisions of regulation 10(d), 10(e) & 10(m) of the CBLR, 2018.



7. From the above facts, it appeared that, prima facie, Customs Broker M/s O.K Cargo Craft Private Limited (CB License No. 11/887) had violated Regulation 10(d), 10(e) & 10(m) of CBLR, 2018.

8. In view of the above, in terms of Regulation 17(1) of CBLR, 2018 the Customs Broker M/s O.K Cargo Craft Private Limited (CB License No. 11/887) (EDI License No AAACO3043JCH), is hereby called upon to show cause, as to why:

- i. the license, bearing no. 11/887, issued to them, should not be revoked;
- ii. security deposit should not be forfeited;
- iii. penalty should not be imposed

upon them under Regulation 14 read with 17 & 18 of the CBLR, 2018 for their failure to comply with the provisions of CBLR, 2018, as elaborated in above paras of this show cause notice within 30 days from the date of issue of this notice.

11. They are directed to appear for personal hearing on the date as may be fixed and to produce evidence/documents, if any, in their defence to the Inquiry Officer **Shri Vivek Dwivedi, DC, CAAR** who shall conduct inquiry under Regulation 17 of CBLR, 2018.

12. If no reply is received within the stipulated time period, it will be presumed that they have no explanation to offer and it will be presumed that they do not want personal hearing and the issue will be decided on the facts available on records.

13. This notice is being issued without prejudice to any other action that may be taken against the CB or any other person(s) / firm(s) etc. under the provisions of the Customs Act, 1962 and Rules/Regulations framed there under or under any other law for the time being in force.

The documents/records relied upon are as under:

- i. **Offence Report in the form of Order-In-Original No 8/Commr/VC/Sri Balaji Office/ICD-PPG/2024-25 dated 14.08.2024, along with the RUD's.**

  
**(RAJAN CHAUDHARY)**  
**Pr. Commissioner of Customs(G)**  
**NCH, Mumbai-I**

To,

M/s O.K Cargo Craft Private Limited (CB License No. 11/887) (EDI License No AAACO3043JCH)  
Office no 2, 66/4th Clive Cross Lane,  
Dana Bunder Area Masjid Bunder East,  
Mumbai 400009

**Copy to:**

- i. The Pr./Chief Commissioner of Customs, Mumbai Zone I, II, III.
- ii. CIU's of NCH, ACC & JNCH.
- iii. The Commissioner of Customs, Mumbai Zone I, II, III.
- iv. EDI of NCH, ACC & JNCH.
- v. BCBA.
- vi. Office copy.
- vii. Notice Board.