



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

संचिका सं./F. No.- GEN/CB/480/2025-CBS

CAO No. 19/2026-27/CAC/PCC(G)/AKP/Adj-CBS

आदेश दिनांक/Date of Order: 23.06.2026

जारी दिनांक/Date of issue: 23.06.2026

DIN-20260677NO000000BFF9

द्वारा जारी: अजय कुमार पाण्डेय

Issued By : Ajay Kumar Pandey

प्रधान आयुक्त, सीमाशुल्क (सामान्य)

Principal Commissioner of Customs (Gen.)

मुंबई -400 001

Mumbai - 400 001

ORDER-IN-ORIGINAL मूल आदेश

ध्यान दीजिए/ N.B. :

1. यह प्रति उस व्यक्ति को निजी उपयोग हेतु निःशुल्क प्रदान की जाती है, जिसे यह जारी की जा रही है।
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2. इस आदेश के विरुद्ध अपील माँगे गए राशी के 7.5% के भुगतान पर सीमाशुल्क अधिनियम, 1962 की धारा 129A(1B)(i) के संबंधमें सीमाशुल्क, केंद्रीय उत्पाद शुल्क एवं सेवाकर अपील अधिकरण में स्वीकार्य है, जहाँ शुल्क या शुल्क एवं जुर्माना विवादित हों, या जुर्माना, जहाँ सिर्फ जुर्माना ही विवादित हो। यह अपील इस आदेश के संप्रेषण की तारीख के तीन महीने के अंदर दायर की जाएगी। यह अपील सीमाशुल्क, केंद्रीय उत्पाद शुल्क एवं सेवाकर अपील अधिकरण (कार्यविधि) नियमावली, १९८२, के प्रावधानों के अंतर्गत, 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 (अपीलस) नियमावली, 1982 के नियम के तहत निर्धारित है एवं उसी नियमावली के नियम 3 के उपनियम 2 में उल्लेखित व्यक्ति 6 द्वारा हस्ताक्षरित एवं सत्यापित की जाएगी।

The Appeal should be filed in Form C.A.-3 prescribed under Rule 6 of the Customs (Appeals) Rules, 1982 and shall be signed and verified by the person specified in sub-rule 2 of rule 3 rules ibid.

6. (i) यदि प्रतिवादित आदेश, जिसके विरुद्ध अपील की गई है, में शुल्क एवं मांगे गए ब्याजवलागाएगए जुर्माने की राशि रु-पाँच लाख या इस से कम होतो रु. 1000 ., (ii)यदि यह राशि रुपाँच लाख से अधिक .) हो किंतु पचास लाख से अधिक न होतो रु. 5000/- एवंiii) यदि यह राशि रुपचास लाख से अधिक होतो . रु. 10000/- के शुल्क का भुगतान क्रॉस्ड बैंक ड्राफ्ट के माध्यम से अधिकरण की खंडपीठ के सहायक पंजीयक के पक्ष में जिस स्थान पर खंडपीठ स्थित है, के किसी भी राष्ट्रीय क्रत बैंक की शाखा में किया जाए एवं डिमांड ड्राफ्ट अपील के साथ संलग्न किया जाए।

A fee of (i) Rs. 1000/- in case where the amount of duty and interest demanded and the penalty imposed in the impugned order appealed against is Rupees Five Lakhs or less, (ii) Rs. 5000/- in case where such amount exceeds Rupees Five Lakhs but not exceeding Rupees Fifty Lakhs and (iii) Rs. 10000/- in case where such amount exceeds Rupees Fifty Lakhs, is required to be paid through a crossed bank draft in favour of the Assistant registrar of the Bench of the Tribunal on a branch of any nationalized bank located at the place where the bench is situated and demand draft shall be attached to the Appeal.

7. अपील की एक प्रति में कोर्ट फी अधिनियम, की अनुसूची मद 6 के तहत निर्धारित रु. 50 1870 का कोर्ट फी स्टैम्प लगा होना चाहिए एवं इसके साथ संलग्न इस आदेश की उक्त प्रति में रु 50 .का कोर्ट फी स्टैम्प लगा होना चाहिए।

One copy of the Appeal should bear a Court Fee Stamp of Rs. 50 and said copy of this order attached therein should bear a Court Fee Stamp of Rs. 50 as prescribed under Schedule item 6 of the Court Fee Act, 1870, as amended.

Brief Facts of the Case:

1. M/s Rudra Shipping Services LLP CB No. (11/2497) (PAN No. AAYFR4399D) (hereinafter referred to as the "Custom Broker or CB" having registered office at Office No 628, Sixth Floor, Grohitam Premises Co-op Society Ltd, Plot No 14b, Sector 19, Near APMC Market, Vashi-400 705, Navi Mumbai, Maharashtra, is holding the said CB license issued by the Commissioner of Customs (General), Mumbai under Regulation 7(2) of the CBLR, 2018. M/s Rudra Shipping Services LLP is a Limited Liability Partnership entity and Shri Nishant Hariram Bhanushali and Shri Hiten Hariram Bhanushali are the two Designated Partners of the said CB entity.

2. An Offence Report in the form of Show Cause Notice [SCN] No 1680/2024-25/ADC/CEAC/NS-II/CAC/JNCH dated 30.01.2025 issued by the Additional Commissioner of Customs, CEAC, NS II, JNCH was received alongwith the relevant RUDs on 16.10.2025, wherein, inter-alia the following were informed:

2.1 The exporter, M/s Humiseal India Private Limited (IEC: 0388189801), engaged into the manufacturing of chemical & chemical products, having registered address at J-154, MIDC, Bhosari, Pune, Maharashtra-411026 had filed Shipping Bill No. 1813626 dated 20.06.2024 for export of goods declared as "Humiseal 1A33 Aerosol 365 ml", "Humiseal 1B73 Aerosol 400 ml" and "Humiseal 1B31 Aerosol 400 ml" destined to the United States. The details of the Shipping Bill No. 1813626 dated 20.06.2024 filed by the Customs Broker M/s Rudra Shipping Services LLP on behalf of the exporter are as tabulated below:

Item Sr. No.	Description of Goods RITC 32082090	Qty (Nos.)	FOB (INR)	DBK Claimed (Rs.)	RODTEP Claimed (Rs.)	IGST (INR)
1.	Humiseal 1A33 Aerosol 365 ml	4800	50,63,173.00	65,821.25	40,505.38	Export under LUT
2.	Humiseal 1B73 Aerosol 400 ml	3840	27,50,234.30	35,753.05	22,001.87	
3.	Humiseal 1B31 Aerosol 400 ml	960	6,97,432.38	9,066.62	5,579.46	
Total			85,10,839	1,10,640.92	68,086.71	

2.2 During scrutiny of the Master Safety Data Sheet (MSDS) documents of the export goods by the docks officer, JWR Logistics CFS JNCH, it was observed that Methyl Ethyl Ketone (MEK) is one of the ingredients of the goods and is also present in proportion of 1-3%, 20-30% and 5-10% respectively. As per the Narcotic Drugs and Psychotropic Substances (Regulation of Controlled Substances) Order, 2013 (RCS, 2013) read with the DGFT Notification No. 35(RE) 1997-2002 dated 01.09.98, all the items containing MEK are controlled substances and cannot be exported without prior mandatory NOC from the Narcotics Commissioner of India, CBN, Gwalior. Further, the exporter had declared the goods as dangerous/hazardous class: 2.1. Hence, no samples were drawn by the docks officer.

2.3 Thereafter, the docks officer sought clarification from the exporter as MEK required the said NOC. Despite the clarification sought, the exporter did not produce any NOC/authorization for the export of the said goods.

2.4 In view of the queries raised and observations made by the docks officer, the file was forwarded to CEAC JNCH, which was further forwarded to SIIB(X), JNCH for further investigation on the subject matter.

2.5 Examination & Investigation

2.5.1 The goods covered under the live Shipping Bill No. 1813626 dated 20.06.2024 filed by the exporter M/s Humiseal India Private Limited (IEC: 0388189801) were examined 100% under Panchanama dated 06.08.2024 conducted at JWR CFS in the presence of Shri Nishant Hariram Bhanusali, authorized representative of CB firm M/s Rudra Shipping Services LLP and authorized representative of the exporter. During the examination, the quantity and the description of the subject goods were found as per the declaration in the Shipping Bill, packing list and export invoice. However, the exact composition of the subject goods could only be determined after testing. Therefore, representative scaled samples (RSS) were drawn in duplicate randomly. The goods were seized vide Seizure Memo CBIC DIN 20240878NW0000444CB0 dated 06.08.2024 under the provisions of Section 110 of the Customs Act 1962 read with the provisions of the NDPS Act, 1985 in the absence of authorization/NOC from the CBN.

2.5.2 The samples were forwarded to the DyCC, JNCH on 08.08.2024 for testing. As per the DyCC, JNCH test reports Lab Nos. 636 dated 13.09.2024, Lab No. 637 dated 12.09.2024 and Lab No. 638 dated 19.09.2024, the goods were found as under:

Report No./date & Item Description	DYCC Test report
Lab No. 637/12.09.2024 Humiseal 1A33 Aerosol 365 ml	The sample as received is in unit packing metallic bottle labelled pasted as Humiseal 365 ml 1A33. The sample is in form of Aerosol. It is a preparation containing Acetone, Xylene, Heptane, Methyl Ethyl Ketone, Toluene, Ethylbenzene, Butane, Propane and Ethy-3-ethoxy propionate. % of Methyl Ethyl Ketone = Less than 3% No literature/method is available in this laboratory for extraction/separation of MEK from such type of preparation.
Lab No. 636/13.09.2024 Humiseal 1B73 Aerosol 400 ml	The sample as received is in unit packing metallic bottle labelled pasted as Humiseal 400 ml 1B73. The sample is in form of Aerosol. It is a preparation containing Toluene, Methyl Ethyl Ketone, Isobutyl acetate, Butane, Isobutane, Propane and Propanoic acid, 3 ethoxy, ether ester % of Methyl Ethyl Ketone = 26.48% No literature/method is available in this laboratory for extraction/separation of MEK from such type of preparation.
Lab No. 638/13.09.2024 Humiseal 1B31 Aerosol 400 ml	The sample as received is in unit packing metallic bottle labelled pasted as Humiseal 400 ml 1B31. The sample is in form of Aerosol. It is an organic solvent Preparation containing toluene, Acetone, Methyl Ethyl Ketone, Butane, Iso Butane, Propane % of Methyl Ethyl Ketone =5.50% No literature/method is available in this laboratory for extraction/separation of MEK from such type of preparation.

2.6 The exporter vide letter dated 29.07.2024 requested for provisional release of the goods for Back to Town [BTT]. Hence, email was sent to the CBN Gwalior on 05.08.2024 for further clarification of NOC to export and its domestic use in India in order to ascertain the applicability for provisional release of the goods for BTT. A letter dated 01.11.2024, Reminder-I dated 29.11.2024 and Reminder-II dated 14.01.2025 were also sent to CBN Gwalior. However, no reply has been received in this regard.

2.7 Statements of the concerned persons

2.7.1 The exporter M/s Humiseal India Private Limited (IEC: 0388189801) was summoned to appear on 09.12.2024. Miss Karishma Hamid Shaikh, authorized representative of the exporter, appeared and her statement was recorded under section 108 of the Customs Act, 1962 on 09.12.2024 wherein she stated, inter-alia, that: (a) She is authorized to record the statement on behalf of the exporter and submitted the authority letter; (b) She works with M/s Humiseal India Pvt. Ltd., having its official address at J-154, MIDC, Bhosari, Pune-411026. She has been working in this company since June 2023 as a Compliance Officer. M/s Humiseal India Pvt. Ltd. is a manufacturer-exporter of Aerosols and is a multinational company based in the USA. Their parent company is M/s Chase Corporation. Mr. Atul Dixit is the Non-Executive Director for the India operations. The company has only one manufacturing plant in India at the above-mentioned address. Mr. Steven Carter is the Director of Manufacturing for EMEIA (Europe, Middle East, India, and Asia) and is responsible for day-to-day operations; (c) The company has been exporting Aerosols and thinners since 2019 through Nhava Sheva Port. She stated that she will submit the end-use certificate from their buyer; (d) M/s Humiscal India Pvt. Ltd. (IEC: 0388189801) filed the above-mentioned Shipping Bill through their Customs Broker, M/s Rudra Shipping Services LLP; (e) They do not possess any licence or NOC for the export of the said goods. They have applied for a licence with the CBN, Gwalior on 18.11.2024, and are currently in the process of obtaining the required licence/NOC for export of the product; (f) She does not have technical knowledge about the reference number mentioned on the product and stated that she will submit the MSDS copies; (g) The company has been exporting similar goods since 2019. The exporter did not obtain NOC for past consignments as the MEK content was within permissible limits as per the MSDS; (h) The exporter was not aware of the applicability of the mandatory NOC for export of products containing MEK; (i) The Customs Broker informed the exporter about the requirement of the NOC only after the consignment was placed on hold by the docks officer, (j) The exporter files GST returns regularly; (k) The exporter is not facing any cases related to Customs or GST; (l) She further stated that they are sincere and willing to keep their company fully compliant. They will make their best efforts to obtain a valid NOC from the CBN at the earliest and will update the same to SIIB(X).

2.7.2 Statement of Mr. Nishant Hariram Bhanusali, Director of the CB M/s Rudra Shipping Services LLP (Lic. No. AAYFR4399D), was recorded under Section 108 of the Customs Act, 1962 on 20.01.2025 wherein he stated, inter-alia, that: (a) M/s Rudra Shipping Services LLP (Licence No. AAYFR4399D) has its registered office at Vashi, Navi Mumbai, and has been engaged in customs clearance of import and export consignments since 2019. He is a Director in the

firm and has submitted a copy of his pass for reference. The firm filed Shipping Bill No. 1813626 dated 20.06.2024 for the exporter M/s Humiseal India Pvt. Ltd. (IEC: 0388189801); (b) They came into contact with the exporter through a freight forwarder; (c) To verify the genuineness of the exporter, they obtained documents such as the IEC, GST registration certificate, PAN card, and Aadhaar card. They also verified these details on the GST and DGFT online portals. Additionally, they visited the exporter's factory premises at Pune; (d) They were aware of the description of the goods for which the Shipping Bill was filed. The exporter provided documents such as the export invoice and packing list, based on which they filed the above-mentioned Shipping Bill; (e) The exporter did not provide any NOC for the export of the said product. When they began filing shipping bills for the exporter in 2021, they had requested documents related to past exports. The exporter had exported similar goods earlier as well. Therefore, they continued filing shipping bills for them based on the documents provided. As the description of the goods was declared as Aerosol, they were not aware that any NOC/authorization was required; (f) They were not aware of the Order issued by the Narcotics Commissioner, Gwalior vide F.No. XVI/6/1/PC/MEK/2017-292 dated 03.11.2017; (g) They are aware of the provisions of the CBLR, 2018. They verified the genuineness of the exporter and filed the shipping bill based on the documents provided. Since the goods were described as Aerosol, which they believed to be freely exportable, they proceeded to file the shipping bill. They have been filing shipping bills for this exporter since 2021 and have filed around 18-19 shipping bills during this period; and (h) He further stated that they filed the shipping bills based solely on the documents provided by the exporter. He asserted that they are a genuine Customs Broker firm with a presence across India and that they diligently handle all export shipments processed by them. He added that they will continue to fully cooperate with the Customs authorities in the ongoing investigation.

2.8 Findings of the Investigation:

2.8.1 M/s Humiseal India Private Limited (IEC: 0388189801) had attempted to export the goods declared as "Humiseal 1A33 Aerosol 365 ml", "Humiseal 1B73 Aerosol 400 ml" and "Humiseal 1B31 Aerosol 400 ml, wherein one of the constituents was MEK which is a precursor chemical as per Sr. No 10 of the Schedule - B to the Narcotic Drugs and Psychotropic Substances (Regulation of Controlled Substances) Order, 2013 RCS, 2013], vide live Shipping Bill No. 1813626 dated 20.06.2024. Further, as per Regulation 10(1) of the RCS, 2013, "No person shall export any controlled substance in Schedule B except in accordance with the conditions of the No Objection Certificate issued by the Narcotics Commissioner. Accordingly, the exporter was asked to submit NOC from the Narcotics Commissioner, Gwalior. However, they failed to submit the

same. Clarification was sought from the Central Bureau of Narcotics, Gwalior, for the applicability of NOC on the said items. However, no response from Central Bureau of Narcotics, Gwalior, has been received till date.

2.8.2 It is clear that the exporter had attempted to export the goods declared as "Humiseal 1A33 Aerosol 365 ml", "Humiseal 1B73 Aerosol 400 ml and "Humiseal 1B31 Aerosol 400 ml" wherein one of the constituents is MEK (a precursor chemical under the RCS, 2013), without submission of NOC from the Narcotics Commissioner, Gwalior. In the absence of valid NOC, the impugned goods are to be considered as prohibited goods and hence export of such goods without proper export authorization, renders the same liable for confiscation under Section 113(d), 113(ia) and 113(ja) of the Customs Act, 1962.

2.8.3 During investigation, it was found that the impugned goods (containing MEK) is a controlled substance as mentioned in Sr. 10 of Schedule-B of the Narcotic Drugs and Psychotropic Substances (Regulation of Controlled Substances) Order, 2013 and export of impugned goods requires NOC from the CBN which has not been fulfilled and incorrect declaration with respect to goods covered under the live Shipping Bill No. 1813626 dated 20.06.2024 was furnished. Further, in the Order passed vide F.No. XVI/6/1/PC/MEK/2017-292 dated 03.11.2017, in pursuance of Order dated 13.10.2017 passed by Hon'ble High Court of Bombay, in the Writ Petition No. 10370 of 2017 in case of M/s Videojet Technologies (I) Pvt. Ltd. Vs Commissioner of Customs (Import) NS-III and others, the Narcotics Commissioner, Central Bureau of Narcotics, Gwalior, ruled that *"considering the larger purpose behind framing of RCS order 2013 to regulate trade of Precursor Chemical(which are capable of being used for manufacture of Narcotic Drugs or Psychotropic Substances), I hold that for the purpose of interpretation for scope of term MEK in RCS Order 2013, principles as mentioned in Para 14 of Article 12 of the said convention should be adopted i.e. NOC will be required if MEK is present in any item and such MEK can either be extracted from such item and/ or such an item can be used in place of MEK (may be not as efficiently as MEK) for manufacture of Narcotic Drug or Psychotropic Substances."*

2.8.4 The exporter in their voluntary statement dated 09.12.2024 had admitted, inter-alia, that they were not aware of the requirement of NOC from the CBN for the goods filed for export under the subject Shipping Bill. However, "Ignorantia Juris Non Excusat" i.e. the exporter now at this stage cannot plead that they were unaware of the mandatory requirement of NOC from the CBN for the goods filed for export by them. The averment of the exporter cannot at this stage be admissible since they have exported the subject goods in the past as well. It is only when one of their consignments was intercepted for investigation that they

acknowledged their contraventions done. The exporter had therefore made themselves liable for penalty under section 114AA of the Customs Act, 1962.

2.8.5 The exporter had attempted to claim drawback of Rs. 1,10,640.92/-and RoDTEP of Rs. 68,086.71/-in the current Shipping Bill No. 1813626 dated 20.06.2024, However, the exporter was not eligible for export without proper NOC from the Central Bureau of Narcotics, Gwalior, and such export of restricted goods cannot be treated as legitimate and falls in the category of illegal export under the definition of section 11H(a) of the Customs Act, 1962. Therefore, it appeared that the exporter was not entitled to export incentives i.e. Drawback and RODTEP. The total claimed Drawback amount of Rs. 1,10,640.92/- and RoDTEP amount of Rs. 68,086.71/ was therefore not available to the exporter.

2.8.6 The exporter had also violated the provisions of Rule 11 of the Foreign Trade (Regulations), 1993 inasmuch as they did not make a correct declaration of description, composition and value of goods in the Shipping Bill filed by them to the Customs authorities.

2.8.7 As the exporter had not made a truthful declaration in the said live Shipping Bill No. 1813626 dated 20.06.2024, they had violated the conditions of Section 50(2) of the Customs Act, 1962. The exporter being in the business for such a long period ought to have known the requirements and compliances needed for the products which they are exporting. Hence, it appeared that there was a mis-declaration, mis-statement and suppression of facts regarding the actual compliances needed for export of the impugned goods, on the part of the exporter with mala-fide intention to circumvent the procedure established by law. Thus, it appeared that the said goods were attempted to be exported in violation of Section 50(2) of the Customs Act, 1962 read with Section 11(1) of the Foreign Trade (Development & Regulation) Act 1992 & Rules 11 of the Foreign Trade Rules 1993, as exporter had furnished wrong declaration to the Custom Authorities.

2.8.8 M/s Humiscal India Private Limited (IEC: 0388189801) had attempted to export the goods containing MEK which is a precursor chemical mentioned at Sr. 10 of Schedule-B of the Narcotic Drugs and Psychotropic Substances (Regulation of Controlled Substances) Order, 2013, without the requisite NOC form the CBN, Gwalior. Hence, this act of omission and commission on the part of the exporter rendered the goods covered under the Shipping Bill No. 1813626 dated 20.06.2024, liable for confiscation under Section 113(d), 113(ia) and 113(ja) of the Customs Act, 1962. Accordingly, the exporter was liable for penalty under Section 114(i) of the Customs Act, 1962.

2.8.9 Summons CBIC DIN 20241278NT000071287F dated 02.12.2024 was issued to the Director of M/s Humiscal India Private Limited (IEC: 0388189801)

to appear for statement on 09.12.2024. However, on behalf of the Director, authorized representative of the exporter Miss Karishma Hamid Shaikh appeared for statement. In her statement, she stated that they were not aware of the fact that MEK requires NOC from CBN, Gwalior. She further stated that they have applied for NOC and she will produce it in 10-15 days. However, till the date of the SCN, no NOC was produced by the exporter in this regard.

2.8.10 The Customs Broker M/s Rudra Shipping Services LLP (Lic. No. AAYFR4399D) had filed the Shipping Bill No. 1813626 dated 20.06.2024 on behalf of the exporter M/s Humiscal India Private Limited (IEC: 0388189801). The exporter attempted to export the items declared as "Humiseal 1A33 Aerosol 365 ml", "Humiscal 1B73 Aerosol 400 ml" and "Humiseal 1B31 Aerosol 400 ml" wherein one of the constituents was Methyl Ethyl Ketone (a precursor chemical under the RCS, 2013). Hence, No Objection Certificate from the office of the Narcotics Commissioner, Central Bureau of Narcotics, Gwalior (MP) was required. In view of the above, it appeared that the Customs Broker M/s Rudra Shipping Services LLP (Lic. No. AAYFR4399D) had not advised their client for submission of the NOC from the CBN for the export of the said goods.

2.9 Therefore, in view of the above said Offence Report, it was observed that violations of following provisions of the CBLR, 2018 had been committed by the Customs Broker.

2.9.1 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 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"*;

2.9.1.1 From the offence report, it appeared that the goods exported contained Methyl Ethyl Ketone, which is a controlled substance under the NDPS Act, 1985. Export of such substance without the mandatory NOC from the CBN amounts to a violation of the NDPS and the DGFT provisions.

2.9.1.2 The Material Safety Data Sheet (MSDS) enclosed with the export documents clearly indicated the presence of Methyl Ethyl Ketone ranging between 1-30% concentration. Being a licensed Customs Broker, M/s. Rudra Shipping Services LLP was expected to examine these documents carefully and advise their client to comply with the relevant allied Acts before filing the Shipping Bill. However, the Customs Broker neither advised the exporter to obtain the requisite NOC from the Narcotics Commissioner, CBN, nor did he bring this non-compliance to the notice of the Customs authorities. By his act of omission, the Customs Broker failed to advise his client to comply with the

provisions of the Customs Act and allied laws, thereby violating Regulation 10(d) of the Customs Brokers Licensing Regulations, 2018.

2.9.2 Regulation 10(e) of the CBLR, 2018 which reads as "*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*";

2.9.2.1 From the investigation, it appeared that the CB did not exercise due diligence in verifying the nature and composition of the goods prior to filing the Shipping Bill. The MSDS submitted along with the shipping documents clearly mentioned Methyl Ethyl Ketone, a regulated chemical, as an active ingredient of the goods, yet the CB filed the export declaration describing the goods as ordinary "Aerosol Coatings," without any caution or verification of their compliance status.

2.9.2.2 The CB also failed to ensure whether the export of goods containing Methyl Ethyl Ketone required an NOC from the CBN, although such requirement is a matter of public record under the DGFT Notification No. 35(RE)1997-2002. Thus, it is evident that the Customs Broker failed to exercise the due diligence required under the said Regulation, thereby violating Regulation 10(e) of the CBLR, 2018.

2.9.3 Regulation 10(f) of the CBLR, 2018 which reads as "*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*";

2.9.3.1 The Customs Broker is expected to be conversant with the public notifications, DGFT circulars, and instructions relating to prohibited and restricted items. In the instant case, the Customs Broker failed to inform his client, M/s. Humiscal India Pvt. Ltd. that export of goods containing Methyl Ethyl Ketone required prior NOC from the CBN.

2.9.3.2 This omission demonstrates that the Customs Broker did not share essential regulatory information with the client and allowed the client to proceed with the export in violation of allied laws. Hence, it appears that the Customs Broker failed to communicate relevant public instructions and thereby violated Regulation 10(f) of the CBLR, 2018.

2.10 As per Offence Report, the CB neither exercised due diligence while scrutinizing the MSDS nor advised the exporter to comply with the mandatory restrictions prescribed under NDPS and DGFT laws. Further, the CB failed to bring this non-compliance to the notice of the Customs authorities at the time of filing of the Shipping Bill. These omissions constitute serious violations of the Regulations 10(d), 10(e) and 10(f) of the CBLR, 2018 by the CB M/s Rudra

Shipping Services LLP (Lic. No. AAYFR4399D) and its employee, which appeared to have made them unfit to transact any business at Mumbai Customs and also in other Customs Stations and also the CB M/s Rudra Shipping Services appeared to have committed a gross offence and it appeared that their negligence may not be ignored.

2.11 Under the CBLR, 2018, it was evident that there are certain obligations cast on the Customs Broker under Regulation 10 which a Customs Broker shall comply with. These decide the very nature of Customs Broker's interaction with their clients and Customs and form the bedrock of the work of a Customs Broker. If these are overlooked as mere procedural requirements and minor contraventions, then the whole substance of CB's work stands nullified. Therefore, these may be termed as substantive requirements which a Customs Broker is bound to comply with. It is the responsibility of the CB to advise the importer to comply with provisions of the Act, other allied Acts and the rules and regulations thereof as laid down under the CBLR, 2018. It is not difficult to foresee the adverse consequences that may arise if a CB acts in a negligent manner.

2.12 A Customs Broker has a very important role in customs clearances and a lot of trust has been placed by the Department on the CB. In the regime of trade facilitation and with more and more of the goods being facilitated by the Risk Management Systems without examination by the Customs, the role of a CB has further increased so that economic frontiers of the country are well guarded.

2.13 The acts of omission and commission on the part of the Customs Broker appeared to have directly contributed to the attempted export of a restricted/controlled substance in violation of Section 50(2) of the Customs Act, 1962, read with the NDPS Act and the DGFT Notification No. 35(RE)/1997-2002. Such conduct undermines the statutory framework regulating precursor chemicals and compromises national interest. The role of the Customs Broker, therefore, assumes grave significance, as the attempted export of restricted goods without lawful authorization rendered the goods liable for confiscation under Section 113 of the Customs Act, 1962.

2.14 Further, it was apprehended that the Customs Broker may commit similar offence in future consignments and department cannot remain oblivious to the danger posed by such eventuality. Hence, it appeared to be fit case where immediate action was needed for invoking Regulation 16 of the CBLR, 2018.

3. Accordingly, the CB licence of Custom Broker M/s Rudra Shipping Services LLP (PAN No. AAYFR4399D and CB Licence No. 11/2497) was suspended with immediate effect under the provisions of Regulation 16(1) of the CBLR, 2018 vide the Suspension Order No 15/2025-26 dated 26.11.2025 and

post decisional Personal Hearing was granted to the CB to be held on 09.12.2025.

4. However, on request from the CB vide their letter dated 01.12.2025 on the ground of disruption of their livelihood by the suspension of their CB Licence, the Personal Hearing was held on 01.12.2025 wherein Shri Nishant Hariram Bhanushali, Designated Partner of the CB along with Shri Hans Raj Garg, Consultant, appeared. They submitted written submissions in reply to the Suspension Order and re-iterated the same during the Personal Hearing.

5. Subsequently, the suspension of the license of Customs M/s Rudra Shipping Services LLP (CB No. 11/2497 & PAN No. AAYFR4399D) was revoked vide Suspension Revocation Order No. 17/2025-26 dated 08.12.2025 pending further inquiry proceedings under CBLR,2018.

6. Thus, in view of the above discussions in above paras, prima-facie, it appears that the Customs Broker has failed to fulfil the obligations under the provisions of Regulation 10(d), 10(e) and 10(f) of the CBLR, 2018 and contravened the same.

7. From the facts in foregoing paras, in terms of Regulation 17(1) of Customs Brokers Licensing Regulations, 2018, the Customs Broker, M/s Rudra Shipping Services LLP (CB No. 11/2497 & PAN No. AAYFR4399D) is hereby called upon to show cause, as to why:

- i. The license bearing CB Code No. AAYFR4399DCH001 (CB No. 11/2497), 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 the above paras within 30 days from the date of issue of this notice.

8. 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, Ms Anita S Bagade, Asst Commissioner, Import II, Zone I, who shall conduct inquiry under Regulation 17 of CBLR, 2018. If no reply is received within the stipulated time, it will be presumed that they have no explanation to offer, and it will be presumed that they do not want a personal hearing and the issue will be decided on the facts available on record.

INQUIRY REPORT: -

9. The Inquiry officer (here in after referred to as the 'IO') concluded the inquiry proceedings and submitted the inquiry report dated 25.03.2026, wherein all the charges levelled against the CB of violation of Regulations 10(d), 10(e) & 10(f) of the CBLR, 2018 are held as **"Proved"**

FINDINGS OF THE INQUIRY OFFICER: -

10. The IO submitted that he had gone through the Articles of Charge and the Grounds of Imputations of Misconduct along with the relied upon documents. The IO submitted that he had gone through the records of the Personal Hearings and Defense submissions made during the personal hearings & also during the Inquiry Proceedings. I had also gone through the statements of all the persons taken during the investigation.

11. The IO submitted that he had already taken on record the submissions made by the CB and proceed to discuss all these submissions & examine their merits.

12. Article of Charge-I:

Regulation 10(d) of the CBLR, 2018:

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

The imputation is that:

12.1 "From the offence report, it appeared that the goods exported contained Methyl Ethyl Ketone, which is a controlled substance under the NDPS Act, 1985. Export of such substance without the mandatory NOC from the CBN amounts to violation of the NDPS and the DGFT provisions.

12.2 The Material Safety Data Sheet (MSDS) enclosed with the export documents clearly indicated the presence of Methyl Ethyl Ketone ranging between 1-30% concentration. Being a licensed Customs Broker, M/s. Rudra Shipping Services LLP was expected to examine these documents carefully and advise their client to comply with the relevant allied Acts before filing the Shipping Bill. However, the Customs Broker neither advised the exporter to obtain the requisite NOC from the Narcotics Commissioner, CBN, nor did he bring this non-compliance to the notice of the Customs authorities. By his act of omission, the Customs Broker failed to advise his client to comply with the provisions of the Customs Act and allied laws, thereby violating Regulation 10(d) of the Customs Brokers Licensing Regulations, 2018".

The defense submission stated that the exported goods did not require any NOC from the Narcotic Commissioner CBN Gwalior. The IO found that in support of the same, the charged CB had relied upon various case laws.

12.3 The IO found that Inquiry proceedings has been initiated under provisions of Regulation 17 of CBLR, 2018 on the basis of Offence Report in the form of Show Cause Notice [SCN] No 1680/2024-25/ADC/CEAC/NS-II/CAC/JNCH dated 30.01.2025 issued by the Additional Commissioner of Customs, CEAC, NS-II, JNCH.; The IO found that case said case had been adjudicated vide Order-in-Original No. 154/2025-26/ADC/CEAC/NS-II/CAC/JNCH dated 30.04.2025. The IO submitted that he had perused the said Order-in-Original dated 30.04.2025, wherein in 25 of the said Order-in-Original, the adjudicating authority has observed that:

"I find that, the goods containing MEK in varying percentages (1-3%, 20-30%, and 5-10%) were attempted to be improperly exported without the requisite No Objection Certificate (NOC) from the CBN, and under claims of Drawback and RoDTEP. The violations are serious, involving controlled substances critical to preventing misuse under the NDPS Act, 1985".

12.4 The IO found that the Adjudicating Authority never stated that "the exported goods did not require any NOC from the Narcotic Commissioner CBN Gwalior".

12.5 The IO submitted that the charge CB had submitted copy of Order-in-Appeal dated 766 & 767 (CEAC)/2025(INCH)/Appeals dated 27.06.2025 passed by the Commissioner of Customs (Appeals), Nhava Sheva. The IO perused the said Order-in-Appeals. The IO found that the Commissioner of Customs (Appeals), Nhava Sheva never stated that "the exported goods did not require any NOC from the Narcotic Commissioner CBN Gwalior".

12.6 The IO submitted that it is pertinent to mention that He cannot decide whether impugned required any NOC from the Narcotic Commissioner CBN Gwalior as the said offense comes under purview of offense under the Customs Act, 1962. The IO submitted that being Inquiry Officer appointed under provisions of regulation 17 of CBLR, 2018, He can only comment on alleged violation under CBLR, 2018. Hence, the IO stated that the said aspect is out of scope of inquiry proceedings under provisions of regulation 17 of CBLR, 2018.

12.7 The IO submitted that he had perused offense report and found that the Material Safety Data Sheet (MSDS) "enclosed with the export-documents clearly indicated the presence of Methyl Ethyl Ketone ranging between 1-30% concentration. The IO found from statement of Shri Nishant Hariram Bhanusali, Partner/ Director of the CB M/s. Rudra Shipping Services LLP (Lic. No.

AAYFR4399D), recorded under Section 108 of the Customs Act, 1962 on 20.01.2025, wherein he interalia stated that as the description of the goods was declared as Aerosol, they were not aware that any NOC/authorization was required. He further admitted that they were not aware of the Order issued by the Narcotics Commissioner, Gwalior vide F.No. XVI/6/1/PC/MEK/2017-292 dated 03.11.2017.

12.8 The IO found that Shri Nishant Hariram Bhanusali, Partner/Director of the CB M/s. Rudra Shipping Services LLP [Lic. No. AAYFR4399D), recorded under Section 108 of the Customs Act. 1962 on 20:01:2025 admitted that they were not aware that any NOC/authorization was required. Hence, advising their client does not arise.

12.9 The IO found that the charged CB was expected to examine these documents carefully and advise their client-to-comply with the relevant allied Acts before filing the Shipping Bill. As stated in foregoing paras the Customs Broker was not aware whether NOC/authorization was required or not. The IO found that the charged CB neither advised the exporter to obtain the requisite NOC from the Narcotics Commissioner, CBN, nor did he bring this non-compliance to the notice of the Customs authorities. Thus, the Customs Broker has violated the Regulation 10 (d) of the CBLR, 2018. The IO found that the charged CB has relied upon various case laws, however, the CB has failed in sensitizing their client regarding requirement of NOC from the Narcotic Commissioner CBN Gwalior, the ratio of the judgements relied upon by the CB is not applicable in the instant case. Therefore, the CB submitted that the charge of violation of Regulation 10(d) of the CBLR, 2018 is 'proved'.

13. Article of Charge-II:

Regulation 10(e) of the CBLR, 2018:

"A Customs Broker shall exercise due diligence to ascertain the correctness of any information which he imparts to a client with reference to any work related to clearance of cargo or baggage";

The imputation is that:

13.1 From-the investigation, it appeared that the CB did not exercise due diligence in verifying the nature and composition of the goods prior to filing the Shipping Bill. The MSDS submitted along with the shipping documents clearly mentioned Methyl Ethyl Ketone, a regulated chemical, as an active ingredient of the goods, yet the CB filed the export declaration describing the goods as ordinary "Aerosol Coatings," without any caution or verification of their compliance status.

13.2 The CB also failed to ensure whether the export of goods containing Methyl Ethyl Ketone required an NOC from the CBN, although such requirement is a matter of public record under the DGFT Notification No. 35(RE)1997-2002. Thus, it is evident that the Customs Broker failed to exercise the due diligence required under the said Regulation, thereby violating Regulation 10(e) of the CBLR, 2018".

13.3 The IO submitted that the CB in their defense submission stated that since no NOC was required prior to export of the goods, they cannot be charged with the allegation that they failed to exercise due diligence to ascertain the correctness of any information which they imparted to the client with reference to the work related to clearance of the impugned export cargo. The defense submission further stated that vide the DGFT Notification No. 35(RE) 1997-2002 referred to in Para 2.9.2.2 of the SCN also the mandatory NOC from the Narcotic Commissioner CBN Gwalior was prescribed in relation to export of MEK and not in relation to export of MEK & its preparations.

13.4 The IO submitted that as discussed in foregoing paras the charged CB had submitted copy of Order-in-Appeal 766 & 767 (CEAC)/2025(JNCH)/Appeals dated 27.06.2025 passed by the Commissioner of Customs (Appeals), Nhava Sheva. The IO submitted that he had perused the said Order-in-Appeals. The IO found that the Commissioner of Customs (Appeals), Nhava Sheva never stated that "the exported goods did not require any NOC from the Narcotic Commissioner CBN Gwalior".

13.5 The IO submitted that it is pertinent to mention that He cannot decide whether impugned required any NOC from the Narcotic Commissioner CBN Gwalior as the said offense comes under purview of offense under the Customs Act, 1962. Being Inquiry Officer appointed under provisions of regulation 17 of CBLR, 2018, He can only comment on alleged violation under CBLR, 2018. Hence, the said aspect is out of scope of inquiry proceedings under provisions of regulation 17 of CBLR, 2018.

13.6 The IO submitted that he had perused offense report and found that the Material Safety Data Sheet (MSDS) enclosed with the export documents clearly indicated the presence of Methyl Ethyl Ketone ranging between 1-30% concentration. The IO found from statement of Shri Nishant Hariram Bhanusali, Partner/Director of the CB M/s. Rudra Shipping Services LLP (Lic. No. AAYFR4399D), recorded under Section 108 of the Customs Act, 1962 on 20.01.2025, wherein he interalia stated that as the description of the goods was declared as Aerosol, they were not aware that any NOC/authorization was required. He further admitted that they were not aware of the Order issued by the Narcotics Commissioner, Gwalior vide F.No. XVI/6/1/PC/MEK/2017-292

dated 03.11.2017. Thus the IO stated that the CB failed to ensure whether the export of goods containing Methyl Ethyl Ketone required an NOC from the CBN, although such requirement is a matter of public record under the DGFT Notification No. 35(RE) 1997-2002. Thus, it is apparent that the CB was not diligent enough to check the correctness of the information he provided to the export with regards to the said NOC and the said DGF Notification and accordingly, violated that the provisions of Regulation 10(e) of CBLR, 2018. Thus, the Customs Broker has violated the Regulation 10 (e) of the CBLR, 2018. Therefore, the IO stated that the charge of violation of Regulation 10(e) of the CBLR, 2018 is 'proved'.

14. Article of Charge-III:

Regulation 10(f) of the CBLR, 2018:

"A Customs Broker shall 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";

The imputation is that:

14.1 "The Customs Broker is expected to be conversant with the public notifications, DGFT circulars, and instructions relating to prohibited and restricted items. In the instant case, the Customs Broker failed to inform his client, M/s. Humiseal India Pvt. Ltd. that export of goods containing Methyl Ethyl Ketone required prior NOC from the CBN.

14.2 This omission demonstrates that the Customs Broker did not share essential regulatory information with the client and allowed the client to proceed with the export in violation of allied laws. Hence, it appears that the Customs Broker failed to communicate relevant public instructions and thereby violated Regulation 10(f) of the CBLR, 2018"

14.3 The IO found that Article of charge -III is nothing but repetition of Article of Charge-I viz. Regulation 10(d) of CBLR, 2018 and Article of Charge-II viz. Regulation 10(e) of CBLR, 2018. Accordingly, the IO stated that his findings on Article of Charge -III are identical to the said both Article of Charges.

14.4 The IO submitted that as discussed in foregoing paras the charged CB has submitted copy of Order-in-Appeal dated 766 & 767 (CEAC)/2025(JNCH)/Appeals dated 27.06.2025 passed by the Commissioner of Customs (Appeals), Nhava Sheva. The IO had perused the said Order-In-Appeals. The IO found that the Commissioner of Customs (Appeals), Nhava Sheva never stated that "the exported goods did not require any NOC from the Narcotic Commissioner CBN Gwalior".

14.5 The IO submitted that it is pertinent to mention that He cannot decide whether impugned required any NOC from the Narcotic Commissioner CBN Gwalior as the said offense comes under purview of offense under the Customs Act, 1962. The IO submitted that being Inquiry Officer appointed under provisions of regulation 17 of CBLR, 2018, He can only comment on alleged violation under CBLR, 2018. Hence, the IO submitted that the said aspect is out of scope of inquiry proceedings under provisions of regulation 17 of CBLR, 2018.

14.6 The IO submitted that he had perused offense report and found that the Material Safety Data Sheet (MSDS) enclosed with the export documents clearly indicated the presence of Methyl Ethyl Ketone ranging between 1-30% concentration. The IO found from statement of Shri Nishant Hariram Bhanusali, Director of the CB M/s. Rudra Shipping Services LLP (Lic. No. AAYFR4399D), recorded under Section 108 of the Customs Act, 1962 on 20.01.2025, wherein he interalia stated that as the description of the goods was declared as Aerosol, they were not aware that any NOC/authorization was required. He further admitted that they were not aware of the Order issued by the Narcotics Commissioner, Gwalior vide F.No. XVI/6/1/PC/MEK/2017-292 dated 03.11.2017. Thus CB failed to ensure whether the export of goods containing Methyl Ethyl Ketone required an NOC from the CBN, although such requirement is a matter of public record under the DGFT Notification No. 35(RE)1997-2002. Thus, it is apparent that the charged Customs Broker did not share essential regulatory information with the client and allowed the client to proceed with the export in violation of allied laws. Hence, the Customs Broker failed to communicate, relevant public instructions and accordingly, violated that the provisions of Regulation 10(f) of CBLR, 2018. Therefore, the IO submitted that the charge of violation of Regulation 10(e) of the CBLR 2018 is proved'.

15. CONCLUSION:

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

Sr. No.	Charges against the CB	Findings
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

Written Submissions of the Customs Broker (CB)

16. Preliminary Objections: Vague, Ambiguous and Arbitrary SCN Violative of Natural Justice

- (a) The CBLR SCN makes bald allegations without any cogent evidence, relying entirely on the Section 124 SCN while completely ignoring the further proceedings in adjudication and appeal post the issuance of the said Section 124 SCN, insofar as the CB is concerned.
- (b) The CBLR SCN is therefore vague, ambiguous, and general. The allegations are based on assumptions and presumptions, rendering them arbitrary, unreasonable, and violative of the Principles of Natural Justice. The CB is thereby prevented from effectively meeting and rebutting the charges.
- (c) The CBLR SCN does not lay down a clear legal basis for the proposals made therein. It is ambiguous and founded on rebuttable assumptions and presumptions.
- (d) It is well settled by a catena of decisions, including the Hon'ble Supreme Court in Commissioner of C. Ex., Bangalore vs. Brindavan Beverages (P) Ltd. [2007 (213) E.L.T. 487 (S.C.)], that if allegations in a show cause notice are not specific, are vague, lack details, or are unintelligible, the Noticee cannot be said to have been given a proper opportunity to meet the allegations. The CBLR SCN, raising serious charges based on assumptions and presumptions using omnibus language of statutory provisions, cannot be sustained and merits to be set aside and dropped on this ground alone.

17. The Exported Goods Did Not Require NOC from the Narcotics Commissioner, CBN Gwalior

- (a) Without prejudice to the above, the exported goods – Aerosols – were admittedly not MEK per se but preparations containing Methyl Ethyl Ketone (MEK) up to 30% as an active ingredient. MEK is listed at Sr. No. 10 of Schedule B to the Narcotic Drugs and Psychotropic Substances (Regulation of Controlled Substances) Order, 2013.
- (b) As per Clause 10 of the Order, export of controlled substances in Schedule B requires NOC from the Narcotics Commissioner in Form J. However, Sr. No. 10 reads simply “10. Methyl ethyl ketone”. The impugned goods were not mere MEK simpliciter but preparations containing up to 30% MEK.
- (c) What is controlled under Schedule B is MEK as such, not preparations containing MEK. This is evident from comparison with other entries:
 - Sr. No. 4: Ephedrine, its salts and preparations thereof.
 - Sr. No. 11: Norephedrine (Phenylpropanolamine), its salts and preparations thereof.

- Sr. No. 16: Pseudoephedrine, its salts and preparations thereof.
- (d) Since salts and preparations are not mentioned for MEK at Sr. No. 10, preparations containing MEK fall outside the purview of the Order. If the intention was to control preparations, it would have been explicitly stated, as done for the above items.
- (e) The doctrine of *casus omissus* applies: courts (and quasi-judicial tribunals) cannot supply omissions or create new provisions. Including preparations of MEK would amount to impermissible legislation.
- (f) This contention is fully supported by the recent decision dated 23.05.2025 of Hon'ble CESTAT New Delhi in **M/s Videojet Technologies (I) Pvt. Ltd. Vs. Joint Commissioner of Customs [2025 (5) TMI 2015]**. In that case, involving import of ink containing MEK (35-99%), the Tribunal held:
- "42. Clearly, salts or preparations or goods containing MEK were not included in Schedule C of the RCS Order. The Narcotics Commissioner also clarified in paragraph 13 of his order that salts or preparations containing MEK are not included in Schedule C to the RCS Order.*
- 43. We, therefore, find that the undisputed legal position is that **an NOC from the Narcotics Commissioner was not required to import goods which contain MEK and such an NOC is required only to import MEK.** The Joint Commissioner confiscated the goods under section 111(d) referring to not just the RCS Order but to the Order passed by the Narcotics Commissioner.*
- 44. In our considered view, the order passed by the Narcotics Commissioner cannot be called „any other law for the time being in force“ as per section 111(d). Law can only mean a law passed by the legislature or a subordinate legislation (such as the RCS Order). The confiscation of the goods under section 111(d), therefore, cannot be sustained and is liable to be set aside and is set aside."*
- (g) The Bench comprised Hon'ble Justice Mr. Dilip Gupta (President) and Hon'ble Mr. P.V. Subha Rao (Member Technical – former DDG, NCB, and author of the NDPS Handbook). Being a President's Bench decision, it has all-India binding effect and constitutes a binding precedent. In view of this settled law, no NOC was required for the export. The entire edifice of the case against the CB based on a wrong understanding of law crumbles.

18. Benefit of Doubt – Position Not Crystal Clear at the Time of Export: Even prior to the CESTAT order, the position regarding mandatory NOC for Aerosols was not crystal clear, entitling the CB to benefit of doubt:

(a) The RCS Order and Schedule B cover only pure MEK, not preparations.

(b) The 2017 CBN clarification (pursuant to Bombay High Court order in Videojet matter) required MEK to be extractable or usable as substitute for narcotic manufacture. No evidence exists that the MEK in these Aerosols met this test. The DyCC JNCH lab report itself stated no literature/method was available for extraction/separation of MEK from such preparations.

(c) Under ITC(HS) 2022 Schedule 2 Export Policy, export of pure MEK (HSN 2914 12 00) is free subject to NOC, but the goods were correctly classified under HSN 3208 20 90 (free export, no NOC mentioned). Classification and description were not challenged.

(d) The manufacturer-exporter had successfully exported ~20 prior identical consignments without any objection regarding NOC.

19. No Violation of Regulations 10(d), 10(e) and 10(f) of CBLR, 2018

(a) Regulation 10(d): Regulation 10(d) requires the CB to advise clients to comply with the Customs Act and allied laws and, in case of non-compliance, bring it to the notice of the proper officer. The CB has always advised clients, including M/s Humiseal India Pvt. Ltd., to comply with law. No specific lapse is pointed out in the SCN as to what advice ought to have been given but was not. MSDS was duly uploaded in eSanchit, and examination was based on it. There was no mis-declaration.

The CB is not expected to be an expert in every specialised list. Reliance placed on M/s Sun Impex Clearing & Shipping Agency Vs. Commissioner [2024 (4) TMI 1068 – CESTAT New Delhi] and M/s Delta Infralogistics (Worldwide) Pvt Ltd Vs. C.C. Bangalore [2019 (11) TMI 621 – CESTAT Bangalore].

(b) Regulation 10(e): This requires due diligence to ascertain correctness of information imparted to the client. There is no allegation or evidence that the CB imparted any incorrect information. The SCN is silent on what false information was allegedly given. The charge is contradictory to the charge under 10(d) and is baseless.

Reliance placed on M/s Kunal Travels (Cargo) Vs. Commissioner [2017 (3) TMI 1494 – Delhi High Court], Perfect Cargo & Logistics Vs. C.C. [2021 (276) ELT 649 (T-Del.)], M/s Trinity International Forwarders Vs. Commissioner [2023 (8) TMI 133 – CESTAT New Delhi], and M/s Falcon Air Cargo & Travels Pvt. Ltd. Vs. Commissioner [2026 (4) TMI 445 – CESTAT New Delhi].

(c) Regulation 10(f): This prohibits withholding of information from entitled clients. No information was withheld. The charge was added belatedly at the CBLR SCN stage without basis in the original Section 124 SCN.

The three charges are mutually exclusive and client-centric. They require client complaint or specific evidence of deficiency in service towards the client (none exists on record). Invoking them mechanically based solely on the Section 124 SCN, ignoring the CB's exoneration in appeal and binding CESTAT precedent, is unsustainable.

20. General Submissions on Factual and Legal Errors

- (a) All three charges stem from the same imputation of attempted export without NOC. This ignores the stakeholder-specific obligations under CBLR 2018. No independent investigation into the CB's role was conducted. Proceedings are based on assumptions and presumptions borrowed from the Section 124 SCN.
- (b) No evidence of complicity, abetment, or knowledge on the part of the CB. Mere suspicion cannot replace proof (Gian Mahtani, Supreme Court). The CB cannot be asked to prove the negative; the burden lies squarely on the Department (Ruchi Soya, R K Industries, etc.).
- (c) The SCN is without jurisdiction, as no failure to comply with CBLR provisions is established. Principle of judicial discipline requires the Adjudicating Authority to follow binding higher orders, including the Videojet CESTAT judgment (Kamlakshi Finance, etc.).
- (d) The exporter was a regular multinational client. Goods were declared correctly with MSDS uploaded. No revenue loss. No client complaint. No allegation of moral turpitude or extraordinary gain.

21. Doctrine of Proportionality and Mitigating Factors: Without prejudice, even assuming some lapse (not admitted), revocation of licence is disproportionate and harsh, impacting the sole source of livelihood. Punishment must be commensurate with the offence. Reliance placed on M/s HSN Shipping, Setwin Shipping, Jetwing Freight Forwarders, Mallick Clearing Agency, Tanmay Global Logistics, and other CESTAT/High Court decisions. Key mitigating factors as cited by the CB:

- (a) Regular exporter client with prior clearances.
- (b) Correct documentation and MSDS upload.
- (c) Legal ambiguity later clarified by CESTAT.
- (d) Full exoneration in Customs appeal proceedings.
- (e) No revenue loss, no client grievance, no evidence of deliberate wrongdoing.
- (f) Charges based on omnibus language without specific evidence.

22. Additional Submissions

- (a) No statement of the CB was recorded by the CB Section before issuing the CBLR SCN (Perfect Cargo and Logistics [2020 (12) TMI 649 – CESTAT New Delhi]).
- (b) The proceedings exhibit a mechanical, biased approach. Adjudication must be a fair search for truth based on evidence and law, not presumption.

23. PRAYERS

In view of the above, it is prayed by the CB that:

- (a) All charges raised in SCN No. 40/2025-26 dated 06.01.2026 be dropped as “Not Proved”;
- (b) CB Licence No. 11/2497 be maintained and not revoked;
- (c) Security deposit not be forfeited;
- (d) No penalty may be imposed under Regulation 14 read with Regulations 17 & 18 of CBLR, 2018.

RECORDS OF PERSONAL HEARING: -

24. An opportunity for a Personal Hearing was granted to the CB M/s Rudra Shipping Services LLP CB No. (11/2497) (PAN No. AAYFR4399D), on 18.05.2026 at 12:30 p.m. Shri Nishant Hariram Bhanushali, Designated Partner of the CB along with Shri Hans Raj Garg, Consultant appeared for the Personal Hearing before the Principal Commissioner of Customs (General). During the hearing, they had reiterated their earlier written submissions dated 29.04.2026 as discussed above, which was taken on record. Consequently, the matter was taken up for final adjudication based on the facts of the case, the Inquiry Officer's report, their written submissions, and the evidence available on record.

DISCUSSIONS AND FINDINGS: -

25. I have carefully gone through the Show Cause Notice No. 40/2025-26 dated 06.01.2026 under Regulation 17 of the CBLR, 2018; the detailed Inquiry Report dated 25.03.2026 submitted by Shri Anita S Bagade, Assistant Commissioner (Inquiry Officer); the evidence on record including Show Cause Notice No. 1680/2024-25/ADC/CEAC/NS-II/CAC/JNCH dated 30.01.2025 issued under Section 124 of the Customs Act, 1962 along with relied-upon documents (RUDs), Order-in-Original No. 154/2025-26 dated 30.04.2025 (adjudication of the SCN dated 30.01.2025), Order-in-Appeal dated 27.06.2025 (issued by Commissioner of Customs, Appeals against O-I-O dated 30.04.2025) as well as the comprehensive written submissions dated 29.04.2026 and oral

arguments advanced by the Noticee CB M/s Rudra Shipping Services LLP (CB No.11/2497) (PAN No. AAYFR4399D). In compliance with the principles of natural justice, sufficient opportunities were granted to the Noticees to present their defence through written submissions as well as during personal hearing. All the submissions advanced by the Noticees have been carefully considered and taken on record before proceeding to adjudicate the present proceedings on merits.

26. I find that the present proceedings against the CB under CBLR, 2018 originated from the Offence Report in the form of Show Cause Notice No. 1680/2024-25/ADC/CEAC/NS-II/CAC/JNCH dated 30.01.2025 issued by the Additional Commissioner of Customs, CEAC, NS-II, JNCH. This SCN alleged that M/s Humiseal India Pvt. Ltd. attempted to export aerosol goods (Humiseal 1A33, 1B73 & 1B31) containing Methyl Ethyl Ketone (MEK) in varying percentages (1-30%) under Shipping Bill No. 1813626 dated 20.06.2024 filed by M/s Rudra Shipping Services LLP, without obtaining the mandatory No Objection Certificate (NOC) from the Narcotics Commissioner, CBN, Gwalior, in violation of the NDPS (Regulation of Controlled Substances) Order, 2013, DGFT Notification No. 35(RE) 1997-2002, and CBN clarification dated 03.11.2017. The report held the Customs Broker liable for failing to advise the exporter to obtain NOC despite the MSDS clearly indicating MEK presence, and for not bringing the non-compliance to the notice of Customs authorities, thereby violating Regulations 10(d), 10(e) and 10(f) of the CBLR, 2018. This led to the issuance of the Show Cause Notice No. 40/2025-26 dated 06.01.2026 against the CB under Regulation 17 of the CBLR, 2018.

27. The Customs Broker licence of M/s Rudra Shipping Services LLP (No. 11/2497) was suspended with immediate effect on 26.11.2025 vide Suspension Order No. 15/2025-26 under Regulation 16(1) of the CBLR, 2018, based on the serious allegations in the Offence Report. On the CB's request citing livelihood concerns, a personal hearing was held on 01.12.2025, wherein they submitted detailed written replies. Consequently, the suspension was revoked on 08.12.2025 vide Suspension Revocation Order No. 17/2025-26, pending final adjudication of the CBLR proceedings. Thereafter, the CBLR Show Cause Notice No. 40/2025-26 dated 06.01.2026 was issued proposing revocation of licence, forfeiture of security deposit, and penalty. The licence remains active as of now.

28. As per Regulation 17 of the Customs Brokers Licensing Regulations, 2018, Ms. Anita S. Bagade, Assistant Commissioner of Customs, Import II, Zone I, was appointed as the Inquiry Officer to conduct a detailed inquiry into the allegations levelled in the CBLR Show Cause Notice No. 40/2025-26 dated 06.01.2026. The Inquiry Officer was required to examine the charges of violation

of Regulations 10(d), 10(e) and 10(f), consider the defence submissions, record evidence, and submit a report with clear findings.

29. The Inquiry Officer submitted her Inquiry Report dated 25.03.2026, wherein she held all three charges as “**Proved**”. The report primarily relied upon the Offence Report, the MSDS documents showing presence of MEK, and the statement of Shri Nishant Hariram Bhanushali (Partner of the CB) wherein he admitted lack of awareness of the CBN requirement. The IO observed that the CB failed to advise the client, exercise due diligence, and share relevant regulatory information despite clear indications in the documents. She treated the core issue of applicability of NOC as outside the scope of CBLR proceedings and concluded that the CB had committed substantive violations of the Regulations.

30. Upon careful consideration of the brief facts and allegations contained in the Show Cause Notice No. 40/2025-26 dated 06.01.2026, the written submissions advanced by the Noticees dated 29.04.2026, the Inquiry Report dated 25.03.2026 and the evidence available on record, I find that the following principal issues arise for determination in the present proceedings:

- a) Whether the Customs Broker M/s Rudra Shipping Services LLP (CB No.11/2497) has violated Regulations 10(d), 10(e) and 10(f) of the CBLR, 2018?
- b) Whether NOC from CBN, Gwalior was mandatorily required for export of the aerosol preparations containing 1-30% Methyl Ethyl Ketone (MEK)?
- c) Whether the Inquiry Officer’s findings dated 25.03.2026 are sustainable?
- d) Whether the evidence on record establishes complicity / conscious facilitation or negligence by the Customs Broker?
- e) Whether the proposed penalties under CBLR, 2018 are justified and proportionate?

31. Regulation 10(d) reads as under:

“A Customs Broker shall —

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

31.1 Regulation 10(d) of the Customs Brokers Licensing Regulations, 2018 requires a Customs Broker to advise his client to comply with the provisions of the Customs Act, 1962 and other allied Acts and rules and regulations, and in case of non-compliance, to bring the matter to the notice of the Deputy or Assistant Commissioner of Customs. In the present case, it is clearly established that M/s Rudra Shipping Services LLP has violated this provision. The Material Safety Data Sheet (MSDS) submitted along with the Shipping Bill explicitly disclosed the presence of Methyl Ethyl Ketone (MEK) in the exported aerosols in percentages ranging between 1% and 30%. As a licensed Customs Broker, they were duty-bound to carefully examine these documents and advise the exporter to obtain the mandatory No Objection Certificate from the Narcotics Commissioner, CBN, Gwalior, as required under the NDPS (Regulation of Controlled Substances) Order, 2013 and the related DGFT Notification. However, the CB neither gave any such advice to the client nor brought the non-compliance to the notice of the Customs authorities before filing Shipping Bill No. 1813626 dated 20.06.2024.

31.2 The statement of Shri Nishant Hariram Bhanushali, Designated Partner of the CB, recorded under Section 108 of the Customs Act on 20.01.2025 further confirms the violation. He admitted that they were not aware that any NOC/authorisation was required for the export of the goods described as aerosols. This admission itself demonstrates a clear failure on the part of the CB to discharge their statutory advisory obligation under Regulation 10(d). The Inquiry Officer, in her report dated 25.03.2026, has rightly held this charge as proved after considering the offence report, the MSDS, and the relevant statements.

31.3 The defence taken by the CB that no NOC was required in view of the CESTAT Principal Bench judgment in *M/s Videojet Technologies (I) Pvt. Ltd.* dated 23.05.2025 is not acceptable in the facts and circumstances of this case. At the relevant time of filing the Shipping Bill No. 1813626 dated 20.06.2024, the departmental practice and CBN Clarification dated 03.11.2017 issued by the Narcotics Commissioner, Central Bureau of Narcotics (CBN), Gwalior, vide File No. XVI/6/1/PC/MEK/2017-292 regarding requirement of NOC “*if MEK is present in any item and such MEK can either be extracted from such item and/or such an item can be used in place of MEK (even if not as efficiently) for the manufacture of Narcotic Drugs or Psychotropic Substances*” were in force, and the CB was expected to act with due caution. Ignorance of the regulatory requirement or reliance on past clearances cannot be a valid defence when the MSDS itself flagged the presence of a controlled substance. Therefore, the charge of violation of Regulation 10(d) of the CBLR, 2018 stands proved against M/s Rudra Shipping Services LLP.

32. Regulation 10(e) reads as under:

“A Customs Broker shall —

(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;”

32.1 Regulation 10(e) of the Customs Brokers Licensing Regulations, 2018 mandates that a Customs Broker shall exercise due diligence to ascertain the correctness of any information which he imparts to a client with reference to any work related to clearance of cargo. In the present case, M/s Rudra Shipping Services LLP has clearly violated this provision. The Material Safety Data Sheet (MSDS) submitted along with the Shipping Bill explicitly mentioned Methyl Ethyl Ketone (MEK) as one of the ingredients in the exported aerosols with percentages ranging from 1% to 30%. Despite this clear indication of a controlled substance, the Customs Broker failed to exercise due diligence to verify whether the export of such goods required a No Objection Certificate from the Narcotics Commissioner, CBN, Gwalior, as per the NDPS (Regulation of Controlled Substances) Order, 2013 and the DGFT Notification. Instead, they proceeded to file the Shipping Bill describing the goods as ordinary aerosols without any caution or verification of the compliance status.

32.2 The statement of Shri Nishant Hariram Bhanushali, Designated Partner of the CB, recorded on 20.01.2025, further establishes the violation, as he admitted that they were not aware of the requirement of NOC and proceeded solely on the basis of the description of the goods as “Aerosol”. This admission demonstrates a clear lack of due diligence on the part of the CB while handling the clearance of the cargo. The Inquiry Officer, in her report dated 25.03.2026, has rightly held this charge as proved, observing that the requirement of NOC was a matter of public record under the DGFT Notification and the CBN clarification dated 03.11.2017, which the CB failed to consider before imparting any advice or proceeding with the filing of the Shipping Bill.

32.3 The defence raised by the CB that no NOC was required in view of the subsequent CESTAT judgment in *M/s Videojet Technologies (I) Pvt. Ltd.* dated 23.05.2025 is not tenable at this stage. At the time of filing the Shipping Bill in June 2024, the CB was required to act with reasonable care and diligence based on the prevailing regulatory position and the documents before them. Ignorance of publicly available notifications or reliance on past practice cannot excuse the failure to exercise due diligence when the MSDS itself flagged the presence of a controlled precursor chemical. Therefore, the charge of violation of Regulation

10(e) of the CBLR, 2018 stands proved against M/s Rudra Shipping Services LLP.

33. Regulation 10(f) reads as under:

“A Customs Broker shall —

(f) 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;”

33.1 Regulation 10(f) of the Customs Brokers Licensing Regulations, 2018 requires that a Customs Broker shall not withhold information contained in any order, instruction or public notice relating to clearance of cargo or baggage issued by the Customs authorities from a client who is entitled to such information. In the present case, M/s Rudra Shipping Services LLP has violated this provision. The requirement of obtaining a No Objection Certificate (NOC) from the Narcotics Commissioner, CBN, Gwalior for export of goods containing Methyl Ethyl Ketone (MEK) was clearly stipulated in the CBN clarification dated 03.11.2017 and was a matter of public record under the DGFT Notification No. 35(RE) 1997-2002. Despite this, the Customs Broker failed to inform their client, M/s Humiseal India Private Limited, about the mandatory requirement of NOC even though the MSDS submitted by the exporter clearly indicated the presence of MEK in the aerosols. This omission allowed the client to proceed with the filing of Shipping Bill No. 1813626 dated 20.06.2024 without complying with the regulatory requirement.

33.2 The statement of Shri Nishant Hariram Bhanushali, Designated Partner of the CB, recorded on 20.01.2025, wherein he admitted lack of awareness of the CBN order, further corroborates the charge. The Inquiry Officer, in her report dated 25.03.2026, has rightly held this charge as proved, noting that the CB was expected to be conversant with public notifications and instructions relating to restricted and controlled items and to share the same with the client. By failing to communicate this vital regulatory information, the CB not only violated Regulation 10(f) but also contributed to the attempted export of goods without proper authorization.

33.3 The defence of the CB that no NOC was required in light of the subsequent CESTAT judgment in *M/s Videojet Technologies (I) Pvt. Ltd.* dated 23.05.2025 is not sustainable. At the material time, the prevailing instructions and clarifications required the CB to inform the client about the need for NOC. The CB cannot take shelter under a later judicial pronouncement to justify their failure to share relevant public information with the client. Therefore, the charge

of violation of Regulation 10(f) of the CBLR, 2018 stands proved against M/s Rudra Shipping Services LLP.

34. I find that the foundational issue in this Show Cause Notice is whether the export of the subject goods required prior No Objection Certificate (NOC) from the Narcotics Commissioner, CBN, Gwalior. I am of the view that during filing of the impugned Shipping Bill, that NOC was mandatorily required for the export of the aerosols containing Methyl Ethyl Ketone (MEK) in percentages ranging from 1% to 30%. As per the NDPS (Regulation of Controlled Substances) Order, 2013, MEK is listed at Sr. No. 10 of Schedule B, and Clause 10 thereof prohibits export of any controlled substance in Schedule B without NOC from the Narcotics Commissioner. The CBN, vide its clarification dated 03.11.2017 issued in File No. XVI/6/1/PC/MEK/2017-292, has categorically held that NOC is required if MEK is present in any item and such MEK can be extracted or the item can be used in place of pure MEK for manufacture of narcotic drugs or psychotropic substances. In the present case, the MSDS uploaded in e-sanchit by the CHA on behalf of the exporter as well as the DyCC laboratory reports clearly confirmed the presence of MEK in the goods. At the relevant time of filing the Shipping Bill in June 2024, this clarification was in force and was binding on the trade. The subsequent CESTAT judgment in *M/s Videojet Technologies* dated 23.05.2025 does not alter the position retrospectively for the purpose of determining the CB's liability, as the CB was required to follow the prevailing regulatory instructions and CBN clarification at the time of filing. The fact that the exporter later applied for NOC on 18.11.2024 and reportedly obtained it for subsequent consignments, establishes that the requirement of NOC existed and was not complied with.

34.1 The Customs Broker, being a licensed professional, was expected to be aware of these statutory requirements and advise the client/ exporter accordingly. Their failure to do so, coupled with the admission of the designated partner of the CB firm that they were not aware of the NOC requirement, establishes that the goods were attempted to be exported without mandatory authorization. Therefore, it is held that NOC from CBN, Gwalior was mandatorily required for the export of the impugned goods, and the exporter's failure to obtain the same, facilitated by the CB, renders the charge sustainable against M/s Rudra Shipping Services LLP.

35. I find that the charges levelled against M/s Rudra Shipping Services LLP in the Show Cause Notice No. 40/2025-26 dated 06.01.2026 are specific, well-founded and fully substantiated by cogent evidence on record. The allegations are based on concrete facts such as the clear disclosure of Methyl Ethyl Ketone (MEK) in the MSDS submitted with the Shipping Bill, the absence of NOC from CBN, Gwalior, the statement of the CB's Designated Partner

admitting lack of awareness of the regulatory requirement, and the failure to advise the exporter or report the non-compliance to Customs authorities. These facts directly support the violations of Regulations 10(d), 10(e) and 10(f) of the CBLR, 2018. The defence that the charges are vague, ambiguous or based on assumptions is without merit, as the SCN clearly spells out the specific acts of omission and commission with reference to supporting documents and statements.

36. Furthermore, I hold that the findings recorded by the Inquiry Officer, Ms. Anita S. Bagade, in her report dated 25.03.2026 are sustainable, proper and deserve to be upheld. The Inquiry Officer has independently examined all the relied upon documents, statements, written submissions and applicable legal provisions and has given reasoned findings holding all charges as proved. She has rightly rejected the CB's defence based on the subsequent CESTAT judgment in the Videojet case, as the same does not have retrospective application to the facts of the present case. There is no procedural lapse or violation of principles of natural justice in the inquiry proceedings.

37. Even if the ingredients of conscious complicity or active facilitation are not fully established against the Customs Broker, the evidence on record clearly demonstrates gross negligence on their part, which is sufficient to hold them liable for violation of Regulations 10(d), 10(e) and 10(f) of the CBLR, 2018. The Material Safety Data Sheet (MSDS) submitted along with the Shipping Bill explicitly disclosed the presence of Methyl Ethyl Ketone (MEK) in the exported aerosols. Despite this glaring red flag, the Customs Broker failed to exercise reasonable care, advise the exporter to obtain the mandatory NOC from CBN, Gwalior, or bring the issue to the notice of Customs authorities. The statement of Shri Nishant Hariram Bhanushali, Designated Partner of the CB, recorded on 20.01.2025, wherein he admitted that they were "not aware" that any NOC was required and proceeded to file the Shipping Bill solely on the basis of the goods being described as "Aerosol", is a clear admission of negligence.

37.1 A licensed Customs Broker cannot plead ignorance when critical documents like the MSDS flag a controlled precursor chemical. This constitutes gross negligence in the discharge of their statutory obligations under the CBLR, 2018. While there is no direct evidence of monetary gain or active collusion with the exporter, such negligence itself amounts to serious misconduct, as it facilitated the attempted export of regulated goods without authorization. The Inquiry Officer has rightly appreciated this evidence and held the CB liable. Therefore, it is held that the evidence on record sufficiently establishes negligence by the Customs Broker, which is sufficient to sustain the charges framed against them under the CBLR, 2018. This negligence, though falling

short of proven conscious complicity, is still grave enough to warrant penal action.

37.2 The liability of a Customs Broker under Regulation 10 of the Customs Brokers Licensing Regulations, 2018 is primarily in the nature of Strict Liability. Regulation 10 of the CBLR, 2018 imposes specific, mandatory obligations on every Customs Broker, such as advising the client on compliance with the Customs Act and allied laws, exercising due diligence, and not withholding relevant information. Breach of these obligations attracts penal consequences even in the absence of mens rea or deliberate dishonest intention. It is sufficient if there is a failure to comply with the prescribed standard of care and conduct. This makes the liability under CBLR, 2018 largely strict in character, as the focus is on the objective failure to fulfil the regulatory obligations rather than the subjective state of mind of the broker.

37.3 In the present case, the admission of the Designated Partner regarding lack of awareness of the NOC requirement and failure to advise the client clearly demonstrates strict liability for non-compliance with Regulation. Such liability is not dependent upon proof of active collusion or conscious facilitation. Gross negligence in discharge of statutory duties is itself sufficient to sustain the charges. Therefore, the liability fastened upon M/s Rudra Shipping Services LLP is squarely covered under the strict liability framework of the CBLR, 2018. This position is well settled by various judicial pronouncement wherein penalty has been upheld on the basis of failure to meet the regulatory standards, irrespective of intent.

38. Since I hold that the charges of violation of Regulations 10(d), 10(e) and 10(f) of the CBLR, 2018 have been clearly established against M/s Rudra Shipping Services LLP, the question of appropriate penalty/action arises for my consideration. This includes application of the doctrine of proportionality and consideration of mitigating factors. The violations committed by the Customs Broker are substantive in nature as they relate to the attempted export of goods containing a controlled precursor chemical without mandatory NOC. A licensed Customs Broker is expected to act as a gatekeeper and exercise high standards of care. However, the doctrine of proportionality requires that the penalty must be commensurate with the gravity of the offence and the culpability of the offender.

38.1 While the charges are proved, certain mitigating factors have been duly considered — there is no evidence of revenue loss to the Government, no proof of mala fide intention or collusion with the exporter, the CB has a clean past record since 2019, the MSDS was transparently uploaded, full cooperation was extended during investigation, and the exporter later obtained NOC for

subsequent consignments. I also appreciate the fact that the penalties imposed on the CB and its partner under the Customs Act, 1962 in the original adjudication (O-I-O dated 30.04.2025) have been set aside by the Commissioner of Customs (Appeals) vide Order-in-Appeal No. 766 & 767 (CEAC)/2025(JNCH)/Appeals dated 27.06.2025, and the said Order-in-Appeal dated 27.06.2025 has been accepted by the competent authority on 23.07.2025 without filing any further appeal. Nevertheless, the lapse involving controlled substances cannot be ignored. Taking into account the doctrine of proportionality and the mitigating factors, revocation of the licence and forfeiture of security deposit would be excessive. Instead, imposition of a penalty under Regulation 14 of the CBLR, 2018 is considered just, fair and proportionate. This penalty adequately balances the need for deterrence with the principle of proportionality while taking note of the mitigating circumstances.

39. As discussed above, I conclude that the CB is guilty of violations of CBLR 2018. However, considering all the facts and circumstances, of the case, I am of the view that revoking the CB license or forfeiture of the whole amount of security deposit is too grave a penalty to be imposed for the above violations. The ends of justice will be met by imposing a penalty of Rs. 50,000/- on the CB. When I am ordering imposing of penalty on the CB under Regulation 18 of CBLR, 2018, it is to meet the ends of justice so that the violation of Regulation 10 of Customs Brokers Licensing Regulations, (CBLR), 2018 does not go completely unpunished. It has been proved beyond doubt from the facts and findings on record mentioned earlier that the CB actually violated Regulation 10 of CBLR, 2018 and therefore deserve to be penalized under the provisions of Regulation 18 of CBLR. I rely upon the following decisions in his order:

Rubal Logistics Pvt. Ltd. [2019 (368) E.L.T. 1006 (Tri. - Del.).

"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 CHA was accepted as having no mens rea of the noticed misdeclaration/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 CHA, 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."

40. Various High Courts have held that punishment for the offences should be proportionate to the gravity of offence. In this regard, I place reliance on the following case laws:

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\(l\)\(g\)](#) of the Constitution has to be noted. It has also to be borne in mind that the proportionality question is of great significance as action is under a fiscal statute and may ultimately lead to a civil death."

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

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

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

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

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

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

41. Having gone through the facts of the case and evidence on record , it is noted that the role of the CB, although marked by negligence and a significant lapse in professional caution, appears to be one of administrative omission and failure to adhere to prescribed standards rather than a premeditated *modus operandi* to bypass Customs laws. This distinction is of material importance while determining the proportionality of punishment

under the licensing regulations. The objective of action under the CBLR is not punitive alone but also corrective and deterrent, aimed at ensuring that Customs Brokers adhere to the high standards of diligence and responsibility expected of them as licensed intermediaries. In the present case, having regard to the nature of the violations and the fact that revocation of the license would have severe and disproportionate consequences on the livelihood of the CB and its employees, the extreme penalty of revocation or forfeiture of security deposit is not warranted.

42. In view of the above considerations and the "Doctrine of Proportionality," which propagates the idea that a punishment for an offence should be proportional to the gravity of the offence, I am not inclined to revoke the license or forfeit the security deposit of the CB. However, for their acts of omission and commission, the Customs Broker, M/s Rudra Shipping Services LLP CB No. (11/2497) (PAN No. AAYFR4399D) is held liable and guilty for violating the provisions of Regulations 10(d), 10(e), and 10(f) of the CBLR, 2018, as mentioned above. I hold that the CB has failed to discharge the duties cast upon them, and the interest of justice would be met by the imposition of a penalty under Regulation 18. Accordingly, I pass the following order:

ORDER

43. 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 impose a penalty of **Rs. 50,000/- (Rupees Fifty Thousand only)** on the Customs Broker M/s Rudra Shipping Services LLP CB No. (11/2497) (PAN No. AAYFR4399D) under Regulation 18(1) of the CBLR, 2018.

44. 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.


(AJAY KUMAR PANDEY)

Principal Commissioner of Customs (General)
New Customs House, Mumbai-I

To,

M/s Rudra Shipping Services LLP CB No. (11/2497) (PAN No. AAYFR4399D)

Copy to:

1. The Pr. Chief Commissioner/ Chief Commissioner of Customs, Mumbai - I, II, III Zone.
2. The Deputy Commissioner of Customs, Customs Broker Section, New Custom House, Mumbai Zone-1.
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