प्रधान आयुक्त / आयुक्त (सामान्य) सीमाशुल्क का कार्यालय
OFFICE OF THE PRINCIPAL COMMISSIONER OF CUSTOMS (GENERAL)
कस्टम ब्रोकर अनुभाग, नवीन सीमाशुल्क भवन, बेलार्ड इस्टेट, मुंबई – I
CUSTOMS BROKER SECTION, NEW CUSTOM HOUSE, BALLARD ESTATE, MUMBAI ZONE – I
EMAIL: cbsec.nch@gov.in

F. No. GEN/CB/159/2023-CBS **Date:03.11.2026**

DIN: 20261177NO0000A71912

SHOW CAUSE NOTICE No. 43/2026-27
UNDER REGULATION 17 OF THE CUSTOMS BROKER LICENSING REGULATIONS, 2018

M/s Sai Nath Clearing Agency, having its office at 201, Shop Zone, M.G. Road, Ghatkopar (West), Mumbai – 400086 (hereinafter referred to as "the Customs Broker" or "the CB"), are the holders of Customs Broker Licence No. 11/1030 (CB PAN: AJTPM1641HCH001) issued by the Commissioner of Customs, Mumbai, which licence is presently governed by the Customs Brokers Licensing Regulations, 2018, and as such they are bound by the regulations and the conditions stipulated therein. Shri Dinesh P. Mehta is the Proprietor of the said Customs Broker firm.

2. The offence report in the matter, namely Order-in-Original CAO No. CC/RK/24/2023-24 Adj.(X) ACC dated 15.11.2023, passed under the Customs Act, 1962 by the Commissioner of Customs (Export), Air Cargo Complex, Mumbai Zone-III in respect of the exporter M/s Haji's International (IEC 0305002597) and others, along with Show Cause Notice No. 01/Commr(X)/Adj(X)/2022-23 dated 14.12.2022 on which it was passed, was received in this office from SIIB(X), ACC, Mumbai vide e-mail dated 23.10.2026. The said Order-in-Original was marked to this office for taking necessary action against the Customs Broker under the CBLR. The present notice is issued on the basis of the material available on record.

Brief facts of the case

3. The case began with specific information received by the Directorate of Revenue Intelligence (DRI), Mumbai Zonal Unit, that certain exporters were procuring fake purchase bills against their export consignments from one Shri Suhel Parvez Mohammed Sharif Ansari (Shri Suhel Ansari), through fake firms floated by him. The office premises from which Shri Suhel Ansari operated, at Room No. 30, 4th Floor, Chunnawala Building, 38 Kolsa Street, Pydhonie, Mumbai – 400003, were searched on 14.08.2015, and records, three laptops, one hard disk and various rubber stamps of the fake firms were recovered under panchanama.

4. In their statements recorded under Section 108 of the Customs Act, 1962 on 24.08.2015, Shri Suhel Ansari and his employee Shri Shaikh Mohammed Arshad admitted that invoices were prepared in the names of about 22 fake firms without any supply of goods, according to the details given by the export firms, and that such fake invoices had been supplied to a number of exporters, including M/s Haji's International. DRI, Mumbai Zonal Unit accordingly forwarded the details of these exporters, including M/s Haji's International, to SIIB(X), ACC, Mumbai for further investigation.

5. The investigation by SIIB(X), ACC revealed that M/s Haji's International, a merchant exporter of textile products and readymade garments, had filed 699 shipping bills at Air Cargo Complex, Mumbai between 2012 and 2016, of a total declared FOB value of Rs. 10,215.50 lakhs, and had claimed drawback of Rs. 773.86 lakhs on them. Its partner, Shri Ashfaq Anwar Nursumar, in his statement dated 31.10.2018, denied knowing Shri Suhel Ansari, but when shown the invoices of the fake firms raised in the name of M/s Haji's International, could only state that foreign buyers purchased the goods directly from local shops and that his firm merely made the payments. The Consulate General of India, Dubai, vide letter dated 08.03.2018, reported that, as per the documents of the Federal Customs Authority, Dubai, goods of this nature had been cleared at destination at unit values much lower than those declared to Indian Customs. Further, against 198

shipping bills on which drawback of Rs. 2,24,93,070/- had been disbursed, the export proceeds had not been realised.

6. The offence report holds that the export goods were procured from the local market without invoices, were of inferior quality and low value, and were grossly overvalued solely to claim drawback; that the purchase invoices produced in support of the declared values were fake and had been raised by Shri Suhel Ansari without any physical movement of goods; and that, in the absence of genuine invoices, no duty could be shown to have been paid on the inputs, attracting the second proviso to Rule 3(1) of the Customs, Central Excise Duties and Service Tax Drawback Rules, 1995.

7. On these findings, the adjudicating authority, vide the said Order-in-Original, rejected drawback of Rs. 773.86 lakhs and Rs. 2,24,93,070/- and ordered its recovery with interest; held the goods of declared FOB value of Rs. 10,215.50 lakhs liable to confiscation under Sections 113(d), 113(i) and 113(ia) of the Customs Act, 1962 and imposed a redemption fine of Rs. 1,021 lakhs; and imposed penalties under Sections 114(i)/114(iii) and 114AA ibid on the exporter, its partner, the other persons involved and the three Customs Brokers who had handled the exports.

Role of the Customs Broker

8. As recorded at para 35.6 of the offence report, the Customs Broker-wise break-up of the said 699 shipping bills is as under:

S. No.	Name of the Customs Broker	No. of Shipping Bills	Declared FOB value (Rs. lakhs)	Drawback claimed (Rs. lakhs)
1	M/s Merchant & Sons	429	6,260.50	487.66
2	M/s Sai Nath Clearing Agency (11/1030)	59	814.40	62.00
3	M/s Joshi Jatashankar Liladhar & Sons	211	3,140.60	224.20
	TOTAL	699	10,215.50	773.86

8.1 The 59 shipping bills filed by M/s Sai Nath Clearing Agency (11/1030) thus account for a declared FOB value of Rs. 814.40 lakhs and drawback of Rs. 62 lakhs. That the Customs Broker handled the export clearances of M/s Haji's International is also on record in the statement of Shri Ashfaq Anwar Nursumar, partner of the exporter, recorded on 01.06.2017, wherein he stated that the Customs Brokers M/s Merchant & Sons and M/s Sainath Clearing Agency handled their export clearances.

9. During the investigation, Summons No. NP/268/2018-19 dated 18.12.2018, for appearance on 28.12.2018, and Summons No. MTK/153/2021-22 dated 06.12.2021, for appearance on 16.12.2021, were issued under Section 108 of the Customs Act, 1962 to Shri Dinesh P. Mehta of the Customs Broker. As recorded at paras 6.7 and 12.3 of the offence report, Shri Dinesh P. Mehta neither appeared to give his statement nor submitted any documents or letter, and the Customs Broker is held to have intentionally avoided the investigation and disregarded the summons. No statement of the Customs Broker is therefore available on record, and no document, such as the KYC documents of the exporter or the export documents received from the exporter, has been produced by it.

10. In the adjudication proceedings also, the Customs Broker did not reply to the show cause notice dated 14.12.2022 and did not attend any of the personal hearings fixed on 23.02.2023, 16.05.2023, 25.05.2023, 26.07.2023, 21.08.2023, 22.09.2023 and 27.10.2023, and the case against it was decided ex-parte. At para 35.6.2 of the offence report, the adjudicating authority has held:

(i) that the Customs Broker facilitated clearance of 59 shipping bills of a declared FOB value of Rs. 814.40 lakhs with drawback of Rs. 62 lakhs, and failed to submit the requisite documents related to the export;

(ii) that the Customs Broker was knowingly involved in the export clearances of the exporter and actively involved in the fraudulent availment of drawback by the exporter, and did not verify the antecedents of the exporter properly;

(iii) that had the Customs Broker seen the documents relating to the criteria for claim of drawback and checked the correctness of the relevant declarations, such fraudulent export would not have been possible; and

(iv) that the Customs Broker actively associated and connived with the exporter in claiming undue drawback, overvaluing the export goods and mis-declaring them in the shipping bills, without caring to follow the obligations imposed by the Regulations and the Act.

A penalty of Rs. 81 lakhs under Section 114(i)/114(iii) and a penalty of Rs. 407 lakhs under Section 114AA of the Customs Act, 1962 have accordingly been imposed on the Customs Broker.

Contraventions of the Customs Brokers Licensing Regulations, 2018

11. On going through the offence report and the relied upon documents received therewith, it appears that the Customs Broker M/s Sai Nath Clearing Agency (Licence No. 11/1030) has failed to comply with the following provisions of the Customs Brokers Licensing Regulations, 2018:

11.1 Regulation 10(d) –

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

11.1.1 This obligation has two parts. The Customs Broker must advise his client to follow the law, and where the client does not, he must report the matter to the Deputy Commissioner or Assistant Commissioner of Customs. The words "the Act … and the rules and regulations thereof" take in Sections 75 and 76 of the Customs Act, 1962 and the Customs, Central Excise Duties and Service Tax Drawback Rules, 1995, under which drawback is admissible only on goods actually exported at their true value and only where the duties on the inputs have been paid. The Customs Broker filed 59 shipping bills of M/s Haji's International declaring a FOB value of Rs. 814.40 lakhs and claiming drawback of Rs. 62 lakhs on goods which, as the offence report holds, were procured from the local market without invoices, were of inferior quality and were grossly overvalued, the declared values being supported only by invoices of fictitious firms. Nothing on record shows that the Customs Broker at any stage advised the exporter of the conditions on which drawback is admissible, or of the consequences of declaring inflated values.

11.1.2 The second part of the obligation is where the failure is more serious. A Customs Broker who files 59 shipping bills for the same exporter, each carrying a drawback claim, is placed to notice the mismatch between the nature of the goods and the values declared for them. The adjudicating authority has found that, had the Customs Broker seen the documents relating to the criteria for claim of drawback and checked the correctness of the relevant declarations, such fraudulent export would not have been possible, and has gone further to find that the Customs Broker connived with the exporter. Far from bringing the matter to the notice of the Deputy Commissioner or Assistant Commissioner of Customs, the Customs Broker allowed the shipping bills to be filed, and the fraud surfaced only through the investigation of DRI and SIIB(X). The default is not a technical one, since the goods have been held liable to confiscation under Sections 113(d), 113(i) and 113(ia) of the Customs Act, 1962 and drawback of Rs. 62 lakhs was claimed on the exports made through this Customs Broker. It therefore appears that the Customs Broker has violated Regulation 10(d) of the CBLR, 2018.

11.2 Regulation 10(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;"*

11.2.1 What Regulation 10(e) asks is not whether the Customs Broker did something, but whether the diligence he exercised was due, that is, in keeping with the goods he was dealing with and the transactions he was handling. The exporter here was a merchant exporter of textile goods and garments bought in the local market, claiming drawback on every consignment. In such a case, the correctness of the declared value and of the supporting purchase invoices is the very basis of the drawback claim, and it is the Customs Broker who carries that declaration to the Customs on the exporter's behalf. The investigation has established that the purchase invoices were raised by about 22 fictitious firms operated by Shri Suhel Ansari without any supply of goods, and that the goods were overvalued.

11.2.2 The adjudicating authority has found that the Customs Broker failed to submit the requisite documents related to the export and did not check the correctness of the relevant declarations. Despite two summons, the Customs Broker has not produced a single document to show that any verification of the declared values, the purchase invoices or the suppliers was undertaken before the 59 shipping bills were filed. A Customs Broker who files declarations of this magnitude on the strength of documents of non-existent suppliers, without any check of their genuineness, cannot be said to have exercised due diligence in the clearance work entrusted to him. It therefore appears that the Customs Broker has violated Regulation 10(e) of the CBLR, 2018.

11.3 Regulation 10(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;"*

11.3.1 The admissibility of drawback, the documents to be maintained in support of the claim and the consequences of misdeclaration are governed by the instructions and public notices issued by the Customs authorities, including Circular No. 16/2009-Customs dated 25.05.2009. The Customs Broker, who was handling the export clearances of the exporter under claim of drawback, was the channel through which such clearance-related information was expected to reach the client, who was entitled to receive the same. Nothing on record shows that the Customs Broker communicated these requirements to the exporter; on the contrary, the shipping bills were filed by him with inflated values against fake invoices to avail undue drawback. Accordingly, the omission to communicate the applicable clearance-related requirements to the client appears to constitute a violation of Regulation 10(f) of the CBLR, 2018.

11.4 Regulation 10(n) –

> *"verify antecedent, correctness of Importer Exporter Code (IEC) number, identity of his client and functioning of his client at the declared address by using reliable, independent, authentic documents, data or information;"*

11.4.1 The obligation under Regulation 10(n) is to be discharged by the Customs Broker from reliable, independent and authentic sources, and the burden of showing that it was discharged lies on him. The adjudicating authority has specifically found that the Customs Broker did not verify the antecedents of the exporter properly. The Customs Broker has neither produced the KYC documents of the exporter nor any record of verification of its antecedents, identity or functioning at the declared address, despite being summoned twice for the purpose. Had the antecedents of the exporter been verified, the nature of its business — the purchase of goods in the local market and their export at inflated values on the strength of invoices of fictitious firms — could

not have escaped notice. It therefore appears that the Customs Broker has violated Regulation 10(n) of the CBLR, 2018.

11.5 Regulation 10(q) –

> *"co-operate with the Customs authorities and shall join investigations promptly in the event of an inquiry against them or their employees, if any;"*

11.5.1 The investigation by SIIB(X), ACC was an inquiry into exports which had been cleared through this Customs Broker, and in which its own role was under examination. Summons were issued to Shri Dinesh P. Mehta of the Customs Broker on 18.12.2018 and again on 06.12.2021, three years apart. On neither occasion did he appear, seek an adjournment or submit any document or letter, and the offence report records that the Customs Broker intentionally avoided the investigation and disregarded the summons. The same conduct continued in the adjudication proceedings, where the Customs Broker did not reply to the show cause notice and did not attend any of the seven personal hearings fixed. It therefore appears that the Customs Broker has failed to co-operate with the Customs authorities and to join the investigation promptly, and has thereby violated Regulation 10(q) of the CBLR, 2018.

12. M/s Sai Nath Clearing Agency is a proprietary concern of Shri Dinesh P. Mehta, to whom the summonses were addressed. The obligations under Regulation 10 of the CBLR, 2018 rest on the Customs Broker as the holder of the licence, and the acts and omissions set out above are therefore attributable directly to the Customs Broker.

13. From the above facts, it appears that prima facie the Customs Broker M/s Sai Nath Clearing Agency (Licence No. 11/1030) has violated Regulation 10(d), Regulation 10(e), Regulation 10(f), Regulation 10(n) and Regulation 10(q) of the CBLR, 2018, and has thereby rendered themselves liable for penal action under Regulations 14, 17 and 18 of the CBLR, 2018.

14. In view of the above, as per the provisions of Regulation 17(1) of the CBLR, 2018, the Customs Broker M/s Sai Nath Clearing Agency (Licence No. 11/1030) are hereby called upon to show cause, in writing, to the Principal Commissioner of Customs (General), New Custom House, Ballard Estate, Mumbai – 400001, within 30 (thirty) days of the receipt of this notice, as to why –

(i) the Customs Broker Licence No. 11/1030 issued to them should not be revoked under Regulation 14 read with Regulation 17 of the CBLR, 2018;

(ii) the security deposit furnished by them should not be forfeited, in whole or in part, under Regulation 14 read with Regulation 17 of the CBLR, 2018; and

(iii) penalty should not be imposed upon them under Regulation 18 read with Regulations 14 and 17 of the CBLR, 2018,for their failure to comply with the provisions of Regulation 10(d), Regulation 10(e), Regulation 10(f), Regulation 10(n) and Regulation 10(q) of the CBLR, 2018 as brought out in the paragraphs above.

15. The Customs Broker is further directed to appear for personal hearing on the date that may be fixed and to produce proof of evidence/documents, if any, in their defence before the Inquiry Officer, Shri Shiv Charan Meena, AC Export who shall conduct the inquiry under Regulation 17 of the CBLR, 2018. If no reply is received within the stipulated time, it shall be presumed that they have no explanation to offer and do not wish to be heard in person, and the matter shall be decided ex-parte on the basis of the facts and evidence available on record.

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

LIST OF RELIED UPON DOCUMENTS

RUD-1 Offence report in form of Order-in-Original CAO No. CC/RK/24/2023-24 Adj.(X) ACC dated 15.11.2023, passed by the Commissioner of Customs (Export), ACC, Mumbai Zone-III, along with Show Cause Notice No. 01/Commr(X)/Adj(X)/2022-23 dated 14.12.2022 and the RUDs thereto.

3.11.26

(Ajay Kumar Pandey)
Principal Commissioner of Customs (General)
New Custom House, Mumbai – I

To,

M/s Sai Nath Clearing Agency (Licence No. 11/1030),
Proprietor: Shri Dinesh P. Mehta, Sindhoo CHS, Bldg No. 83, A-401, Tilak Nagar, Chembur(W), Mumbai-400089

Copy to:

1. CIUs of NCH, ACC and JNCH.
2. The Commissioner of Customs, Mumbai Zone-I, II and III.
3. EDI of NCH, ACC and JNCH.
4. Bombay Custom House Agents Association.
5. Notice Board.
6. Office copy.