	<p>OFFICE OF THE PR. COMMISSIONER OF CUSTOMS (GENERAL), CUSTOMS BROKER SECTION, NEW CUSTOM HOUSE, BALLARD ESTATE, MUMBAI - 400 001. Email-Id: cbsec.nch@gov.in</p>
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F.No. GEN/CB/84/2025-CBS

Date: 16.06.2025

DIN: 2025067700000000B5E8

**SHOW CAUSE NOTICE NO. 10/2025-26
UNDER REGULATION 17 OF CBLR, 2018**

M/s. Shannu Ponnappa (CB License No. 11/919) (EDI License No AAHPP7232JCH001) having address registered at 10/11 Louis Creado House, Sutarpakhadi, Sahar Village, Andheri, Mumbai-400-090 (hereinafter referred as the Customs Broker/CB) is holder of Customs Broker License No. 11/919, issued by the Commissioner of Customs, Mumbai under Regulation 8 of CHALR, 1984, [Now regulation 7(2) of CBLR, 2018] and as such they are bound by the regulations and conditions stipulated therein.

2. An Offence Report in the form of a letter dated 31.12.2024 was received from the Joint Director, DRI, MZU, regarding the Customs Broker M/s. Shannu Ponnappa (Customs Broker License No. 11/919). The offense report enclosed, the Show Cause Notice issued vide F.No. CUS/APR/SCN/1737/2024-Gr-3 dated 28.12.2024 in the matter, issued by the Additional Commissioner of Customs, Group 3, ACC, on 28.12.2024. Vide the offense report, inter alia, the following has been informed:

2.1 Intelligence developed by this office suggested that the goods in respect of an import consignment covered under Bill of Entry (BE) No. 9450236 dated 28.12.2023 filed at Air Cargo Complex, Mumbai (INBOM4) by an importer M/s ISS India (IEC- QMUPS6280N), having registered address at 14, G Sector M Line, Cheeta Camp, Trombay, Chembur, Mumbai — 400 088, were mis-declared. The relevant details of said Bill of Entry are as under:

Table-A

BE No. & Date	Description of goods declared by the importer	No. of Cartons	Gross Weight (in Kgs)
9450236/ 28.12.2023	1. Dress Materials for Ladies suit of Synthetic Fiber	77	2544
	2. Other Furnishing articles bedsheet of Cotton		

2.2 In pursuance of the above intelligence, examination of the said consignment was conducted, in presence of two independent witnesses under panchnama dated 29/30.12.2023, which revealed that the said consignment was mis-declared and a total of 15,86,960 sticks of cigarettes of three different foreign origin were found concealed in the above said consignment declared to contain dress materials and furnishing articles, the details of which are as under:

Table-B

S.No.	Brand Name	No. of Cigarettes Sticks
1	Bensen & Hedges Blue Gold	2,30,000
2	Super Slim Esse Lights	7,54,800

3	Gudang Garam International	6,02,160
	Total	15,86,960

During the course of investigation, statement of the proprietress, Smt Rona Shannu Ponnappa (F card having KARDEX no. S-1858) of the Custom Broker firm, M/s. Shannu Ponnappa, was recorded under Section 108 of the Customs Act, 1962. In her statement dated 03.05.2024, Smt Rona Shannu Ponnappa stated that, clearance work of the said consignment was given to them by Shri Kaluram Baburao Kokane (one of the Noticees in the subject case). Further, she stated that she is unaware about the proprietor of the firm M/s ISS India i.e. Shri Irfan Shamshuddin Sayyed. They undertook the said work from Shri Kokane, presuming it to be dress materials. Further, she also stated that the KYC documents pertaining to the said firm were also given to them by Shri Kaluram Kokane.

2.3 In terms of Regulation 10(n) of the Customs Brokers Licensing Regulations, 2018, it is mandatory to verify correctness of Importer Exporter Code (IEC) number, Goods and Services Tax Identification Number (GSTIN), identity of the client and functioning of the client at the declared address by using reliable, independent, authentic documents, data or information. It is apparent from the statement of Smt Rona Shannu Ponnappa that her firm had failed to undertake their responsibility of conducting independent verification of the identity of their client i.e. M/s. ISS India and its functioning at the address mentioned in the documents. The said CB firm accepted the job of clearance of goods of M/s. ISS India as per the request of Shri Kaluram Baburao Kokane. Despite knowing that Shri Kokane was not the proprietor of the firm M/s ISS India, they still undertook the said work on his directions. Their failure to undertake their responsibilities under the CBLR Rules, 2018, led to smuggling of foreign origin cigarettes valued at Rs. 2.4 Crores which could have been avoided if they had fulfilled their responsibility laid down under the said regulations.

3 Further the brief facts of the case as stated in SCN no- 571/2024-25 dated 28.12.2024, issued vide F. no- CUS/APR/SCN/1737/2024-Gr-3, inter-alia, are as under:

3.1 During the examination of the said consignment on 29/30.12.2023, a total of 15,86,960 sticks of foreign origin cigarettes, having an estimated market value of Rs. 2.4 Crores, were recovered. It was also found that the said foreign origin cigarettes were imported in violation of the norms prescribed under Cigarettes and Other Tobacco Products (Prohibition of Advertisement & Regulation of Trade and Commerce, Production, Supply and Distribution) Act, 2003 (COTPA) and Cigarettes and other Tobacco Products (Packing and Labelling Rules, 2008 (COTPA Rules, 2008) read with Notification dated 26.03.2018 issued by the Ministry of Health and Family Welfare as the goods were found to have been imported without the specified health warning as prescribed . Due to this non-compliance to the provisions of COTPA, the goods fell under the ambit of "prohibited goods" as defined under section 2(33) of the Customs Act, 1962.

3.2 In view of the above, 15,86,960 sticks of foreign origin cigarettes, imported by M/s ISS India (IEC- QMUPS6280N), having an estimated value of Rs. 2.4 Crores, which were concealed and attempted to be smuggled into India, vide Bill of Entry No. 9450236 dated 28.12.2023, were seized under Section 110 of the Customs Act, 1962 vide Seizure Memo dated 30.12.2023.

3.3 During the course of investigation, it was revealed that a person named Shri Kaluram Baburao Kokane was involved in the clearance of the above said consignment. Further, Shri Imran Shaikh was revealed to be the beneficial owner of the contraband who had sought to utilize the services of Shri Kaluram Baburao Kokane to get the consignment cleared using a dummy IEC i.e. IEC of firm M/s ISS India (IEC- QMUPS6280N).

3.4 Statement of Shri Kaluram Baburao Kokane was recorded on 30.12.2023 under Section 108 of the Customs Act, 1962. In his statement, he, inter-alia, stated that, he knew that the imported consignment covered under BE No. 9450236 dated 28.12.2023 was mis-declared and that it would be containing cigarettes of different foreign brands.

- i. He stated that the owner of the consignment was one person named Shri Imran Shaikh;
- ii. He also stated that he had received a call from Shri Imran Shaikh from his mobile no. 9892698786, wherein he was asked if he would be interested in taking up Customs clearance work of some dress materials from Dubai. He readily agreed to do the Customs clearance on per Kg commission basis of around Rs. 25-35 per Kg;
- iii. However, after receiving the KYC documents of M/s ISS India (IEC- QMUPS6280N) for the purpose of filing Bill of Entry from Shri Imran Shaikh, he got suspicious as Shri Imran Shaikh was not the proprietor in the said firm. On confronting Shri Imran Shaikh about the same, Shri Imran Shaikh revealed him the truth that he (Imran) is importing foreign origin cigarettes under the guise of dress materials. Thereafter, in order to make some extra money, he asked Shri Imran Shaikh to increase his commission to Rs. 100 per Kg. which was agreed to by Shri Imran Shaikh;
- iv. His role was to arrange CHA for the purpose of filing Bill of Entry. Further, he stated that he did not have any valid CHA license;
- v. He stated that as the consignment imported vide Bill of Entry No. 9450236 dated 28.12.2023 in the name of M/s ISS India, was having weight of around 2500 Kgs, his commission was around Rs. 2.5 Lakhs and he had received Rs. 70,000/- as advance. As requested by him, the said amount was transferred to one of his relatives, Ms. Puja Singh by Shri Imran Shaikh;
- vi. He knew that the smuggled foreign origin cigarettes were prohibited items under Cigarettes and Other Tobacco Products (Prohibition of Advertisement & Regulation of Trade and Commerce, Production, Supply and Distribution) Act, 2003 as these smuggled foreign origin cigarettes did not comply to the prescribed norms of having specified health warning covering 85% of the principal display area of the package as per Rule 3 of Cigarettes and other Tobacco Products (Packaging and Labelling) Amendment Rules, 2014;
- vii. He had arranged the CHA - M/s Shannu Ponappa for the present consignment i.e. Bill of Entry dated 9450236 dated 28.12.2023. He further submitted that the said CHA was not aware about any mis- declaration in the said consignment.

In view of his recorded statement dated 30.12.2023, Shri Kaluram Baburao Kokane was arrested on 30.12.2023.

3.5 Statement of Shri Dilip Kumar Vijay Narayan Singh, G-Card Holder of the Customs Broker/ CHA firm M/s Shannu Ponnappa was recorded on 30.12.2023 under Section 108 of the Customs Act, 1962 wherein he, inter-alia, stated that he did not know any person by the name of Shri Kaluram Baburao Kokane. However, his employer Smt. Rona Shannu had informed him that Shri Kaluram Baburao Kokane had visited their office and had met her. He, further, stated that he did not know anything about the firm M/s ISS India and that he only looked after clearance of goods after receiving Bill of Entry details from the office.

3.6 Investigation of the IEC as per the details in the database A search authorization was issued to conduct search at the registered premises of the importer M/s ISS India on 03.01.2024. However, no search could be executed as the said premises was found to be locked.

3.7 Statement of Shri Irfan Shamshuddin Sayyed was recorded under Section 108 of the Customs Act, 1962 on 10.01.2024, he, inter-alia, stated that, he did not know anything about the IEC registered in his name. However, he stated that, in the year 2023, as he was jobless and was in need of some money, he contacted his friend named Shri. Aslam Mehboob Shaikh and asked for some work. He was informed by Shri Aslam that if he wanted some work then he needed to

give him his credentials i.e. his Aadhaar card, PAN card and other documents for which he will get Rs. 20,000 in cash. Further, he was told that his documents will be used for import work by others for importing garments from Dubai. As he needed the money, he shared his credentials for which he received Rs. 20,000 in cash. Further, he was told that, in future, he will get Rs. 20,000 in cash each time his documents were used for importing garments. That he had received only Rs. 20,000 initially while sharing his documents. Thereafter, he had not received any money. That he had no idea about the foreign origin cigarettes which were being smuggled through the firm M/s ISS India in which he is the proprietor. He was not aware that his firm's IEC code was used for the purpose of smuggling of foreign origin cigarettes. He was only told that it would be used for the purpose of import of garments. He further stated that he did not know Shri Kaluram Baburao Kokane, and Shri Imran Shaikh.

3.8 Statement of Shri Imran Ali Mohammed Shaikh recorded on 29/30.01.2024 to tender evidence. In his statement recorded under Section 108 of the Customs Act, 1962 on 29/30.01.2024, he, inter-alia, stated that:

- i. Having gone through the statement of Shri Kaluram Kokane recorded on 30.12.2023 and the seizure memo dated 30.12.2023 pertaining to seizure of 15,86,960 sticks of foreign origin cigarettes valued at Rs.2.4 Crores smuggled under the guise of bedsheets and dress materials, he admitted that the consignment covered under Bill of Entry No. 9450236 dated 28.12.2023 filed in the name of M/s ISS India wherein total of 15,86,960 sticks of foreign origin cigarettes were found, belonged to him and that the said consignment had been imported by him. He stated that he had declared the said cargo as 'Bedsheets and other dress materials to hood wink the Customs authorities;
- ii. He further stated that in July 2023, he went to Dubai for some work where he met his friend named Altaf, whom he had known for 8- 9 years. He (Altaf) was into export import business of perfumes in Dubai. There, he was told by Shri Altaf that he has got some business idea and asked if he was interested in making some money. On enquiring more, he was told that he (Altaf) wished to start a business of sending foreign origin cigarettes into India. However, in order to do so he wanted someone close, like him, who can manage the clearance of said cigarettes in India. As his (Imrans's) business of cosmetics in India was not doing well and he was in need of money, he agreed to Altaf's proposal. Thereafter, as he knew that the import of foreign origin cigarettes in India without specified health warnings on the cover is prohibited, they decided to smuggle the same under the guise of textiles i.e. bedsheets and dress materials. They also decided that, at first, for testing purpose they will be sending very few cartons of cigarettes by hiding them beneath the bedsheets and dress materials and, thereafter, if it becomes successful then they will be increasing the cartons of foreign origin cigarettes gradually in the future consignments;
- iii. Further, in order to start the said import in India and as he was new to this, he visited the Air Cargo Complex, Mumbai and enquired about any person who would be interested in helping him in customs related procedures for the purpose of import. Here, he met Shri Kaluram Baburao Kokane who was told initially that he would be importing textile consignments from Dubai and asked whether he would help in clearing the said consignment. Shri Kaluram Kokane agreed to do the same on per Kg commission basis of Rs. 25-35 per Kg;
- iv. He shared the KYC documents of M/s ISS India (IEC- QMUPS6280N) with Shri Kaluram Baburao Kokane for the purpose of import. After receiving the KYC documents, Shri Kaluram Kokane got suspicious as he (Shri Imran Shaikh) was not the proprietor in the above-mentioned IEC and, hence, Shri Kaluram Baburao Kokane asked him if the said IEC was dummy IEC. Thereafter, in order to make things simpler and start the work, he (Imran) revealed the truth to him (Kokane) that the IEC was dummy and that he would be importing foreign origin cigarettes in the guise of textiles i.e. bedsheets and other dress materials for women. Shri Kaluram Kokane thereafter asked him to increase his commission to Rs. 100/Kg if he wanted help in clearing the consignment, to which he agreed;

- v. He further stated that in the present consignment i.e. Bill of Entry no. 9450236 dated 28.12.2023, he provided Shri Kaluram Kokane with the IEC related/KYC documents of the firm M/s. ISS India, on which the import of cigarettes was to be done. Thereafter, all the clearance related work i.e. filing of the Bill of Entry, arranging for a CHA etc. was managed by Shri Kaluram Kokane under his (Imran's) supervision. He also acknowledged that he was in continuous touch with Shri Kaluram Kokane through WhatsApp chats.
- vi. The cigarettes were sometimes sold in the Manish Market area near Crawford market and sometimes to a person whose contact details were shared by Altaf to him on his mobile phone;
- vii. On being asked about the number of consignments of foreign origin cigarettes smuggled by him till now, he stated that before this current consignment i.e. BE 9450236 dated 28.12.2023, he had managed to smuggle some consignments of foreign origin cigarettes in the past also. However, the quantities/cartons of cigarettes in past consignments were very less as compared to the present consignment as they were only testing whether it would be cleared or not and to avoid any problem from customs authorities. Further, as these past attempts became successful, they increased the cartons of cigarettes to maximum in the present consignment (BE 9450236 dated 28.12.2023).
- viii. On being shown the screenshot of the payment of Rs. 70,000/- made by him to the account of one Ms Puja Singh through UPI transaction Id-336319059503, he stated that this payment was made as an advance to Shri Kaluram Kokane; the account was in the name of Kaluram's relative Ms Puja Singh. This payment was on account of the commission fixed to Shri Kaluram Kokane i.e. Rs. 100/Kg for clearing the consignment covered under BE No. 9450236 dated 28.12.2023;
- ix. He further stated that the Customs Broker/CHA was not aware about the said smuggling of cigarettes in the said consignment. The CHA only agreed to clear the consignment as per declaration;
- x. He further admitted that he knew that these smuggled foreign origin cigarettes were prohibited items under Cigarettes and Other Tobacco Products (Prohibition of Advertisement & Regulation of Trade and Commerce, Production, Supply and Distribution) Act, 2003 as they did not comply with the prescribed norms of specified health warning covering 85% of the principal display area of the package as per Rule 3 of Cigarettes and other Tobacco Products (Packaging and Labelling) Amendment Rules, 2014;
- xi. He stated that he did not have any invoice or any other document in respect of the said seized foreign origin cigarettes. Further, he stated that the actual purchase value of cigarettes was transferred to supplier in Dubai through Hawala;
- xii. On being asked about Shri Irfan Shamshuddin Sayed, proprietor of firm M/s ISS India, he stated that he did not know any such person;
- xiii. On being asked regarding any person named Shri Aslam Mehboob Shaikh, he stated that he knew him through a common friend. Further, he stated that after knowing that the consignment of cigarettes covered under Bill of Entry No. 9450236 dated 28.12.2023 had been seized by DRI, MZU and also that Shri Kaluram Kokane has been arrested in the said case, he got scared. As the consignment belonged to him and as he was apprehensive that Shri Kaluram Kokane might have taken his name in this case, he sent Shri Aslam Mehboob Shaikh before the officers of DRI, MZU and asked him to act as if he is the owner of the said consignment. Further, he stated that he also instructed Aslam to lie before the DRI officers that Shri Irfan Shamshuddin Sayed, the IEC holder of M/s. ISS India, has sent him to take the blame for smuggling of the cigarettes. He had also advised Aslam to act sick before the officers of DRI, if needed, in order to get out of the situation. He had given him an amount of Rs. 4 lakhs for doing the above work.

3.9 In view of his recorded statement, Shri Imran Ali Mohammed Shaikh was arrested on 30.01.2024. Thereafter, he was granted statutory bail on 30.03.2024.

3.10 Further statement of Shri Imran Ali Mohammed Shaikh recorded on 28.05.2024 In his statement recorded under Section 108 of the Customs Act, 1962 on 28.05.2024, he, inter-alia, stated that:

- i. On being asked as to whether any person named Altaf exists or whether he has made up this and if someone by that name exists, to provide the identity details or any other details pertaining to the said person, he stated that he does not have any identity details or any other details pertaining to Altaf. He just knew that Altaf is an UAE citizen living in Dubai. Further, he stated that he had met him only in Dubai.
- ii. On being asked as to who had arranged the IEC of M/s ISS India which was used to smuggle the foreign origin cigarettes covered under the BE 9450236 dated 28.12.2023, he stated that the said IEC was dummy and was arranged by him through Shri Aslam Mehboob Shaikh.
- iii. On being asked as to how he had placed the order of the consignment of cigarettes which were being smuggled through ACC Mumbai under BE No. 9450236 dated 28.12.2023, he stated that during his last visit to Dubai in December, 2023, he had placed the order of this consignment of cigarettes.
- iv. On being asked about the transfer of an amount of Rs.15,000/- to Shri Kaluram Baburao Kokane from his Axis Bank account No. 92101002122236137 (Byculla branch, Mumbai) from the bank statement produced by him, he stated that the amount was transferred to Shri Kaluram Baburao Kokane as a token amount in respect of the consignment of cigarettes covered under Bill of Entry No. 9450236 dated 28.12.2023.

3.11 Statement of Ms Rona Shannu Ponnappa, Proprietress, Custom Broker/ CHA firm M/s Shannu Ponnappa was recorded on 03.05.2024, under the provisions of Section 108 of the Customs Act, 1962 wherein she, inter-alia, stated as under:

- i. On being asked about Shri Kaluram Baburao Kokane, she stated that she did not know him personally. She stated that, in the month of December-2023, he came to her firm through one of their clients regarding one custom clearing work of an auction shipment. After few days of the said work, he came to them again stating that there is one urgent import shipment of fabrics from Dubai which needs clearance and asked whether they, as a Customs Broker company, would help in the clearance of the same. Thereafter, as a routine verification, she asked for KYC of the importer, previous Bills of Entry etc. After checking the same and finding it to be ok, they went ahead with filing the Bill of Entry for the same. Further, she also asked him as to why he had come to them for the clearance of said consignment and not previous CHAs who had done their previous clearance, to which Shri Kokane said that their previous CHAs were very busy and as this was a very urgent shipment, he had come to them;
- ii. On being asked about Shri Irfan Shamshuddin Sayyed, proprietor of the firm M/s ISS India, she stated that, her firm attended to the said work given to them by Shri Kaluram Kokane, and she does not know the said firm and Shri Irfan Shamshuddin Sayyed personally;
- iii. On being asked about Shri Imran Ali Mohammed Shaikh, she stated that she does not know any person by that name; She stated that she was not aware of any kind of mis-declaration and that she only agreed to do the clearance work presuming it to be dress materials based on the documents received in respect of goods cleared vide BE No. 9450236 dated 28.12.2023. Further, she stated that, they were promised an amount of Rs. 3000 for the said clearance. However, they have not received the same. Also, the Customs duty amount in respect of the said consignment was paid by them which was received by them online in their company account.

3.12 During the course of investigation, it was seen that Shri Imran Ali Mohammed Shaikh had procured various fake IECs including that of M/s ISS India by making a payment of around Rs. 20,000/- per IEC in cash. In the present case, the IEC of M/s ISS India was used to smuggle foreign origin cigarettes by way of concealment in the imported consignment of dress materials. Shri Imran Ali Mohammed Shaikh had further employed Shri Kaluram Kokane on commission basis of Rs.

100 per Kg for this consignment i.e. around 2.5 lakhs (as gross weight of consignment was 2544 Kgs) for assisting him with clearance work pertaining to handling of the documents filed in relation to the said consignment. Shri Kaluram Kokane had already received an advance of Rs. 70,000/- from Shri Imran Ali Mohammed Shaikh regarding the same. Further, Shri Imran Ali Mohammed Shaikh in his statement dated 29/30.01.2024 stated that the money pertaining to the purchase cost of these smuggled cigarettes was transferred to the supplier in Dubai through Hawala, for which he could not produce any documents.

3.13 On analysis of the bank account statement of the firm M/s ISS India it was seen that even though the firm is engaged in import/export business, no transactions related to any payment related to the import or purchase of the said goods are appearing in its account statement, which also corroborates the fact that the said firm/IEC was dummy. Thus, it appears from the above, that the smuggling activity was being carried out in a well-planned manner by Shri Imran Shaikh, so as to avoid leaving any financial trail.

3.14 As can be seen from the markings on the packages in the above placed images, all 3 cigarettes brands appear to be of foreign make and origin. The printing and marking over cigarette boxes do not mention the manufacturing country as India.

3.15 Under the Indian law, every Person engaged directly or indirectly in the production, supply, import or distribution of cigarettes or any other tobacco products is required to ensure that every package of cigarette or any other tobacco product shall have specified health warning as prescribed under the Cigarettes and Other Tobacco Products (Packaging and Labelling) Rules, 2008 (hereafter referred to as COTPA Rules).

3.16 It was seen that none of the cigarette packets had mandatory pictorial warning as well as the health warning. Thus, the cigarettes were of foreign origin and were not in compliance of the guidelines under the COTPA Act, 2003 and rules made thereunder. Further; these foreign origin cigarettes were being illegally smuggled into India by way of concealment under the cover cargo of dress and furnishing materials.

4. Summary of the Investigation

4.1. The IEC of M/s ISS India was obtained fraudulently by Shri Imran Ali Mohammed Shaikh in collusion with Shri Aslam Mehboob Shaikh, who in-turn contacted Shri Irfan Shamshuddin Sayyed (Proprietor of M/s ISS India) and asked for his KYC documents for the purpose of creating the said IEC. Shri Imran Shamshuddin was given cash amounting to Rs. 20,000/- for sharing his documents and was told that the said IEC will be used for the purpose of import of fabrics from Dubai. He was also told that he will be paid an amount of Rs.20,000/- every time his IEC was used for import of goods.

4.2. Shri Imran Ali Mohammed Shaikh visited Dubai in the month of December, 2023 for the purpose of making arrangements for the present consignment. He has stated that a friend of his, a UAE national, by name Altaf, had helped him in smuggling the foreign origin cigarettes. After reaching India, he contacted and took the help of Shri Kaluram Kokane with whom he was in constant touch. Shri Kaluram Kokane was helping Shri Imran Ali Mohammed Shaikh in dealing with the clearance of the smuggled cigarettes concealed under the cover of dress and furnishing materials and attempted to clear the same vide BE No. 9450236 dated 28.12.2023. Shri Kaluram Kokane and Shri Imran Ali Mohammed Shaikh were continuously discussing about the status of the consignment. Further, even after arrival of the said consignment, he was continuously tracking the movement of the said consignment in Air Cargo through Shri Kaluram Kokane.

4.3. It also appears that Shri Kaluram Kokane has abetted Shri Imran Ali Mohammed Shaikh in the import on cigarettes for monetary consideration. His commission was fixed at Rs.100/Kg for the present consignment against which an advance amount of Rs. 70,000/- was also received by him. Shri Imran Ali Mohammed Shaikh had offered various IEC (including M/s ISS India)

fraudulently procured by him to Shri Kaluram Kokane. Further, Shri Kaluram Kokane was working on the instructions/directions of Imran Ali Mohammed Shaikh.

4.4. Furthermore, Shri Imran Ali Mohammed Shaikh, in his statement dated 29/30.01.2024 had stated that he had lost his mobile device, which appears to be a cooked-up story just to mis-guide and hide crucial facts from the department. This act showed his non-cooperation in the investigation as the said mobile device may have contained crucial evidences relating to the case. Hence, all the above, suggests of his substantial involvement in the present case.

4.5. The Modus operandi used by Shri Imran Ali Mohammed Shaikh in the present case of smuggling of cigarettes was to fraudulently procure IEC of M/s ISS India from Shri Irfan Shamshuddin Sayyed using the services of Shri Aslam Mehboob Shaikh. Then, after the IEC was obtained by him, Shri Imran Ali visited Dubai and procured the consignment from his friend. Shri Imran Ali kept himself updated of the movement of the consignment booked by him. Once the goods were loaded in the flight in Dubai, the details of the said flight was shared with Shri Kaluram Kokane. Thereafter, the documentation work relating to clearance of the consignment and selecting the CHA for the purpose of filing Bill of Entry was entrusted to Shri Kaluram Kokane who managed the clearance of the goods.

4.6. Further, after the clearance of the consignment, the said goods were to be delivered to Manish Market area for its sale, as per the say of Shri Imran Ali Mohammed Shaikh. For this purpose, Shri Kaluram had already booked a transport vehicle and had contacted the driver, Shri Mahendra Becharbhai Chauhan for the delivery of goods from Air Cargo Complex to Manish market Area, Mumbai. However, to whom the said goods were to be delivered in Manish Market area was never disclosed by Shri Imran Ali Mohammad Shaikh.

4.7. Thus, Shri Imran Ali Mohammed Shaikh, the beneficial owner of the smuggled goods, was the master-mind who with the help of a dummy IEC and further help from Shri Kaluram Kokane tried to clear and smuggle foreign origin branded cigarettes under the cover of dress and furnishing materials from ACC, Mumbai when he had knowledge that the said concealed cigarettes do not contain the specified health pictorial warning as prescribed under the COTPA Act and rules made thereunder, rendering the said Cigarettes as 'prohibited', as per Section 2(33) of the Customs Act.

5. ROLE OF CUSTOMS BROKER: -

5.1. The Customs Broker is an agent authorized by the exporter to work on their behalf. As per regulations of the CBLR, 2018, it is the obligation of the Customs Broker to exercise due diligence to ascertain the correctness of any information he imparts to a client and to advise the client accordingly to comply with the provisions of the Act, other allied Acts and the rules and regulations thereof, and in case of non-compliance, shall bring the matter to the notice of the Deputy Commissioner of Customs or Assistant Commissioner of Customs, as the case may be. Further, it is mandatory for a Customs Broker to verify correctness of Importer Exporter Code (IEC) number, Goods and Services Tax Identification Number (GSTIN), identity of his client and functioning of his client at the declared address by using reliable, independent, authentic documents, data or information.

5.2. In this case, during investigation, it was revealed that an import consignment covered under Bill of Entry No. 9450236 dated 28.12.2023 was mis-declared and a total number of 15,86,960 sticks of cigarettes of three different foreign origin were found concealed in the above said consignment declared to contain dress materials and furnishing articles and the role of the CB appears to be involved. The CB M/s. Shannu Ponnappa (CB License No. 11/919) has committed serious violations of multiple provisions under the Customs Brokers Licensing Regulations (CBLR), 2018, while handling the clearance of a mis-declared consignment containing prohibited foreign-origin cigarettes worth ₹2.4 crores and the investigating agency held that the CB has violated provision of regulation 10(n) of the CBLR, 2018.

5.3. Further, on scrutiny of the letter dated 31.12.2024 issued by Joint Director, DRI, MZU & the Show Cause Notice issued vide F.No. CUS/APR/SCN/1737/2024-Gr-3 dated 28.12.2024 issued by the Additional Commissioner of Customs, Group 3, ACC, It was disclosed that the CB's failure to comply with Regulations of CBLR, 2018 demonstrates systemic negligence that facilitated a sophisticated smuggling operation. The CB failed in its duty to advise the client on compliance requirements or report suspicious circumstances. Despite clear red flags including the intermediary's unusually high commission demand (₹100/kg) and inability to produce the actual importer the CB proceeded with clearance without alerting authorities. Further, the CB's lack of due diligence in verifying cargo information. They processed 77 cartons declared as "dress materials" weighing 2544 kgs without questioning the implausible density (33 kg per carton of fabrics) or verifying contents physically. Such blind acceptance of documents enabled the concealment of 1.58 million cigarette sticks. They relied entirely on an intermediary with no legal authority, failed to maintain proper records of client interactions, and showed no urgency in resolving discrepancies. Their casual approach contrasts sharply with the regulation's requirement for utmost speed and efficiency.

The most egregious violation concerns Regulation 10(n), which mandates verification of IEC, GSTIN, client identity, and business operations at declared addresses. The CB accepted documents from an unauthorized intermediary, Shri Kaluram Kokane, without independently verifying the importer M/s ISS India's credentials. The proprietress Smt. Rona Shannu Ponnappa admitted in her statement dated 03.05.2024 that she never contacted the declared proprietor Shri Irfan Shamshuddin Sayyed. Subsequent investigation revealed the IEC was fraudulently obtained through a dummy proprietor, and the declared business premises were found locked. Had the CB conducted basic due diligence - verifying the IEC with DGFT, checking GSTIN validity, or visiting the business address - this fraud might have been detected.

5.4. These violations collectively enabled a sophisticated smuggling operation. The CB's failures at every checkpoint, from client verification to cargo examination, allowed prohibited goods to enter the clearance system. While the CB claims ignorance of the actual contents, this defense underscores their negligence rather than absolving responsibility. Licensed brokers are expected to exercise professional skepticism, especially when dealing with new clients through intermediaries, this incident highlights the need for stronger oversight of customs brokers. Thus, the CB has completely failed to verify the identity and functioning of his client at the declared address by using reliable, independent, authentic documents, data or information and they have not guided the client even though it was mandated under regulation 10(d) 10 (e) ,10(m) & 10 (n) of the CBLR, 2018.

5.5. In view of the above, it appeared that CB M/s. Shannu Ponnappa (Customs Broker License No. 11/919), Mumbai, has failed to comply with following regulations of the Customs Brokers Licensing Regulations 2018: -

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

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

In the present matter, the investigation revealed that 15,86,960 sticks of prohibited cigarettes of various brands valued at Rs. 2.4 Crores were smuggled through misdeclaration and concealment, thereby violating various acts i.e. The Customs Act, 1962, The Cigarettes and Other Tobacco Products Act (COTPA), 2003, The Foreign Trade Policy (2015-20), and The Foreign Trade (Development & Regulation) Act, 1992.

Furthermore, CB M/s. Shannu Ponnappa handled the customs clearance without directly communicating with the importer, M/s. ISS India. The CB's primary failure was its reliance on Shri Kaluram Kokane, a middleman, rather than directly engaging with the declared importer, M/s ISS India. The proprietress, Smt. Rona Shannu Ponnappa, admitted in her statement recorded on 03.05.2024 that she never verified the legitimacy of M/s ISS India & she did not contact the proprietor, Shri Irfan Shamshuddin Sayyed, despite handling the clearance. Further, she accepted instructions solely from Kokane, who had no legal authority to represent the importer.

The regulation mandates that a Customs Broker shall advise the client on compliance and report any discrepancies to the proper officer. However, in this case no evidence exists that the CB attempted to advise the importer regarding legal obligations as no direct communication was made with the importer, Shri Irfan Shamshuddin Sayyed, despite handling the clearance. The CB relied entirely on Shri Kaluram Kokane, an intermediary with no legal authority to represent M/s. ISS India. Hence, the CB has violated Regulation 10 (d) of the CBLR, 2018.

ii. **Sub-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;"

The said CB firm accepted the job of clearance of goods of M/s. ISS India as per the request of Shri Kaluram Baburao Kokane. Despite knowing that Shri Kokane was not the proprietor of the firm M/s ISS India, they still undertook the said work on his directions. Thus, the he CB never directly communicated with the Importer and did not provide any legal guidance on customs clearance, import regulations, or compliance obligations. This lack of guidance allowed the smuggling of prohibited cigarettes by the dummy Importer M/s ISS India. Their failure to undertake their responsibilities under the CBLR Rules, 2018, led to smuggling of foreign origin cigarettes valued at Rs. 2.4 Crores which could have been avoided if they had fulfilled their responsibility. A direct contact with the Importer might have avoided the Import of prohibited goods in India. The CB failed to act with due diligence in the matter. Hence, the CB has violated Regulation 10 (e) of the CBLR, 2018.

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

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

It is evident that the CB failed to discharge its duties with utmost speed and efficiency, as mandated under Regulation 10(m) of the CBLR, 2018. The CB acted in a negligent and careless manner by relying solely on Shri Kaluram Baburao Kokane, a middleman, without establishing direct contact with the actual importer, M/s ISS India.

Further, The CB's failure to independently verify the importer's credentials, communicate directly with the client, and ensure compliance with customs procedures resulted in the clearance of a mis-declared consignment containing 15,86,960 sticks of prohibited foreign-origin cigarettes. Had the CB exercised due diligence and acted promptly, the smuggling attempt could have been detected and prevented at the outset.

Moreover, the CB's lack of urgency and failure to cross-verify critical details before filing the Bill of Entry demonstrates a serious lapse in professional responsibility. This negligence not only facilitated the attempted smuggling of prohibited goods valued at ₹2.4 crores but also reflects a breach of trust reposed in the CB by customs authorities. Thus, the CB has violated Regulation 10(m) of the CBLR, 2018 by failing to act with the required efficiency, promptness, and diligence expected under the Customs Brokers Licensing Regulations, 2018.

iv. **Sub-regulation 10 (n) of the CBLR, 2018 which reads as:**

“Verify correctness of Importer Exporter Code (IEC) number, Goods and Services Tax Identification Number (GSTIN), identity of his client and functioning of his client at the declared address by using reliable, independent, authentic documents, data or information”

It is apparent from the statement of Smt Rona Shannu Ponnappa that her firm had failed to undertake their responsibility of conducting independent verification of the identity of their client i.e. M/s. ISS India and its functioning at the address mentioned in the documents. The said CB firm accepted the job of clearance of goods of M/s. ISS India as per the request of Shri Kaluram Baburao Kokane. Despite knowing that Shri Kokane was not the proprietor of the firm M/s ISS India, they still undertook the said work on his directions. Their failure to undertake their responsibilities under the CBLR Rules, 2018, led to smuggling of foreign origin cigarettes valued at Rs. 2.4 Crores which could have been avoided if they had fulfilled their responsibility laid down under the said regulations. Hence, the CB has violated Regulation 10 (n) of the CBLR, 2018.

6. From the investigation, it appears that the CB M/s. Shannu Ponnappa, a licensed Customs Broker (CB), highlights a serious breach of regulatory obligations under the Customs Brokers Licensing Regulations (CBLR), 2018. The firm's failure to verify critical importer credentials facilitated the attempted smuggling of 15,86,960 sticks of foreign-origin cigarettes worth ₹2.4 crores, falsely declared as "dress materials." This incident underscores the vital role of CBs as gatekeepers in India's import control system and demonstrates how negligence in basic verification procedures can enable large-scale customs fraud. The CB's negligence extended beyond mere procedural failure. By not conducting independent verification through DGFT or GST portals, not visiting the declared business premises, and not establishing direct contact with the importer, the broker enabled a sophisticated smuggling operation. The subsequent examination revealed the consignment contained prohibited cigarettes without mandatory health warnings, violating multiple laws including COTPA 2003 and the Customs Act. Had the CB fulfilled its basic verification duties, the fraud might have been detected earlier, preventing revenue loss and protecting public health by keeping non-compliant tobacco products off the market.

Further, this case exemplifies systemic failure in three key areas: first, the CB's blind reliance on an unauthorized intermediary; second, the complete absence of verification of client credentials; and third, the failure to cross-check documentation with government databases. Such lapses cannot be excused as mere oversight when dealing with high-value imports. The regulations mandate these checks precisely to prevent exactly this type of smuggling operation. The CB's actions or inactions violated not just Regulation 10(n), but also related provisions regarding due diligence (10e) and client advisories (10d), making this a case of multiple regulatory breaches. This case should serve as a wake-up call for the CB to strengthen their compliance mechanisms, implement robust verification protocols, and understand that regulatory requirements are not mere formalities but essential safeguards against economic offenses. Therefore, it appeared that the CB has violated the provisions of regulation 10(d), 10(e), 10(m) & 10(n) of the CBLR, 2018.

7. From the above facts, it appeared that, prima facie, Customs Broker CB M/s. M/s. SHANNU PONNAPPA (Customs Broker License No. 11/919) had violated Regulation 10(d), 10(e), 10(m) & 10(n) of CBLR, 2018 and it was apprehended that the Custom Broker may adopt similar modus operandi in future consignments and department cannot remain oblivious to the danger posed by such an eventuality.

8. In view of the above, the license of the CB was suspended vide order no 03/2025-26 dated 09.05.2025. An opportunity for personal hearing was given to the Customs Broker M/s Shannu Ponnappa on 06.06.2025 at 12:15 PM. The said opportunity was availed by the CB. Smt Rona Shannu Ponnappa, F card holder, and Proprietor of CB M/s Shannu Ponnappa appeared for personal hearing.

9. The Suspension of the CB license was hence continued vide Order No. 06/2025-26 dated 10.06.2025 in contravention of Regulations 10(d), 10(e), 10 (m) & 10(n) of CBLR, 2018 as per Regulation 16(2) of the CBLR, 2018.

10. In view of the above, in terms of Regulation 17(1) of CBLR, 2018 the Customs Broker M/s Shannu Ponnappa (CB No. 11/919, PAN No.: AAHPP7232JCH001) is hereby called upon to show cause, as to why:

- i. the license, bearing no. 11/919, issued to them, should not be revoked;
- ii. security deposit should not be forfeited;
- iii. penalty should not be imposed

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

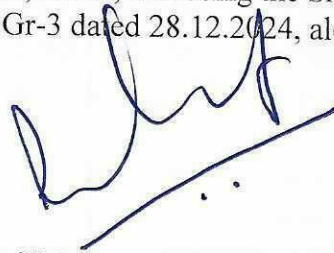
11. They are directed to appear for personal hearing on the date as may be fixed and to produce evidence/documents, if any, in their defence to the Inquiry Officer **Sh. Pramod Kumar Chauhan, AC, Audit** who shall conduct inquiry under Regulation 17 of CBLR, 2018.

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

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

The documents/records relied upon are as under:

- i. Letter dated 31.12.2024 received from the Joint Director, DRI, MZU, enclosing the Show Cause Notice issued vide F.No. CUS/APR/SCN/1737/2024-Gr-3 dated 28.12.2024, along with the RUDS



(RAJAN CHAUDHARY)

Pr. Commissioner of Customs (General)
New Customs House, Mumbai-01

To,
M/s. Shannu Ponnappa (CB License No. 11/919) (EDI License No AAHPP7232JCH001)
Address - 10/11 Louis Creado House, Sutarphakadi, Sahar Village, Andheri, Mumbai-400-090.

Copy to:

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