



SHOW CAUSE NOTICE

M/s **D.K. Trading** (IEC: HHNPD7475M), having GSTIN: 07HHNPD7475M1ZI, A-38, Shop No. B-1, Lower Ground Floor, Madhu Vihar, Delhi - 110092 (hereinafter referred to as "the Exporter" or "the Noticee" for the sake of brevity) is engaged in the business of export / domestic trading of Ceramic Flags, Paving, Hearth, or Wall Tiles with a water absorption coefficient by weight exceeding 0.5% but not exceeding 10% falling under HSN 69072200.

2. An intelligence was developed on the basis of specific information that M/s. **D.K. Trading** (IEC- HHNPD7475M) were exporting Fancy Ceramic Wall Tiles under CTI 69072200 from Hazira Port and intended to avail IGST refund on the said export, while mis-declaring the value of goods entered for exportation. The intelligence suggested that the goods are of inferior quality and are being mis-declared in terms of value (being over valued) to claim ineligible IGST refund @18% of the assessable value.

3. Whereas, M/s. **D.K. Trading** had filed 6 Shipping Bills at Hazira Adani Port for export of 'FANCY CERAMIC WALL TILES' under CTI '69072200'. Details are tabulated below in Table-1:

Table-1: Details of all Shipping Bills

Sr. No	Shipping Bill No. & date	Description of Export goods	Quantity (box)	Declared Assessable Value (Rs)	IGST Refund Claimed (Rs)
1	9439883/28.03.2025	FANCY CERAMIC WALL TILES	750	60,66,900	10,92,042
2	9440114/28.03.2025	FANCY CERAMIC WALL TILES	770	62,28,684	11,21,163
3	9440149/28.03.2025	FANCY CERAMIC	780	63,09,576	11,35,723

		WALL TILES			
4	9440124/28.03.2025	FANCY CERAMIC WALL TILES	750	60,66,900	10,92,042
5	9440116/28.03.2025	FANCY CERAMIC WALL TILES	770	62,28,684	11,21,163
6	9440106/28.03.2025	FANCY CERAMIC WALL TILES	780	63,09,576	11,35,723
Total			4600	0	66,97,857

EXAMINATION:

4.1 Based on the above intelligence, the officers of the Directorate of Revenue Intelligence, Regional Unit, Surat (hereinafter referred to as DRI) vide letter dated 28.03.2025 requested Deputy Commissioner of Customs, Hazira Exports (INHZA1), **(RUD-1)** to put the consignments meant to be exported vide above mentioned Shipping Bills on hold for examination in the presence of DRI.

4.2 Whereas, the officers of DRI carried out examination of the goods attempted to be exported by M/s. **D.K. Trading** vide Shipping Bills No. 9439883 dated 28.03.2025, 9440114 dated 28.03.2025, 9440149 dated 28.03.2025, 9440124 dated 28.03.2025, 9440116 dated 28.03.2025 and 9440106 dated 28.03.2025 which were stuffed in Container No. GLDU2974427 and Container No. MSCU3257766, under Panchnama dated 29.03.2025 drawn at CFS DP World Rail Logistics Pvt Ltd, Surat **(RUD-2)**. During Panchnama, Shri Jayesh Painter, H Card Holder of M/s Startek Enterprises, (CHA for M/s. **D.K. Trading**) informed the officers that CHA firm Startek Enterprise is authorized by the exporter M/s. **D.K. Trading** (IEC No.- HHPD7475M) for clearance of the subject export consignment. On being asked by the officers, Shri Jayesh Painter produced export documents running from page 1 to 44 namely copy of Checklist of Shipping Bill, Invoices/Packing list and purchase invoice etc. for the goods stuffed in Container No. GLDU2974427 and MSCU3257766.

4.3 During examination under Panchnama dated 29.03.2025, the officers and other concerned persons noticed that the container is stuffed with corrugated boxes having description 'Finamax Floor Tiles Ceramic | 12" x 12" | Floor Tiles'. From the documents produced by Shri Jayesh Painter during Panchnama, the officers summarized the details of goods as declared in the Shipping Bills and Invoices. The same is detailed below in Table-2:

Table 2: Details of Goods as per Declaration in Shipping Bills/Export Invoice

Shipping Bill & date	Invoice No. & date	Description of goods	Declared Qty (SQM.)	CTN No.	Invoice Value (USD)	FOB Value (Rs.)
9439883 dt 28.03.2025	DK/24-25/01 dt 20.03.2025	Fancy Ceramic Wall Tiles	7,500	01 to 750	70,875	60,66,900
9440114 dt. 28.03.2025	DK/24-25/02 dt 20.03.2025	Fancy Ceramic Wall Tiles	7,700	751 to 1520	72,765	62,28,684
9440149 dt. 28.03.2025	DK/24-25/03 dt 20.03.2025	Fancy Ceramic Wall Tiles	7,800	1521 to 2300	73,710	63,09,576
9440124 dt. 28.03.2025	DK/24-25/04 dt 20.03.2025	Fancy Ceramic Wall Tiles	7,500	01 to 750	70,875	60,66,900
9440116 dt. 28.03.2025	DK/24-25/05 dt 20.03.2025	Fancy Ceramic Wall Tiles	7,700	751 to 1520	72,765	62,28,684
9440106 dt. 28.03.2025	DK/24-25/06 dt 20.03.2025	Fancy Ceramic Wall Tiles	7,800	1521 to 2300	73,710	63,09,576
TOTAL			46,000		4,34,700	3,72,10,320

4.4 After de-stuffing the cargo, the officers noticed that **4592 boxes** containing 10 pieces each of 1 square feet tiles, were stuffed in the two containers. The officers also, noticed that each corrugated box had a printed description "Finamax Floor Tiles Ceramic | 12"x12" | Floor Tiles" and also had an affixed sticker of 'Grade/Colour' of tile on each box. The officers, during Panchnama noticed that total **45920 Sq Feet (4266.09 Sq. Mtr.)** tiles were found stuffed in the two containers against the declared quantity of **46000 Sq Mtr.** tiles in the Six Shipping Bills. The officers summarized the details of goods in both containers as tabulated below in Table-3:

Table 3: Details of goods found stuffed in two containers meant for export

Container No.	Description of Goods	No. of boxes each containing 10 square feet floor tiles	Quantity of tiles Found (in Sq. Ft.)	Quantity of tiles Found (in Sq. Mtr.)
MSCU3257766	Ceramic Floor Tiles- AS White Premium	420	4200	390.19

GLDU2974427	Ceramic Floor Tiles- 2003 Premium	522	5220	484.95
	Ceramic Floor Tiles- 6015 Premium	438	4380	406.92
	Ceramic Floor Tiles- PL White Premium	401	4010	372.54
	Ceramic Floor Tiles- 9239 Premium	100	1000	92.90
	Ceramic Floor Tiles- 1004 Premium	161	1610	149.57
	Ceramic Floor Tiles- 1010 Premium	150	1500	139.35
	Ceramic Floor Tiles- AST Blue Premium	111	1110	103.12
	Ceramic Floor Tiles- PL White Premium	940	9400	873.29
	Ceramic Floor Tiles- 1001 Premium	99	990	91.97
	Ceramic Floor Tiles- PL Grey Premium	304	3040	282.43
Ceramic Floor Tiles- PLCC Premium		396	3960	367.90
Ceramic Floor Tiles- FS 10 Premium		100	1000	92.90
Ceramic Floor Tiles- 1077 Premium		70	700	65.03
Ceramic Floor Tiles- AS Grey Premium		198	1980	183.95
Ceramic Floor Tiles- 10059 Premium		110	1100	102.19
Ceramic Floor Tiles- 1085 Premium		72	720	66.89
TOTAL		0	4592	45920

4.5 As evident, although the declared quantity by the exporter was of 46000 Sq Meter but upon examination quantity present was of only 4266.09 Sq meters (i.e. 45920 Sq Feet).

4.6 Whereas, on being asked the reason for shortage by the officers, Shri Jayesh Painter informed that he has filed the Shipping Bills on the basis of invoices and documents submitted by the exporter M/s. **D.K. Trading**.

4.7 Based on the packing list and invoice submitted along with the Shipping Bills, the significant shortage in quantity, and physical examination of the goods, the officers had reason to believe that the goods are over-valued and hence, called Shri B.G. Bhatt, Chartered Engineer approved by Customs Ahmedabad for the valuation purposes. After sometime, a person named Shri Akash Naik appeared on behalf on Shri B.G. Bhatt for the purpose of valuation. Shri Akash Naik and Shri Jayesh Painter inspected the destuffed cargo and informed the officers that there are a total of 4592 boxes containing only 4266.09 Sq mtr Ceramic Floor Tiles against the declared quantity of 46000 Sq mtr. which is just 9.3% of the declared quantity. Further, Shri Akash Naik also informed that the tiles are mainly of two types Ceramic Floor Tiles i.e. tiles having Glossy appearance and tiles having Matte appearance. Shri Akash Naik also informed that these two types of tiles also vary in color. Shri Akash Naik during the process of inspection opened random boxes to count the number of tiles contained in each box, measured the size and thickness of same and also took photographs.

4.8 Whereas, on being asked regarding the value of the goods meant for export, Shri Akash Naik informed the officers that he has to take Samples of the said tiles and they will submit the valuation report. Accordingly, 4 set of samples of tiles were drawn from 2003 Premium box which had Glossy appearance and marked A1, A2, A3 & A4 and 4 set of samples of tiles were drawn from AS White Premium box which had Matte appearance and marked as B1, B2, B3 & B4, these were taken from Container MSCU3257766. The officers placed the sample tiles in green envelopes and pasted a paper slip with the individual description A1, A2, A3, A4, B1, B2, B3 and B4 and sealed the said samples with DRI lac seal no 5 which was duly signed by the panchas. Further, the DRI officers in presence of panchas handed over the samples A1 and B1 to Shri Akash Naik, samples A2 and B2 to the officers of Customs, Surat, A3 and B3 to Shri Jayesh Painter and kept the sample A4 and B4 with them.

4.9 Whereas, on being asked regarding the manufacturer of goods entered for exportation under these six Shipping Bills, Shri Jayesh Painter informed that goods were manufactured by Finomax Ceramic, Morbi (GSTIN-24AACAA3349P1Z6) and transported to this CFS under cover of Invoice No. 1042 dated 19.03.2025 issued by Finomax Ceramic. He stated that E-way Bill No. 631878522920 dated 19.03.2025 is mentioned in the two containers and the same has already been submitted along with invoice. The officers and Shri Jayesh Painter noticed that Invoice No. 1042 dated 19.03.2025 issued by Finomax Ceramic mentioned consignee as M/s. **D.K. Trading**, Delhi (GSTIN: 07HHNPD7475M1ZI), and the description of goods was mentioned as 'Ceramic Floor Tiles', Size 12 x 12 (10), Quantity 4600 Box, having Taxable Value Rs. 7,36,000/-, and IGST of Rs. 1,32,480/-.

4.10 Whereas, on being asked regarding the declared total value of Rs.3,72,10,320/- in 6 Shipping bills against the purchase value of Rs.7,36,000/, Shri Jayesh Painter stated that he has filed the Shipping Bills as per the 6 Export Invoices submitted by the exporter M/s. **D.K. Trading**. He further informed that these six shipping bills were filed without claiming any benefit of Drawback and RODTEP but on payment of IGST @18% i.e. of Rs.66,97,857/-.

4.11 The officers, informed Shri Jayesh Patel that goods meant for export under these six Shipping Bills were found mis-declared in terms of Quantity and Value and hence, detained the goods meant for export under six shipping bills mentioned in Table-3 above under the reasonable belief that same are liable to confiscation under Section 113 of Customs Act, 1962.

5. The above detained goods were handed over to Shri Mahendra Patel, Manager, CFS DP World Rail Logistics Pvt Ltd, Surat for safe custody under panchnama dated 29.03.2025 with instructions not to dispose off, remove or part with or otherwise deal with them in any manner without prior written permission of competent officer of Customs/ DRI.

STATEMENTS AND ENQUIRIES:

Statement of CHA

6.1 Summon to M/s Startek Enterprises (CHA) was given on 16.04.2025 (**RUD-3**) and Statement of Shri Abdul Majid Ansari, G-Card Holder of the firm Startek Enterprises, registered at 15, Rang Avdhut, V-2, Nr. Ramnagar, Rander Road, Surat, was recorded on 30.04.2025 (**RUD-4**) under Section 108 of the Customs Act, 1962 wherein he *inter-alia* stated that:

6.2 He holds G-card bearing no. G/58/2019 valid up to 20.06.2029. His personal e-mail id is majidansari90330@gmail.com and company email-id is startekenterprisecha@gmail.com.

6.3 He started a firm Startek Enterprise, proprietorship firm in the name of his wife Smt. Farheen Kouser Ansari, which uses F-card of Shri Hasib Shaikh. He looks after the work pertaining to clearing, sales, marketing and accounting related activities for said firm at the Customs Station Hazira/ Dahej/ Surat.

6.4 In reference of M/s. **D.K. Trading**, he used to communicate with a person named Shri Praveen on mobile no. 8447203063 for export related work at Hazira port and that Shri Praveen wanted to export tiles from Hazira Port to Jebal Ali, Dubai;

6.5 Before starting the clearance work for M/s. **D.K. Trading**, his company did the KYC mentioned of the M/s. **D.K. Trading** based on GST Registration Certificate, IEC, KYC Form, Office Registration documents, Pan Card and Aadhar Card of Proprietor, Bank AD Code letter and all the documents were shared on their company's email id startekenterprisecha@gmail.com.

6.6 He asked M/s. **D.K. Trading** to send an authorization letter in the name of his company for submission to customs, if the charges were acceptable to them.

6.7 Subsequently, their company received the export invoices and on the basis of the said export invoices Shri Jayesh Painter, an Executive in their company, prepared the checklist and shared the same to M/s. **D.K. Trading** on email. After checking the same, M/s. **D.K. Trading** informed that in the checklist for Invoice 01 to 03 the date of invoice has been mentioned wrongly as 20.02.2025 instead of 20.03.2025 and asked to revise the same. Shri Jayesh revised the same and sent it again via email to M/s. **D.K. Trading** for acceptance. After M/s. **D.K. Trading** affirmed the correctness of the Checklist, Shri Jayesh Painter again sent an email inquiring if he should file Shipping Bill for the same. After M/s. **D.K. Trading** said yes via email, the shipping bills were filed. After filing of Shipping Bill, Shri Jayesh Painter e-mailed again to M/s. **D.K. Trading** seeking tax invoice of purchase of goods and e-way bill and the number of containers as these were sought since the said exporter is a merchant exporter. Further, during assessment of the said goods the purchase invoice of goods is required by the Customs officer for assessment.

6.8 Perused the panchnama dated 29.03.2025 and the documents submitted by Shri Jayesh Painter during the Panchnama. He stated that there was an error in mentioning of unit of measurement and Sq meter was mentioned in place of Sq ft.

6.9 The purchase of the exporter as per invoice was of Rs.1,70,63,792/- whereas, as per customs norms the maximum amount that could be exported for such purchase was of Rs. 2,55,95,688/- (i.e. 150% of the purchase price) and the same was calculated by Shri Jayesh Painter but as per export invoices the total was coming to be about Rs.3,72,10,320/-. He further stated that after noticing this discrepancy, Shri Jayesh Painter asked the reasons of the same to Shri Praveen who replied that the same will be answered in due course. He further stated that in invoices, the total quantity of goods being exported tallied with the invoice of Finomax Floor Tiles at page no 25 while the invoices at page no. 19 to 24 wherein the seller was mentioned as S.K. Enterprises were just made up to adjust the gap between the purchase value and the export value. Further, reason of the same has also not been communicated to them by Shri Praveen.

Statement of Accountant of D.K. TRADING:

7.1 In response to Summon issued to Shri Praveen (**RUD-5**), Mahesh Soni, S/o Shri Karan Singh, Age-43 Years (D.O.B 20.07.1982), Accountant of M/s. **D.K. Trading** appeared on 12.06.2025 and his statement was recorded (**RUD-6**) under Section 108 of the Customs Act, 1962 wherein he *inter-alia* stated that:

7.2 His personal e-mail id is maheshsoni1982@gmail.com and company email-id is tradersdk146@gmail.com. His company has bank account with Bank of Baroda, MSME branch, Loni Road, Delhi having account number 89840200003568.

7.3 Shri Pankaj Sharma offered him a job as an accountant in the firm M/s. **D.K. Trading** in Nov-2024.

7.4 Shri Pankaj Sharma used to contact on WhatsApp only from the number +00971501584771. He does not know where Shri Pankaj Sharma resided but usually Shri Pankaj Sharma used to inform that he is in Dubai for work and he met Shri Pankaj Sharma only twice.

7.5 On perusal of statement of Shri Abdul Majid Ansari dated 30.04.2025, he stated that he had introduced himself as Shri Praveen to Shri Abdul Majid Ansari on the instructions of Shri Pankaj Sharma. He looked after accounting work for M/s. **D.K. Trading** and on the instructions of Shri Pankaj Sharma used to communicate with Shri Abdul Majid Ansari on his mobile regarding documentation and export from the firm. He approached Shri Abdul Majid Ansari on the instruction of Shri Pankaj Sharma for export of tiles from Hazira Port to Jebel Ali, Dubai.

7.6 Further, Shri Mahesh Soni stated that he had not prepared the export invoices, the export invoices were shared to him and on the instructions of Shri Pankaj Sharma, he had sent it to the CHA for filing of Shipping Bill for export; that thereafter the CHA would prepare a checklist and get it approved from him on email; that he provided CHA with the purchase invoices which were locally procured from S.K. Enterprises on the instructions of Shri Pankaj Sharma; that all the invoices were shared to him by Shri Pankaj Sharma through WhatsApp which he was instructed to share with the CHA.

7.7 The CHA had asked him as to why the total of all the purchase invoices given to them amounted to Rs.1,70,63,792/- and as per customs norms the maximum amount that can be exported for such purchase was Rs.2,55,95,688/- but their export invoices were raised for about Rs.3,72,10,320/- but he got no reply from Shri Pankaj Sharma.

7.8 Although, the total quantity of goods being exported tally with the invoice of Finomax Floor Tiles which was mentioned at page no 25, however, the purchase invoices at page no. 19 to 24 in the name of seller S.K. Enterprises were nothing but fake entries made to adjust the gap between the purchase value and the export value.

7.9 He had never met Shri Deepak, Proprietor of M/s. **D.K. Trading** and as per his knowledge all the work of M/s. **D.K. Trading** was looked after by Shri Pankaj Sharma and Shri Deepak was a dummy proprietor.

7.10 He had never contacted anyone for export or for purchase order for export or for purchasing tiles from Finomax Floor Tiles or S.K. Enterprises and everything was managed by Shri Pankaj Sharma.

7.11 Shri Pankaj Sharma provided him with the invoices which already had the signature on them so he does not know who used to sign the invoices.

7.12 Shri Pankaj Sharma used to manage all the banking transaction related to the payments to CHA, supplier, logistic and payments related to Customs and GST and Shri Pankaj Sharma was the one managing all these services and all the banking transactions.

7.13 Perused the printout of email dated 13.05.2025 and stated that on 13.05.2025 the shop was closed as he was instructed by Shri Pankaj Sharma to not go to office, so the office was closed and normally, he does not sit in the office all the days and usually sit whenever Shri Pankaj Sharma instructs him to sit.

Statement of Proprietor

8. Summon to Shri Deepak, Proprietor of M/s. **D.K. Trading**, registered at Lower Ground Floor, A-38, Pvt Shop No. B-1, Madhu Vihar, Delhi- 110092 was issued on 16.04.2025, 07.05.2025 and 05.06.2025 (**RUD-7**).

9. Shri Deepak did not comply with the summons and did not join the investigation, thus a criminal complaint bearing number 194445/2025 (**RUD-8**) under Section 208 and 210 of the Bhartiya Nyay Sanhita, 2023 read with Section 108 of the Customs Act, 1962 has been filed against Shri Deepak on 01.09.2025 in the CJM Court, Surat.

SEIZURE OF GOODS:

10.1 Whereas, in view of the purchase invoice produced and mis-declaration in terms of value and quantity found during Panchnama dated 29.03.2025, the declared value was required to be rejected in terms of Rule 8 of Customs Valuation (Determination of Value of Export Goods) Rules, 2007. As per Rule 3 of Customs Valuation (Determination of Value of Export Goods) Rules, 2007, re-determination of value was done by sequentially moving from Rule 4 to Rule 6 of Customs Valuation (Determination of Value of Export Goods) Rules, 2007. Further, Rule 4 of Customs Valuation (Determination of Value of Export Goods) Rules, 2007, was not applicable as goods in like kind and quality exported at or about the same time to other buyers in the same destination country of importation were not available. Accordingly, the valuation was done under Rule 5 of Customs Valuation (Determination of Value of Export Goods) Rules, 2007, based on the purchase invoice, physical examination and the valuation report of Shri B.G. Bhatt. Therefore, in exercise of the powers conferred under Section 110(1) of the Customs, Act, 1962, the goods mentioned in Table-3 that is **4592 Boxes** of Ceramic Floor Tiles declared as 'FANCY CERAMIC WALL TILES' under CTI '69072200' with redetermined value of **Rs.11,48,000/-** (Rupees Eleven Lacs Forty Eight Thousand only) were seized via seizure memo dated 04.04.2025, under the reasonable belief that the same are liable for confiscation under Section 113 of Customs Act, 1962.

10.2 Whereas, Shri B.G. Bhatt vide email dated 04.04.2025 shared the Valuation report dated 03.04.2025 (**RUD-9**) wherein he stated that the said goods are Ceramic tiles of 12"X12" and 05mm thickness, suitable for flooring on horizontal plane which can be glossy finished for indoor rooms and matte finished for slippery area like toilet, parking etc., based upon need. Similar type of tiles are priced in the range of Rs.125/Box to Rs.170/Box. Further, the Declared quantity does not tally with the weight of the container, the weight is coming to 600 MT which is impossible to stuff and transport in 2x20'containers and similar type of tiles are having range from Rs.125/Box to Rs.254/Box as per the surface finish hence the estimated value considered was Rs.250/Box. Accordingly, the estimated value of the inspected containers is $4592 \text{ Boxes} \times \text{Rs.250/Box} = \text{Rs.11,48,000/-}$ (**Rupees Eleven Lacks Forty-Eight Thousand only**) and it was opined that the rate mentioned in the export invoice does not sound reasonable and is actually grossly inflated compared to the average market rate for the purchase of 4592 boxes by a single customer. Accordingly, considering margin of profit as well as incidental expenses from the point of purchase to port of discharge, Shri B.G. Bhatt has considered Rs. 250/Box of 10 tiles as reasonable value and thus 4,592 boxes have been valued at **Rs.11,48,000/-** for the export purpose.

10.3 Thus, the details of goods as examined under Panchnama dated 29.03.2025 and their value as per valuation report dated 03.04.2025 of Shri B.G. Bhatt is tabulated in Table-4:

Table 4: Details of goods and its value meant for export by D.K. TRADING

Container No.	Description of Goods	No. of boxes each containing 10 square feet floor tiles	Quantity of tiles Found (in Sq. Mtr.)	Value as per Chartered Engineer
MSCU3257766	Ceramic Floor Tiles- AS White Premium	420	390.19	105000
	Ceramic Floor Tiles- 2003 Premium	522	484.95	130500
	Ceramic Floor Tiles- 6015 Premium	438	406.92	109500
	Ceramic Floor Tiles- PL White Premium	401	372.54	100250
	Ceramic Floor Tiles- 9239 Premium	100	92.90	25000
	Ceramic Floor Tiles- 1004 Premium	161	149.57	40250
	Ceramic Floor Tiles- 1010 Premium	150	139.35	37500
	Ceramic Floor Tiles- AST Blue Premium	111	103.12	27750
GLDU2974427	Ceramic Floor Tiles- PL White Premium	940	873.29	235000
	Ceramic Floor Tiles- 1001 Premium	99	91.97	24750
	Ceramic Floor Tiles- PL Grey Premium	304	282.43	76000
	Ceramic Floor Tiles- PLCC Premium	396	367.90	99000
	Ceramic Floor Tiles- FS 10 Premium	100	92.90	25000
	Ceramic Floor Tiles- 1077 Premium	70	65.03	17500
	Ceramic Floor Tiles- AS Grey Premium	198	183.95	49500
	Ceramic Floor Tiles- 10059 Premium	110	102.19	27500
	Ceramic Floor Tiles- 1085 Premium	72	66.89	18000
TOTAL		0	4592	11,48,000

10.4 In exercise of the powers conferred under Section 110(1) of the Customs, Act, 1962, the goods mentioned in Table-4 that is **4592 Boxes** of Ceramic Floor Tiles declared as 'FANCY CERAMIC WALL TILES' under CTI '69072200' totally valued at **Rs.11,48,000/-** (Rupees Eleven Lacs Forty Eight Thousand only) were seized via seizure memo dated 04.04.2025(**RUD-10**), under the reasonable belief that the subject goods having declared value of Rs. 3,72,10,320/- and redetermined value of Rs. 11,48,000/- are liable for confiscation under Section 113 of Customs Act, 1962.

MISCELLANEOUS CORRESPONDANCES IN THE MATTER:

11.1 A letter vide F. No. DRI/AZU/B/INV-01(INT-01)/2025 dated 15.04.2025 was issued by the Deputy Director, DRI, Regional Unit, Surat to the Additional Commissioner of Customs, in charge of Export, Hazira Port communicating no objection to the provisional release of seized goods meant for export in case of M/s. **D.K. Trading**. The said letter mentioned that the goods detained under Panchnama dated 29.03.2025 were seized vide seizure memo dated 04.04.2025, and it was also communicated that DRI, Surat office has no objection for provisional release for the detained goods, other than the samples withdrawn, subject to the compliance of the conditions mentioned in Para 4(c) of circular 01/2011-Customs dated 04.01.2011. It was also stated/clarified in respect of the email dated 08.04.2025 from Hazira Export, requesting NOC for release of container No. MSCU3257766 and GLDU2974427 that the subject goods were de-stuffed and examined in CFS, DP World Rail Logistics Pvt Ltd, Surat and only the goods were detained and handed over to Shri Mahendra Patel and Shri Jayesh Painter vide Panchnama dated 29.03.2025 and that this office has not detained any containers, thus no NOC was required for release of the said containers.

11.2 A letter vide F. No. DRI/AZU/B/INT-01/2025 dated 07.05.2025 issued by Assistant Director, DRI, Regional Unit, Surat addressed to Deputy Commissioner of CGST and CE Commissionerate, Delhi East, Delhi requesting to provide the GSTR-1, 2A/2B and 3B of D.K. TRADING from November 2024 and also requesting to arrange delivery of summons to D.K. TRADING as the same was undelivered by post remarks as "no such person/entity available".

11.3 Received an e-mail dated 13.05.2025 from Division- Laxmi Nagar, CGST Delhi East enclosing a letter addressed to GSTO (Ward-80), Department of Trade and Taxes, Room No. 819, 8th Floor, Vyapar Bhawan, I.P. Estate, New Delhi issued by Deputy Commissioner, Division- Laxmi Nagar, CGST Delhi-East vide which it was informed that as M/s. **D.K. Trading** falls under state Jurisdiction, the issue was entrusted to them. Further DC, CGST Delhi- East also communicated the fact that their office had also tried to deliver summons but found the firm at the

registered address non-existent and the officer had prepared a Visit Report (Reg 30) alongwith photos of premises attached and the DC, CGST Delhi-East also requested the jurisdictional State GST to take further necessary action at their end as per CGST Act, 2017.

11.4 Thereafter it was observed on the GSTN portal that the registration of D.K. Trading was cancelled by the officer of State GST effective from the date of registration that is 30.11.2024.

FINANCIAL INVESTIGATION:

12.1 A letter vide F. No. DRI/AZU/B/INV-01(INT-01)/2025 dated 22.05.2025 issued by Senior Intelligence Officer, DRI, Regional Unit, Surat addressed to Bank Manager, Bank of Baroda, Surat bearing DIN: 202505DDZ1000000E032 requesting to provide Bank Account Statement relating to Shri Deepak and all accounts linked to PAN No. HHNPD7475M (**RUD-11**) was written.

12.2 Bank of Baroda vide email dated 23.05.2025 (**RUD-12**) shared the details of current account and a savings bank account related to the Pan Card.

12.3 Scrutiny and analysis of Bank account statement of account No. 89840200003568 revealed that the account was opened on 05.03.2025 and on 16.03.2025, a deposit of Rs. 10,00,000/- and on 18.03.2025 remittance of Rs.8,68,480/- was done which was for the purchase of tiles done from Finomax Ceramic India. Also, on 25.04.2025 a remittance of Rs.36,000/- was done to DP World. The scrutiny of the bank account reveals that the company was not involved in any genuine trading business and had only done payments to Finomax Ceramic, the bank account does not reveal any transactions to S.K. Enterprises whose invoices were kept in the documents submitted by the CHA.

12.4 Scrutiny and analysis of Bank account statement of account No. 06430100084743 revealed that no major transaction has been done through the said account and it appears that this account was not yet being used for any business transactions.

12.5 The financial investigation of the bank account of the said company revealed that the amount infused into the company's bank account was for the payment for the goods, transportation and the charges for handling of cargo. The account was also opened just before the export was to be done on 01.03.2025.

SCRUTINY OF GST RETURNS:

13.1 Scrutiny from the GST portal, revealed that GSTR-1 returns were filed by M/s. **D.K. Trading** for the month of Nov-2024, December-2024 and Jan-2025 and all the said returns were filed nil which indicates that no sales were done by M/s. **D.K. Trading** during these months as reflected by the company on the GST portal.

13.2 Further it was revealed that GSTR-3B returns were also filed by M/s. **D.K. Trading** for the month of Nov-2024 and December-2024 and both the said returns were also Nil which indicates that no purchase was done by M/s. **D.K. Trading** and no sale was done by M/s. **D.K. Trading** in the said months.

13.3 Also when the Input Tax Credit Ledger of M/s. **D.K. Trading** was checked it was revealed that there was no Input Tax Credit available in the GST Ledger account of M/s. **D.K. Trading**.

ANALYSIS OF DOCUMENTS AND EVIDENCES:

14.1 Documents resumed during examination were analyzed and it was seen that the premises was taken on rent since 10.09.2024 for 11 months, GST registration was taken on 30.11.2024, IEC was taken on 04.12.2024 and the current account was opened on 01.03.2025.

14.2 It was further noticed that the purchase Invoice No. 1042 dated 19.03.2025 issued by Finomax Ceramic is having consignee M/s. **D.K. Trading**, Delhi (GSTIN: 07HHNPD7475M1ZI), the description of goods as 'Ceramic Floor Tiles', Size 12 x 12 (10), Quantity 4600 Box, Taxable Value Rs. 7,36,000/-, IGST 1,32,480/-.

14.3 Apart from the purchase Invoice No. 1042 dated 19.03.2025 issued by Finomax Ceramic to them, M/S D.K. Trading had submitted six other invoices purportedly issued by M/S S K Enterprises (GSTN 07BQMPN4394P1ZU) to them for supply of tiles. These were retrieved under panchnama from the CHA during examination of goods.

14.4 Since the goods found during examination tallied broadly with the description and value indicated against invoice of Finomax Ceramic, it is evident that the remaining purchase invoices in the name of S K Enterprises were not genuine and were sent by M/s. **D.K. Trading** to the CHA to be produced before the Customs Authority only to fill the gap between purchase value and export value and to fill the gap between purchase quantity and export quantity. Thus, the declared total value of the tiles at Rs.3,72,10,320/- in total 6 Shipping bills against purchase value of Rs. 7,36,000/- from Finomax Ceramics was sought to be justified by showing fake purchase invoices and misdeclaration of quantity by cleverly using Sq Meters in place of square feet.

14.5 However, none of the purchase invoices produced by CHA of M/s. **D.K. Trading** were being reflected in GSTR 2A/2B of M/s. D.K. Trading

LEGAL PROVISIONS IN RESPECT OF EXPORT:

15. *Customs Act, 1962*

15.1.1 *Section 2 (18):*

"export", with its grammatical variations and cognate expressions, means taking out of India to a place outside India;

15.1.2 *Section 2 (19):*

"export goods" means any goods which are to be taken out of India to a place outside India;

15.1.3 *Section 2 (20):*

"exporter", in relation to any goods at any time between their entry for export and the time when they are exported, includes any owner, beneficial owner or any person holding himself out to be the exporter;

15.1.4 *Section 2 (22):*

"goods" includes (a) vessels, aircrafts and vehicles; (b) stores; (c) baggage; (d) currency and negotiable instruments; and (e) any other kind of movable property;

15.1.5 *Section 2 (39):*

"smuggling", in relation to any goods, means any act or omission which will render such goods liable to confiscation under Section 111 or Section 113;

15.2 *Section 11H (a):*

"Illegal export" means the export of any goods in contravention of the provisions of this Act or any other law for the time being in force;

15.3 *Section 14: Valuation of goods. -*

(1) For the purposes of the Customs Tariff Act, 1975 (51 of 1975), or any other law for the time being in force, the value of the imported goods and export goods shall be the transaction value of such goods, that is to say, the price actually paid or payable for the goods when sold for export to India for delivery at the time and place of importation, or as the case may be, for export from India for delivery at the time and place of exportation, where the buyer and seller of the goods are not related and price is the sole consideration for the sale subject to such other conditions as may be specified in the rules made in this behalf:

Provided that such transaction value in the case of imported goods shall include, in addition to the price as aforesaid, any amount paid or payable for costs and services, including commissions and brokerage, engineering, design work, royalties and licence fees, costs of transportation to the place of importation, insurance, loading, unloading and handling charges to the extent and in the manner specified in the rules made in this behalf:

Provided further that the rules made in this behalf may provide for,-

- (i) the circumstances in which the buyer and the seller shall be deemed to be related;
- (ii) the manner of determination of value in respect of goods when there is no sale, or the buyer and the seller are related, or price is not the sole consideration for the sale or in any other case;
- (iii) the manner of acceptance or rejection of value declared by the importer or exporter, as the case may be, where the proper officer has reason to doubt the truth or accuracy of such value, and determination of value for the purposes of this section;
- [iv) the additional obligations of the importer in respect of any class of imported goods and the checks to be exercised, including the circumstances and manner of exercising thereof, as the Board may specify, where, the Board has reason to believe that the value of such goods may not be declared truthfully or accurately, having regard to the trend of declared value of such goods or any other relevant criteria

Provided also that such price shall be calculated with reference to the rate of exchange as in force on the date on which a bill of entry is presented under section 46, or a shipping bill of export, as the case may be, is presented under section 50.

(2) Notwithstanding anything contained in sub-section (1), if the Board is satisfied that it is necessary or expedient so to do, it may, by notification in the Official Gazette, fix tariff values for any class of imported goods or export goods, having regard to the trend of value of such or like goods, and where any such tariff values are fixed, the duty shall be chargeable with reference to such tariff value.

Explanation. -

For the purposes of this section -

(a) "rate of exchange" means the rate of exchange -

- (i) determined by the Board, or
- (ii) ascertained in such manner as the Board may direct, for the conversion of Indian currency into foreign currency or foreign currency into Indian currency;

(b)"foreign currency" and "Indian currency" have the meanings respectively assigned to them in clause (m) and clause (q) of section 2 of the Foreign Exchange Management Act, 1999 (42 of 1999).]

15.4 Section 17: Assessment of duty. -

(1) An importer entering any imported goods under section 46, or an exporter entering any export goods under section 50, shall, save as otherwise provided in section 85, self-assess the duty, if any, leviable on such goods.

(2) The proper officer may verify the entries made under section 46 or section 50 and the self-assessment of goods referred to in sub-section (1) and for this purpose, examine or test any imported goods or export goods or such part thereof as may be necessary.

Provided that the selection of cases for verification shall primarily be on the basis of risk evaluation through appropriate selection criteria.

(3) For 5 [the purposes of verification] under sub-section (2), the proper officer may require the importer, exporter or any other person to produce any document or information, whereby the duty leviable on the imported goods or export goods, as the case may be, can be ascertained and thereupon, the importer, exporter or such other person shall produce such document or furnish such information.

(4) Where it is found on verification, examination or testing of the goods or otherwise that the self- assessment is not done correctly, the proper officer may, without prejudice to any other action which may be taken under this Act, re-assess the duty leviable on such goods.

(5) Where any re-assessment done under sub-section (4) is contrary to the self-assessment done by the importer or exporter 6 [***] and in cases other than those where the importer or exporter, as the case may be, confirms his acceptance of the said re- assessment in writing, the proper officer shall pass a speaking order on the re-assessment, within fifteen days from the date of re-assessment of the bill of entry or the shipping bill, as the case may be.

7 [***]

Explanation. - For the removal of doubts, it is hereby declared that in cases where an importer has entered any imported goods under section 46 or an exporter has entered any export goods under section 50 before the date on which the Finance Bill, 2011 receives the assent of the President, such imported goods or

export goods shall continue to be governed by the provisions of section 17 as it stood immediately before the date on which such assent is received.]

15.5 Section 50: Entry of goods for exportation

(1) The exporter of any goods shall make entry thereof by presenting [electronically] [on the customs automated system] to the proper officer in the case of goods to be exported in a vessel or aircraft, a shipping bill, and in the case of goods to be exported by land, a bill of export (in such form and manner as may be prescribed):

Provided that the [Principal Commissioner of Customs or Commissioner of Customs] may, in cases where it is not feasible to make entry by presenting electronically [on the customs automated system], allow an entry to be presented in any other manner.]

(2) The exporter of any goods, while presenting a shipping bill or bill of export, shall make and subscribe to a declaration as to the truth of its contents.

(3) The exporter who presents a shipping bill or bill of export under this section shall ensure the following, namely: -

- (a) the accuracy and completeness of the information given therein;*
- (b) the authenticity and validity of any document supporting it; and*
- (c) compliance with the restriction or prohibition, if any, relating to the goods under this Act or under any other law for the time being in force.*

15.6 SECTION 113:

(h): any goods which are not included or are in excess of those included in the entry made under this Act, or in the case of baggage in the declaration made under section 77;

[(i) any goods entered for exportation which do not correspond in respect of value or in any material particular with the entry made under this Act or in the case of baggage with the declaration made under section 77;]

(ja) any goods entered for exportation under claim of remission or refund of any duty or tax or levy to make a wrongful claim in contravention of the provisions of this Act or any other law for the time being in force;] (d): any goods attempted to be exported or brought within the limits of any customs area for the purpose of being exported, contrary to any prohibition imposed by or under this Act or any other law for the time being in force, shall be liable to confiscation.

15.7 Section 114:

(iii) in the case of any other goods, to a penalty not exceeding the value of the goods, as declared by the exporter or the value as determined under this Act, whichever is the greater;

15.8 Section 114AA:

Penalty for use of false and incorrect material-

If a person knowingly or intentionally makes, signs or uses, or causes to be made, signed or used, any declaration, statement or document which is false or incorrect in any material particular, in the transaction of any business for the purposes of this Act, shall be liable to a penalty not exceeding five times the value of goods.

15.9 Section 114AC:

Penalty for fraudulent utilization of input tax credit for claiming refund-

Where any person has obtained any invoice by fraud, collusion, willful misstatement or suppression of facts to utilize input tax credit on the basis of such invoice for discharging any duty or tax on goods that are entered for exportation under claim of refund of such duty or tax, such person shall be liable for penalty not exceeding five times the refund claimed.

16 Foreign Trade (Development and Regulation) Act, 1992

16.1 Section 11 (1):

No export or import shall be made by any person except in accordance with the provisions of this Act, the rules and orders made there under and the foreign trade policy for the time being in force.

17. Customs Valuation (Determination of Value of Export Goods) Rules, 2007

17.1.1 Rule 2:

Definitions-

(1) In these rules, unless the context otherwise requires, -

(a) "goods of like kind and quality" means export goods which are identical or similar in physical characteristics, quality and reputation as the goods being valued, and perform the same functions or are commercially interchangeable with the goods being valued, produced by the same person or a different person; and

(b) "transaction value" means the value of export goods within the meaning of sub-section (1) of section 14 of the Customs Act, 1962 (52 of 1962).

(2)	<i>For the purposes of these rules, persons shall be deemed to be "related" only if -</i>
(i)	<i>they are officers or directors of one another's businesses;</i>

	(ii)	<i>they are legally recognized partners in business;</i>
	(iii)	<i>they are employer and employee;</i>
	(iv)	<i>any person directly or indirectly owns, controls or holds five per cent or more of the outstanding voting stock or shares of both of them;</i>
	(v)	<i>one of them directly or indirectly controls the other;</i>
	(vi)	<i>both of them are directly or indirectly controlled by a third person;</i>
	(vii)	<i>together they directly or indirectly control a third person; or</i>
	(viii)	<i>they are members of the same family.</i>
		<i>Explanation I. - The term "person" also includes legal persons.</i>
		<i>Explanation II. - Persons who are associated in the business of one another in that one is the sole agent or sole distributor or sole concessionaire, howsoever described, of the other shall be deemed to be related for the purpose of these rules, if they fall within the criteria of this sub-rule.</i>

17.1.2. Rule 3. Determination of the method of valuation. -

- (1) *Subject to rule 8, the value of export goods shall be the transaction value.*
- (2) *The transaction value shall be accepted even where the buyer and seller are related, provided that the relationship has not influenced the price.*
- (3) *If the value cannot be determined under the provisions of sub-rule (1) and sub-rule (2), the value shall be determined by proceeding sequentially through rules 4 to 6.*

17.1.3 Rule 4. Determination of export value by comparison. -

- (1) *The value of the export goods shall be based on the transaction value of goods of like kind and quality exported at or about the same time to other buyers in the same destination country of importation or in its absence another destination country of importation adjusted in accordance with the provisions of sub-rule (2).*
- (2) *In determining the value of export goods under sub-rule (1), the proper officer shall make such adjustments as appear to him reasonable, taking into consideration the relevant factors, including-*
 - (i) *difference in the dates of exportation,*
 - (ii) *difference in commercial levels and quantity levels,*
 - (iii) *difference in composition, quality and design between the goods to be assessed and the goods with which they are being compared,*

(iv) difference in domestic freight and insurance charges depending on the place of exportation.

17.1.4 Rule 5. Computed value method. -

If the value cannot be determined under rule 4, it shall be based on a computed value, which shall include the following: -

- (a) cost of production, manufacture or processing of export goods;*
- (b) charges, if any, for the design or brand;*
- (c) an amount towards profit.*

17.1.5 Rule 6. Residual method. -

(1) Subject to the provisions of rule 3, where the value of the export goods cannot be determined under the provisions of rules 4 and 5, the value shall be determined using reasonable means consistent with the principles and general provisions of these rules provided that local market price of the export goods may not be the only basis for determining the value of export goods

17.1.6 Rule 8. Rejection of declared value. -

(1) When the proper officer has reason to doubt the truth or accuracy of the value declared in relation to any export goods, he may ask the exporter of such goods to furnish further information including documents or other evidence and if, after receiving such further information, or in the absence of a response of such exporter, the proper officer still has reasonable doubt about the truth or accuracy of the value so declared, the transaction value shall be deemed to have not been determined in accordance with sub-rule (1) of rule 3.

2) At the request of an exporter, the proper officer shall intimate the exporter in writing the ground for doubting the truth or accuracy of the value declared in relation to the export goods by such exporter and provide a reasonable opportunity of being heard, before taking a final decision under sub-rule (1).

Explanation. - (1) For the removal of doubts, it is hereby declared that-

(i) This rule by itself does not provide a method for determination of value, it provides a mechanism and procedure for rejection of declared value in cases where there is reasonable doubt that the declared value does not represent the transaction value; where the declared value is rejected, the value shall be determined by proceeding sequentially in accordance with rules 4 to 6.

(ii) *The declared value shall be accepted where the proper officer is satisfied about the truth or accuracy of the declared value after the said inquiry in consultation with the exporter.*

(iii) *The proper officer shall have the powers to raise doubts on the declared value based on certain reasons which may include-*

(a) *the significant variation in value at which goods of like kind and quality exported at or about the same time in comparable quantities in a comparable commercial transaction were assessed.*

(b) *the significantly higher value compared to the market value of goods of like kind and quality at the time of export.*

(c) *the declaration of goods in parameters such as description, quality, quantity, year of manufacture or production.*

DISCUSSION ON THE EVIDENCES:

18.1 During examination under Panchnama dated 29.03.2025 it was found that total **4592 boxes** each containing 10 pieces of 1 square feet tiles were stuffed in the two containers against the declared quantity of **4600 boxes**. Only **4266.09 Sq. Mtr. (45920 Sq. Ft.)** tiles were found stuffed in the two containers as against the declared quantity of **46000 Sq Mtr.** It was also noticed that the corrugated boxes had description 'Finomax Floor Tiles Ceramic | 12" x 12" | Floor Tiles' while as per the Shipping Bill's, it was the description was 'Fancy Ceramic Wall Tiles'.

18.2 Further, the declared value of goods in the subject 6 Shipping Bills and corresponding 6 Export Invoices was **US \$4,34,700/-** and the declared **FOB Value** was **Rs. 3,72,10,320/-**. On being asked regarding the manufacturer of goods entered for exportation under six Shipping Bills, the CHA of the firm informed that goods were manufactured by Finomax Ceramic, Morbi (GSTIN- 24AACAA3349P1Z6) and transported to the CFS in the two containers under cover of Invoice No. 1042 dated 19.03.2025 issued by Finomax Ceramic along with E-way Bill No. 631878522920 dated 19.03.2025. He submitted a copy each of the said invoice and e-way bill. It was noticed that Invoice No. 1042 dated 19.03.2025 issued by Finomax Ceramic had D.K. TRADING., Delhi (GSTIN: 07HHNPD7475M1ZI), as the consignee with declared Taxable Value of Rs. 7,36,000/- and IGST of Rs. 1,32,480/-.

18.3 Based on the packing list and invoice submitted along with the Shipping Bill, the shortage in quantity, physical examination of the goods and the huge difference in purchase value and export value of goods, the goods appeared to

be over-valued and the officers called Shri B.G. Bhatt, Chartered Engineer approved by Customs Ahmedabad for detailed valuation.

18.4 Shri B.G. Bhatt vide its Valuation report dated 03.04.2025 reported that the subject goods are Ceramic tiles of 12"X12" and 05mm thickness, suitable for flooring on horizontal plane, having glossy finish for indoor rooms and matte finish for toilet, parking etc. He reported that similar type of tiles are having range from Rs.125/Box to Rs.170/Box. He also reported that declared quantity does not tally with the weight of the container, as for 46000 Sq mtr of tiles, approximately weight comes to 600 MT and same is not possible to be stuffed and transported in 2 two 20 Ft containers. He considered the maximum value of tiles per box as Rs. 250/- per box. Accordingly, the estimated value of the inspected containers comes to 4592 Boxes X Rs.250 = **Rs.11,48,000/- (Rupees Eleven Lacks Forty-Eight Thousand only)**. It was also opined the rate mentioned in the export invoice is not reasonable and is exorbitantly inflated and overpriced than the average market rate. He considered the rate of Rs. 250/- per box after considering whole scenario including profit and incidental expenses and thus arrived at value of Rs. **11,48,000/-** for the export purpose.

18.5 Whereas, on the basis of examination under Panchnama, the purchase invoice of M/s. **D.K. Trading** and valuation report of Shri B.G Bhatt, Custom approved Valuer, the declared value of the subject goods was rejected as per Rule 8 of Customs Valuation (Determination of Value of Export Goods) Rules, 2007 and as per Rule 3 of Customs Valuation (Determination of Value of Export Goods) Rules, 2007, re-determination of value was done by sequentially moving from Rule 4 to Rule 6 of Customs Valuation (Determination of Value of Export Goods) Rules, 2007. Rule 4 of Customs Valuation (Determination of Value of Export Goods) Rules, 2007, was not applicable as goods in like kind and quality exported at or about the same time to other buyers in the same destination country of importation were not available. Accordingly, the valuation was done under Rule 5 of Customs Valuation (Determination of Value of Export Goods) Rules, 2007, based on the purchase invoice, physical examination and the valuation report of Shri B.G. Bhatt. Therefore, in exercise of the powers conferred under Section 110(1) of the Customs, Act, 1962, the goods mentioned in Table-4 that is **4592 Boxes** of Ceramic Floor Tiles declared as 'FANCY CERAMIC WALL TILES' under CTI '69072200' valued at **Rs.11,48,000/-** (Rupees Eleven Lacs Forty Eight Thousand only) were seized via seizure memo dated 04.04.2025, under the reasonable belief that the same are liable for confiscation under Section 113 of Customs Act, 1962.

18.6 Shri Abdul Majid Ansari, G-Card Holder of the firm Startek Enterprises, authorized representative of M/s. **D.K. Trading**, during his statement dated 30.04.2025, stated that he used to communicate with one Shri Praveen on

mobile no. 8447203063 for export related work of the firm D.K. TRADING. Based on received export invoices, Shri Jayesh Painter, Executive in Startek Enterprises prepared the checklist and shared the same to M/s. **D.K. Trading** on email. Further, on approval given by M/s. **D.K. Trading** Shipping Bills were filed. It was also informed to the exporter to provide purchase invoice for assessment. He further stated that there was an error in mentioning of unit of measurement and Sq meter was mentioned in place of Sq ft. He further stated that the purchase value as per invoice was of Rs.1,70,63,792/- whereas, as per customs norms the maximum amount that could be exported for such purchase was of Rs. 2,55,95,688/- (i.e. 150% of the purchase price) and the same was calculated by Shri Jayesh Painter but as per export invoices the total was coming to about Rs.3,72,10,320/-. He further stated that after noticing this discrepancy, Shri Jayesh Painter questioned the reason of the same from Shri Praveen who in turn replied that the same will be answered in due course. He further stated that in invoices at page no. 19 to 25, the total quantity of goods being exported tallied with the invoice of Finomax Floor Tiles at page no 25 while the invoices at page no. 19 to 24 wherein the seller is S.K. Enterprises, these entries of S.K. Enterprise were just made up to adjust the gap between the purchase value and the export value. Further, reason of the same has also not been answered by Shri Praveen.

18.7 Shri Mahesh Soni during his statement dated 12.06.2025, stated that in Dec-2024 he joined M/s. **D.K. Trading** as accountant. He also stated that he used to maintain the accounts of M/s. **D.K. Trading**, look after filing of GST returns and coordinate with CHA over email for the invoices as per the instructions of Shri Pankaj Sharma who used to contact him on WhatsApp from the number +00971501584771 and that he does not know where Shri Pankaj Sharma resided but usually Shri Pankaj Sharma used to inform that he is in Dubai for work and he had met him only twice. He also stated that on instruction of Shri Pankaj, he had introduced himself with a fake name i.e. as Shri Praveen to Shri Abdul Majid Ansari. He also stated that he had not prepared the export invoices, the export invoices were shared to him and on the instructions of Shri Pankaj Sharma, he had sent it to the CHA for filing of Shipping Bill for export. Shri Mahesh Soni also stated that he has provided purchase invoices which were locally procured from S.K. Enterprises on the instructions of Shri Pankaj Sharma to the CHA. He further stated that he had never met Shri Deepak, Proprietor of M/s. D.K. Trading and all the work of M/s. D.K. Trading was looked after by Shri Pankaj Sharma and Shri Deepak was a dummy proprietor as per his knowledge. He also stated that Shri Pankaj Sharma provided him with the invoices of S.K. Enterprises. Shri Mahesh Soni also stated that the CHA had asked him as to why the total of all the purchase invoices given to them amounted to Rs.1,70,63,792/- and as per customs norms the maximum amount that can be exported for such purchase was Rs.2,55,95,688/-, but as per export

invoices the total was coming to be about Rs.3,72,10,320/- but he had not replied to the same, as Shri Pankaj Sharma had not informed him the reason. Further, Shri Mahesh Soni also stated that although the total quantity of goods being exported tally with the invoice of Finomax Floor Tiles which is mentioned at page no 25, the purchase invoices at page no. 19 to 24 in the name of seller S.K. Enterprises are nothing but the entries just made up to adjust the gap between the purchase value and the export value.

18.8 Scrutiny from the GST portal, revealed that GSTR-1 returns were filed by D.K. TRADING for the month of Nov-2024, December-2024 and Jan-2025 and all the said returns were nil which indicates that no sales were done by M/s. **D.K. Trading** during these months. Further it was revealed that GSTR-3B returns were filed by M/s. **D.K. Trading** for the month of Nov-2024 and December-2024 and both the said returns were also Nil which indicates that no purchase was done by M/s. D.K. Trading.

18.9 Summons were issued to the proprietor of M/s. **D.K. Trading** but he did not comply with the summons and did not join the investigation, thus a criminal complaint bearing number 194445/2025 under Section 208 and 210 of the Bhartiya Nyay Sanhita, 2023 read with Section 108 of the Customs Act, 1962 has been filed against Shri Deepak on 01.09.2025.

18.10 The financial investigation of the bank account of the firm M/s. D.K. Trading revealed that the amount infused into the company's bank account was for the payment for the goods, transportation and the charges for handling of cargo. The account was also opened just before the export was to be done on 01.03.2025.

18.11 Further, there was no credit of IGST in the Ledger of M/s D.K. Trading as on date of filing of Shipping Bill i.e. 28.03.2025. But as per provisions of GST the registered tax persons can file their GSTR-1 of the corresponding month, which shows the sales done by them during the month, before 11th date of subsequent month. After the person files GSTR-1 of the month, the credit flows from his GSTN to the GSTN of the purchaser, which the purchaser can then utilize. Thus, the credit for the purchases done during the month usually flows to the purchaser after the tax person files the GSTR-1 of that month, for which the last date is 11th date of the subsequent month. It is suspected that, in the instant case D.K Trading being the purchaser under GST regime did not have any credit till 29.03.2025 available with him as the tax person from whom D.K Trading would have purchased, had to file the GSTR-1 for the month of March-2025 till 11.04.2025 only after which the credit would have reflected in the ledger of GSTN of D.K. Trading. Thus, if DRI Surat had not intervened and initiated actions which led to cancellation of their GSTN as

discussed in para 10.3 and 10.4 above, M/s D.K. Trading would have succeeded in taking the IGST credit and refund thereafter.

18.12 The statements recorded of CHA, of the accountant of the firm, non-appearance of proprietor of the exporting firm, scrutiny of the documents submitted, examination of the goods, financial investigation and scrutiny of the returns filed on GST portal, re-affirmed the fact that the goods were being grossly overvalued to obtain the IGST refund while the original value of goods was Rs. 7,36,000/- (as per purchase invoice), which is just 9.3% of the declared value of Rs. 3,72,10,320/- and that there was no regular business activity being done by M/s. **D.K. Trading**.

18.13 Further, it was revealed during the investigation that Shri Pankaj Sharma, is the beneficiary owner of the goods and he appeared to be the mastermind for creating a firm, mis-declaring the value and quantity of goods and attempted to export to same to enrich himself by way of refund of IGST. Further, Shri Pankaj Sharma appointed the CHA and accountant for the firm. Shri Pankaj Sharma also was the person who shared invoices and had asked the accountant to introduce himself as Shri Praveen. Shri Pankaj Sharma alone was managing the finances. Further, the money infused into the bank account is yet to be investigated as neither the proprietor nor Shri Pankaj Sharma had joined the investigation. Accordingly, the additional evidences if any, found after further financial investigation and after confronting Shri Deepak (Proprietor of the firm) and Shri Pankaj Sharma the beneficial owner (who is being traced), shall be used for issuance of a supplementary Show-cause notice as applicable.

CONTRAVICTION AND CHARGES:-

19.1 From the foregoing paras, it is evident that goods being exported vide Shipping Bill No. 9439883 dated 28.03.2025, 9440114 dated 28.03.2025, 9440149 dated 28.03.2025, 9440124 dated 28.03.2025, 9440116 dated 28.03.2025 and 9440106 dated 28.03.2025, stuffed in Container No. GLDU2974427 and Container No. MSCU3257766 in the name of the exporter M/s. **D.K. Trading** were mis-declared in terms of quantity and value. It is the responsibility of the exporter to ensure the accuracy and completeness of the information given therein, the authenticity and validity of any document supporting produced relating to goods being exported under this Act or under any other law for the time being in force, thus by mis-declaring the quantity and value of goods to be exported, the exporter **Shri Pankaj Sharma (the beneficiary owner of the goods) acting through M/s. D.K. Trading, proprietorship firm of Shri Deepak** has violated the provisions of **Section 50(2) and 50(3)** of the **Customs Act, 1962** and provisions of **section 11 of Foreign Trade (Development and Regulation) Act, 1992**.

19.2 The attempt to export the impugned goods by way of mis-declaring value and quantity is a violation of Section 14 and Section 50 and, appears to fall under the ambit of 'smuggling' as defined under section 2(39) of the Customs Act, 1962. Further in terms of **Section 11 H(a) of Customs Act, 1962**, the act again amounts to '**illegal export**' by them in as much as they attempted to export the goods in contravention to provisions of Section 14 and section 50 of Customs Act, 1962 read with section 11 of Foreign Trade (Development and Regulation) Act, 1992. As discussed herein above, the subject goods covered under Shipping Bill No. 9439883 dated 28.03.2025, 9440114 dated 28.03.2025, 9440149 dated 28.03.2025, 9440124 dated 28.03.2025, 9440116 dated 28.03.2025 and 9440106 dated 28.03.2025, stuffed in Container No. GLDU2974427 and Container No. MSCU3257766 are to be treated as **smuggled goods** as defined under **section 2(39) of Customs Act, 1962**.

19.3 Any goods which are not included or are in excess of those included in the entry made in Shipping Bills, violates the provision of 113 (h) of Customs Act, 1962. Further any goods entered for exportation which do not correspond in respect of value or in any material particular with the entry made in Shipping Bills, violates the provision of 113 (h) of Customs Act, 1962. Also, any goods entered for exportation under claim of remission or refund of any duty or tax or levy to make a wrongful claim in contravention of the provisions of this Act or any other law for the time being in force violates the provision of 113 (ja) of Customs Act, 1962. In view of above, goods covered under Shipping Bill No. 9439883 dated 28.03.2025, 9440114 dated 28.03.2025, 9440149 dated 28.03.2025, 9440124 dated 28.03.2025, 9440116 dated 28.03.2025 and 9440106 dated 28.03.2025 are liable for confiscation under **Section 113 (h), (i) and (ja)** of the Customs Act, 1962.

19.4 It appears that the **Shri Pankaj Sharma (the beneficiary owner of the goods) acting through M/s. D.K. Trading, proprietorship firm of Shri Deepak** has attempted to export the goods covered under Shipping bills no. Shipping Bill No. 9439883 dated 28.03.2025, 9440114 dated 28.03.2025, 9440149 dated 28.03.2025, 9440124 dated 28.03.2025, 9440116 dated 28.03.2025 and 9440106 dated 28.03.2025 in violation to Section 14 and Section 50 of Customs Act, 1962 and said act on the part of **Shri Pankaj Sharma (the beneficiary owner of the goods) acting through M/s. D.K. Trading, proprietorship firm of Shri Deepak** has rendered the subject goods liable for confiscation under Section 113(h), (i) and (ja), therefore he is liable to penalty under **Section 114 (iii) of the Customs Act, 1962**.

19.5 Further, as the **Shri Pankaj Sharma (the beneficiary owner of the goods) acting through M/s. D.K. Trading, proprietorship firm of Shri Deepak** also gave the export invoices and fake purchase invoices which were not being reflected in GST portal to the Customs authorities for valuation purposes, which also makes him liable to penalty under **Section 114AA of the Customs Act, 1962**.

19.6 Further, **Shri Pankaj Sharma (the beneficiary owner of the goods) acting through M/s. D.K. Trading, proprietorship firm of Shri Deepak** attempted to utilize overvalued invoices during export to utilize input tax credit on the basis of such invoices, which also makes him liable for penalty under **Section 114AC of the Customs Act, 1962.**

19.7 **Whereas, it appears that the value of goods declared by the exporter as Rs. 3,72,10,320/- in the 6 shipping bills is not correct as the transaction value and is liable to be rejected as per Rule 8 of Customs Valuation (Determination of Value of Export Goods) Rules, 2007. The rejected value of export goods is to be re-determined as per Rule 5 of Customs Valuation (Determination of Value of Export Goods) Rules, 2007 on the basis of the purchase invoice, physical examination and the valuation report of Shri B.G. Bhatt, and the re-determined value is Rs.11,48,000/- (Rupees Eleven Lacs Forty-Eight Thousand only).**

19.8 **Shri Mahesh Soni, Accountant of M/s. D.K. Trading acting at the behest of Shri Pankaj Sharma (the beneficiary owner of the goods) helped him in this attempt to export the goods covered under Shipping bills no. Shipping Bill No. 9439883 dated 28.03.2025, 9440114 dated 28.03.2025, 9440149 dated 28.03.2025, 9440124 dated 28.03.2025, 9440116 dated 28.03.2025 and 9440106 dated 28.03.2025 in violation to Section 14 and Section 50 of Customs Act, 1962 by mis-declaring the value and quantity of goods entered for exportation. These acts have rendered the subject goods liable for confiscation under Section 113(h), (i) and (ja), therefore the exporter is liable to penalty under Section 114 (iii) of the Customs Act, 1962. Further, as Shri Mahesh Soni, Accountant of M/s. D.K. Trading, also gave the export invoices and fake purchase invoices which were not being reflected in GST portal to the Customs authorities for valuation purposes and also for claiming input tax credit fraudulently during export, which also makes him liable for penalty under Section 114AA and Section 114AC of the Customs Act, 1962.**

19.9 **M/s. Startek Enterprises, acting as CHA for M/s. D.K. Trading, is alleged to have actively participated in and facilitated the mis-declaration of export goods by preparing and filing the shipping bills, checklists and supporting documentation on the basis of invoices and papers supplied by the exporter without exercising requisite due diligence. The record shows that the CHA's representative prepared the checklist, filed the shipping bills after exporter approval, produced multiple purchase invoices (including those now shown to be fabricated) and omitted to satisfy themselves as to the authenticity and genuineness of the purchase documents relied upon for valuation and export entry. By so doing, M/s. Startek Enterprises materially contributed to the presentation of entries that do not correspond in value or in material particulars with the actual goods entered for exportation and to an**

attempted wrongful claim of IGST refund. These acts attract penal exposure under **Section 114 of the Customs Act, 1962** (penalty in respect of goods liable to confiscation or where the entry is false) and under **Section 114AA of the Customs Act, 1962** (for knowingly using false or incorrect declarations, statements or documents in any material particular), in respect of which M/s. Startek Enterprises may be proceeded against for imposition of penalties and other consequences as provided under law. Further, the CHA's conduct – in particular accepting and submitting purchase invoices that do not figure in GST records, filing shipping bills despite clear discrepancies in unit of measure/quantities and failing to query or escalate the inexplicable gulf between purchase value and declared export value – amounts to rendering active assistance to the scheme to obtain wrongful tax refunds and to conceal the true transaction. Such conduct falls within the scope of the remaining penal provisions specified in this notice and renders the CHA liable for action under **Section 114AB of the Customs Act, 1962** (for offences/contraventions associated with preparation, issuance or use of forged/fabricated documents and related misfeasance) and **Section 117 of the Customs Act, 1962** (for other ancillary penalties/administrative consequences and enforcement measures available under the Act).

20. Now, therefore, M/s. **D.K. Trading** (IEC- HHPD7475M) having its office located at Lower Ground Floor, A-38, Pvt Shop No. B-1, Madhu Vihar, Delhi- 110092, is hereby called upon to show cause in writing to the Additional / Joint Commissioner of Customs, Ahmedabad having office at 1st Floor, Customs House, Near Akashwani Bhavan, Navrangpura, Ahmedabad – 380009, within 30 days of the receipt of this Notice, as to why:-

- (i) The goods mentioned in Table-4 that is 4592 Boxes of Ceramic Floor Tiles, totally 4,266.09 sq. meters, mis-declared as 'FANCY CERAMIC WALL TILES' under CTI '69072200' and also mis-declared in quantity and value being exported by **Shri Pankaj Sharma (the beneficiary owner of the goods) acting through M/s. D.K. Trading, proprietorship firm of Shri Deepak** under Shipping Bill No. 9439883 dated 28.03.2025, 9440114 dated 28.03.2025, 9440149 dated 28.03.2025, 9440124 dated 28.03.2025, 9440116 dated 28.03.2025 and 9440106 dated 28.03.2025 should not be held liable for confiscation and confiscated accordingly under Section 113 (h), (i) and (ja) of Customs Act, 1962.
- (ii) The value of goods declared under Shipping Bill No. 9439883 dated 28.03.2025, 9440114 dated 28.03.2025, 9440149 dated 28.03.2025, 9440124 dated 28.03.2025, 9440116 dated 28.03.2025 and 9440106 dated 28.03.2025 as **Rs. 3,72,10,320/-** should not be rejected as per Rule 8 of Customs Valuation (Determination of Value of Export Goods) Rules, 2007 and value be re-determined as per Rule 5 of Customs Valuation

(Determination of Value of Export Goods) Rules, 2007 to **Rs.11,48,000/-**
(Rupees Eleven Lacs Forty-Eight Thousand only)

21. Now, therefore, **Shri Pankaj Sharma (the beneficiary owner of the goods)** c/o M/s. **D.K. Trading** (IEC- HHNPD7475M) having its office located at Lower Ground Floor, A-38, Pvt Shop No. B-1, Madhu Vihar, Delhi- 110092, is hereby called upon to show cause in writing to the Additional / Joint Commissioner of Customs, Ahmedabad having office at 1st Floor, Customs House, Near Akashwani Bhavan, Navrangpura, Ahmedabad - 380009, within 30 days of the receipt of this Notice, as to why:-

- (i) Penalty should not be imposed upon **Shri Pankaj Sharma (the beneficiary owner of the goods)** under Section 114(iii) of the Customs Act 1962.
- (ii) Penalty should not be imposed upon **Shri Pankaj Sharma (the beneficiary owner of the goods)** under Section 114AA and Section 114AC of the Customs Act 1962 separately.

22. Now, therefore, **Shri Deepak, proprietor of M/s. D.K. Trading**(IEC- HHNPD7475M) having its office located at Lower Ground Floor, A-38, Pvt Shop No. B-1, Madhu Vihar, Delhi- 110092, is hereby called upon to show cause in writing to the Additional / Joint Commissioner of Customs, Ahmedabad having office at 1st Floor, Customs House, Near Akashwani Bhavan, Navrangpura, Ahmedabad - 380009, within 30 days of the receipt of this Notice, as to why:-

- (i) Penalty should not be imposed upon **Shri Deepak, proprietor of M/s. D.K. Trading** under Section 114(iii) of the Customs Act 1962.
- (ii) Penalty should not be imposed upon **Shri Deepak, proprietor of M/s. D.K. Trading** under Section 114AA and Section 114AC of the Customs Act 1962 separately.

23. Now, therefore, **Shri Mahesh Soni C/o M/s. D.K. Trading**(IEC- HHNPD7475M) having its office located at Lower Ground Floor, A-38, Pvt Shop No. B-1, Madhu Vihar, Delhi- 110092, is hereby called upon to show cause in writing to the Additional / Joint Commissioner of Customs, Ahmedabad having office at 1st Floor, Customs House, Near Akashwani Bhavan, Navrangpura, Ahmedabad - 380009, within 30 days of the receipt of this Notice, as to why:-

- (i) Penalty should not be imposed upon **Shri Mahesh Soni** under Section 114(iii), of the Customs Act 1962.

(ii) Penalty should not be imposed upon **Shri Mahesh Soni** under Section 114AA and Section 114AC of the Customs Act 1962 separately.

24. Now, therefore, M/s. Startek Enterprises, CHA for M/s. **D.K. Trading**(IEC-HHNP7475M) having its office located at Lower Ground Floor, A-38, Pvt Shop No. B-1, Madhu Vihar, Delhi- 110092, is hereby called upon to show cause in writing to the Additional / Joint Commissioner of Customs, Ahmedabad having office at 1st Floor, Customs House, Near Akashwani Bhavan, Navrangpura, Ahmedabad - 380009, within 30 days of the receipt of this Notice, as to why:-

- (i) Penalty should not be imposed upon M/s Startek Enterprises, CHA for M/s. **D.K. Trading**(IEC- HHNP7475M) under Section 114, of the Customs Act 1962.
- (ii) Penalty should not be imposed upon M/s Startek Enterprises, CHA for M/s. **D.K. Trading**(IEC- HHNP7475M)under Section 114AA and Section 114AB and Section 117 of the Customs Act 1962 separately.

25. The above Noticee are hereby required to file their reply to this Notice within thirty days from the receipt of this Notice. They are also required to produce at the time of showing cause all the evidences upon which they intend to rely in support of their defense.

26. The Noticees are requested to indicate in their written replies as to whether they desire to be heard in person before the case is adjudicated. If no reply is received within 30 (Thirty) days of receipt of this Notice or if they do not appear for Personal hearing before the adjudicating authority when the case is posted for hearing, the case will be decided ex-parte, on the basis of the material evidence available on record without any further reference to them.

27. The documents relied upon in the present Show Cause Notice are as listed at Annexure-A attached to this Notice.

28. This Notice is issued without prejudice to any other action that may be taken against them under the Customs Act or under any other law for the time being in force.

29. The Department reserves its right to amend, modify or supplement this Notice at any time on the basis of evidences available/evidences gathered later on, prior to the adjudication of the case.

Shree Ram Vishnoi
Additional Commissioner

Encl: Annexure-A (List of RUDs)

DIN:20250971MN000032373C

Dated:27.09.2025

F.No. GEN/LGLMisc/803/2025-AH-PORT-HZR-CUS-COMMRTE-AHMEDABAD

To,

1.M/s. **D.K. Trading** (IEC- HHNPD7475M),
Lower Ground Floor,
A-38, Pvt Shop No. B-1,
Madhu Vihar, Delhi- 110092

2. **Shri Pankaj Sharma**,
C/O M/s. **D.K. Trading** (IEC- HHNPD7475M),
Lower Ground Floor,
A-38, Pvt Shop No. B-1,
Madhu Vihar, Delhi- 110092

3. **Shri Deepak, proprietor of**
M/s. **D.K. Trading** (IEC- HHNPD7475M),
Lower Ground Floor,
A-38, Pvt Shop No. B-1,
Madhu Vihar, Delhi- 110092

4. **Shri Mahesh Soni**
C/O M/s. **D.K. Trading** (IEC- HHNPD7475M),
Lower Ground Floor,
A-38, Pvt Shop No. B-1,
Madhu Vihar, Delhi- 110092

5. M/s. Startek Enterprises,
CHA for M/s. **D.K. Trading**(IEC- HHNPD7475M)
401, F Block, Hayat Residency, Survey No. 560, Sarkhej, RD.,
Ahmedabad, Gujarat 382210

(Shree Ram Vishnoi)
Additional Commissioner
Customs, Ahmedabad

Copy to:

1. The Additional Director General, Ahmedabad Zonal Unit, Unit No.15, Magnet Corporate Park, S.G.Highway, Near Sola Flyover, Thaltej, Ahmedabad, 380054 for information please.
2. The Deputy/Assistant Commissioner of Customs(Export), Hazira Port for information please.
3. The Superintendent (System), Customs HQ, Ahmedabad in PDF format for uploading on the website of Customs Commissionerate, Ahmedabad.
4. Notice Board.
5. Guard File.