कार्यालय: प्रधान आयुक्त सीमा शुल्क, मुन्द्रा,
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F.No. GEN/ADJ/ADC/247/2026-Adjnn-O/o Pr Commr-Cus-Mundra

Show Cause Notice

(Under Section 28(4) read with Section 124 of the Customs Act, 1962)

1. Brief Facts of the case

A specific information was received in the Directorate of Revenue Intelligence, Regional Unit, Chandigarh (hereinafter referred to as 'DRI') that two passengers namely Sh. Neel Gagan (As per Passport number T 7156607) @ Neel Gagan Singla (as per Aadhar & PAN) (**hereinafter referred as Sh. Neel Gagan**) having passport no. T 7156607 and Smt. Urmil Goel having passport number X8033863, departing for Dubai from Shaheed Bhagat Singh International Airport, Mohali (hereinafter referred to as 'the airport') on 09.10.2024, would attempt to carry huge amount of foreign currency illicitly by way of concealment in their hand bag and/or checked in baggage without any valid documents and without declaring the same to the Indian Customs at the airport.

1.2 Acting on this information, a team of DRI officers reached the International Departure Hall of the airport and said passengers were apprehended after they had checked-in and cleared immigration. After informing the passengers that there was specific intelligence that they were attempting to smuggle foreign currency out of the country, the said passengers, along with their baggage, were then searched following due procedure under relevant provisions of the Customs Act, 1962. Nothing objectionable was found in the bags of Smt. Urmil Goel. However, while examining the checked in baggage of Sh. Neel Gagan, foreign currency valued at Rs 5,08,55,350/- was found concealed as follows:

Table 1: Details of currency seized

Sr. No.	Currency	Denomination	Number of notes	Tariff value
1.	US Dollar	100	3920	3,32,61,200/-
2.	Pound	50	1906	1,07,73,665/-
3.	Pound	20	1360	30,74,960/-
4.	Euro	200	60	11,31,000/-
5.	Euro	100	144	13,57,200/-
6.	Euro	50	30	1,41,375/-
7.	Australian Dollar	100	72	4,23,720/-
8.	Australian Dollar	50	196	5,76,730/-
9.	Saudi Arabian Riyal	500	10	1,15,500/-

1.3 On being asked about the presence of the said amount of foreign currency in his checked-in baggage, Sh. Neel Gagan informed that the said two checked in bags along with the currency therein belonged to him.

1.4 The apprehension of Sh. Neel Gagan resulted in the recovery of foreign currency valued at Rs 5,08,55,350/- which was being attempted to be smuggled out of India in violation of the provisions of Foreign Exchange Management Act (FEMA), 1999 and the rules and regulations made there under coupled with the fact of non-possession of any licit document(s), the foreign currency as mentioned above valued at Rs. 5,08,55,350/- was seized under Section 110 of the Customs Act, 1962 on a reasonable belief that the same was liable to confiscation under the provisions of the Customs Act, 1962.

2. <u>Statements of Sh. Neel Gagan, proprietor of Youngman Manufacturers</u>

2.1 Consequent to the apprehension, Statement dated 10.10.2024 **(RUD-1)** of Sh. Neel Gagan was recorded under Section 108 of the Customs Act, 1962), wherein he *inter-alia* stated that:

(i) the said foreign currency belonged to him and his brother-in-law Anshul Goyal, who resides in Dubai;

(ii) for the past one and a half years he was working as Marketing Specialist in Aber Alrehan Information Technology Est., a Dubai based company; he did not receive an

appointment letter and his salary was 30,000 Dirham per month and the company was paying the said salary to him in cash;

(iii) he was also a proprietor of M/s Youngman Manufacturers, Sua Road, Giaspura, a fastener manufacturing and export company;

(iv) out of Rs 5,08,55,350/-, approx. Rs 2,58,00,000/- pertain to him which he had saved from his salary and received payment of export consignments in cash at Dubai from companies to whom exports were affected by his company M/s Youngman Manufacturers and he brought this foreign currency from Dubai by way of concealment;

(v) he was to receive payment for shipment of 10 containers, out of which he had received payments of seven containers through BRC since previous year and had received USD 2,50,000/- as payment of remaining 03 containers in cash at Dubai by the importers in Dubai; this payment was received in around 10-12 instalments during the last one and a half year and during that period, he had visited Dubai around 10-15 times and he had brought around USD 20,000/- (by way of concealment in his trousers) in every visit to India;

(vi) the remaining foreign currency belonged to his brother-in-law Anshul Goyal which he (Anshul) had saved from his income and used to handover these payments to him (Neel Gagan); Anshul Goyal used to bring foreign currency in his luggage;

(vii) he and his brother-in-law Anshul Goyal were planning to purchase a flat at Dubai, that is why he was carrying all this currency to Dubai.

Thus, on perusal of statement dated 10.10.2024 of Sh. Neel Gagan it seemed that the foreign currency which was being tried to smuggled out of the country belonged to the accused and his brother-in-law Sh. Anshul Goyal. Also, Sh. Neel Gagan claimed that he used to work for a firm in Dubai and that firm used to pay him salary in cash and that salary in cash along with payments received against exports made by his firm M/s Youngman Manufacturers contributed to the source of currency that belonged to Sh. Neel Gagan (amounting to approx. Rs 2,58,00,000/-). While Sh. Neel Gagan voluntarily submitted the above facts in his statement dated 10.10.2024, the source of currency being smuggled/ tried to being smuggled out of India still could not be established for want of corroborative evidence. Neither was he able to give any evidence regarding the salary received by him while working in Dubai nor was he able to prove anything in relation to the amount received by him from his brother-in-law.

Following the apprehension of Sh. Neel Gagan at the Chandigarh International Airport and consequent to his statement dated 10.10.2024, he was arrested on 10.10.2024 u/s 104 of the Customs Act,1962 with reason to believe for having committed offence u/s 135 of the Customs Act, 1962 by smuggling of foreign currency out of India by violating provisions of Customs Act, 1962 and the provisions of Foreign Exchange and Management Act (FEMA, 1999).

2.2 Following his arrest, Sh. Neel Gagan, gave another statement which was recorded on 13.10.2024 (**RUD-2),** wherein he *inter-alia* stated that:

(i) currency seized from him was on account of overvaluation of the goods i.e. threaded rods exported to UAE by his company M/s Youngman Manufacturers; the importer based in Dubai transfers actual value of the goods via banking channels to his company's account; remaining was paid by him in cash to the importer in Dubai and now he wanted to settle the outstanding payments forming part of the overvalued amount;

(ii) that each container/shipping bill had an FOB value of approximately Rs. 65 Lakh, while the actual value of each shipment was around Rs. 50 Lakh; that the Govt. of India provides an incentive /drawback of 1.5% on the FOB value along with 1% RODTEP incentive; that apart from said 2.5% there were some minor profit margins i.e. difference between cost price and sale price and there were some costs involved in banking transactions due to exchange variations (between Dirham, USD and INR)

(iii) that the overvaluation of the export goods depended on multiple factors like fluctuation in price of raw materials i.e. wire rod, Nickel, Chemicals and furnace oil and fluctuation in shipping charges; whereas the billing value remained constant; that with increase in price of raw material, the margin which he needed to set off with cash also got reduced; that the margin of overvaluation was not always constant.

(iv) he used to purchase wire-rod/MS wire as raw material for the production of threaded rod from M/s Panna Lal Atul Kumar (GSTN No. 09BJWPA8772P2Z0) and M/s SR Steel and wire (GSTN no. 03ADXFS0502R1ZL); in addition to the raw material they (M/s Panna Lal & M/s SR Steel) also managed to supply the invoices of overvaluation; it was not that every time fake invoice was generated.

(v) he had taken approx. Rs 1.50 Crore to Dubai during his last visit to Dubai in September-2024;

(vi) as regards Rs 5.08 Crore, he had not purchased the forex for Rs. 5.08 Crores. he bought it from several money changers for the value of Rs. 4.90 Crores approx.; that he had received payment of Rs. 1 Cr approx. from sale of residential property i.e. Flat No. 246, Phase 3, Dugri, Urban Estate, Ludhiana and Plot situated at Sua Road, Giaspura, Ludhiana; he had borrowed Rs. 2 Crores from his father-in-law as interest free loan; he had received Rs.1 Cr. from Tora Bullion, Dubai; he had borrowed Rs. 64 lakhs from one of his friend Mr. Bablu and rest of the amount was with him as saving.

(vii) he had taken foreign currency mainly from Ludhiana based forex money changers mainly, Smarty Forex (Rs 1.5 Crore approx.), Pal Forex (Rs 2.5 Crore approx.), Bharti Forex (Rs 0.30 Crore approx.), Guggu Forex (Rs 0.25 Crore approx.) and Sanjeev Forex (Rs 0.40 Crore approx.)

(viii) he unintentionally provided incorrect information in his statement dated 10.10.2024, as he was frightened at that time;

(ix) regular payments were being made by importers (in Dubai) to him; he attempted to take Rs 5.08 Crore to Dubai and had taken approx. Rs 1.50 Crore (during his last visit to Dubai in September-2024), totalling to Rs 6.50 Crore approx. to set off the payment of his outstanding amount of overvalued exported goods, as he planned to regularize payment of export consignment within one month or in advance so that he could avail benefit of discount of Rs. 25% of payment of export consignment of RBI.

In statement dated 13.10.2024 of Sh. Neel Gagan, it was claimed by him that the currency seized from him accrued out of payments received by his proprietorship firm M/s Youngman Manufacturers for overvalued exports made and taking back this currency would settle the overvalued payments received by him for the exports made. He further claimed that he used to purchase fake invoices in order to settle the overvaluation done while exporting the goods and also went on to state the modus operandi wherein he gained higher value of export incentives by way of overvaluation of goods being exported. He further claimed to have smuggled foreign currency amounting to Rs. 1.50 crore approximately in the past.

3. <u>Searches at Factory and residential premises of Proprietor</u>

3.1 In parallel, searches dated 11.10.2024 & dated 12.10.2024 conducted at the residence of Sh. Neel Gagan at H. No. 2238, Phase-II, Ryan International School, Urban Estate, Dugri, Basant Avenue, Ludhiana, Punjab-141013 in the presence of his wife Smt. Deepti wherein two cheque books, one of Sh. Neel Gagan and one in the name of M/s Youngman manufacturers were resumed. Also, consequent to submission in statement dated 13.10.2024 of Sh. Neel Gagan regarding overvaluation done in exports made through his firm M/s Youngman Manufacturers and data downloaded and reconciled from the ISS portal, search of premises in respect of the aforesaid firm was carried out and panchnama was drawn.

3.2 Search dated 12.10.2024 was conducted at the business premises of Sh. Neel Gagan at Youngman manufacturers, B-29/536/3-1/INDL. Area, Sua Road, Dhandhari Kalan, Ludhiana in the presence of Sh. Dimple, brother of Sh. Neel Gagan wherein machineries, for production of nut bolts, were seen in a hall with the area of premises being 1 Kanal to be approximate. Three files relating to sale and purchase for the financial year 2024-25 were resumed. Search dated 14.10.2024 (in which the premises was sealed) and search dated 21.10.2024 was conducted of the above said premises (in Dhandari Kalan) in the presence of Sh. Balvinder Singh, who introduced himself as the manager of M/s Youngman Manufacturers. In the search, it was noted that the premises was not being made use of for many days.

4. Investigation into source of currency

4.1 It was revealed during the investigation that the source of currency of which Sh. Neel Gagan was in possession is not what was submitted by him in his statement dated 10.10.2024 and thus submissions of Sh. Neel Gagan recorded in statements dated 10.10.2024 and 13.10.2024 were not consistent with each other. The currency was mustered by him from different money changers. The details of these foreign exchange dealers/money changers and the amount of currency amassed from them is as follows:

Table 2: Forex money dealers and amount of foreign currency provided by them

Sr. No.	Name of the forex money changer	Amount in crores
1	Sanjeev forex	0.4 (Approx)
2	Guggu	0.25 (Approx)
3	Smarty	1.5 (Approx)
4	Pal	2.5 (Approx)
5	Bharati	0.30 (Approx)

4.2 During the investigation it was ascertained that these money changers admitted to providing Sh. Neel Gagan with currency when summoned under Section 108 of the Customs Act, 1962. The source of foreign exchange for all the money changers, as a matter of fact, had been the foreign exchange which is converted in Indian rupees by general public.

Now that M/s Youngman Manufacturers through its proprietor, Sh. Neel Gagan used to overvalue its exports in lieu of getting higher value of Drawback and RoDTEP incentives and the excess payment received in regard to these overvalued exports was being taken back by him abroad by way of concealment in luggage. He further puts into picture that these overvalued exports were then set-off by procuring fake bills domestically. To ascertain the set-off in terms of gathering inventory in terms of books of record and to verify the claim of obtaining fake input, the averments needed to be verified.

5 Investigation with respect to procuring fake bills

5.1 Sh. Neel Gagan in his statement dated 13.10.2024 had stated that M/s Youngman Manufacturers sometimes purchased only bills and no goods (in physical) were received by them from certain firms one of them being M/s Panna Lal. Considering the above submission, purchase of goods by M/s Youngman Manufacturers from M/s Panna Lal was scrutinised. It was found that out of 106 E-way bills issued by M/s Panna Lal, only in 17 E-ways bills the truck (qua which e-way bill was issued) entered Punjab during relevant period. Thus, it seems that goods actually reached Ludhiana in only few cases. A sample screenshot of such e-way bill is attached hereinbelow-

Details of Eway-bill

E- Way Bill Details			Dispatch From Place & Pincode	Dispatch To Place & Pincode	HSN Code & Description	Assessable Value and Tax Value (Rs)
EWB No.	EWB Date	Valid Till				
451452535633	19-06-2024 19:32:00	01-01-0001 00:00:00	AZAMGARH 276001	GIASPURA,LUDHAINA 141003	72171010 - WIRE OF IRON OR NON-ALLOY	1437500.00 & 258750.00

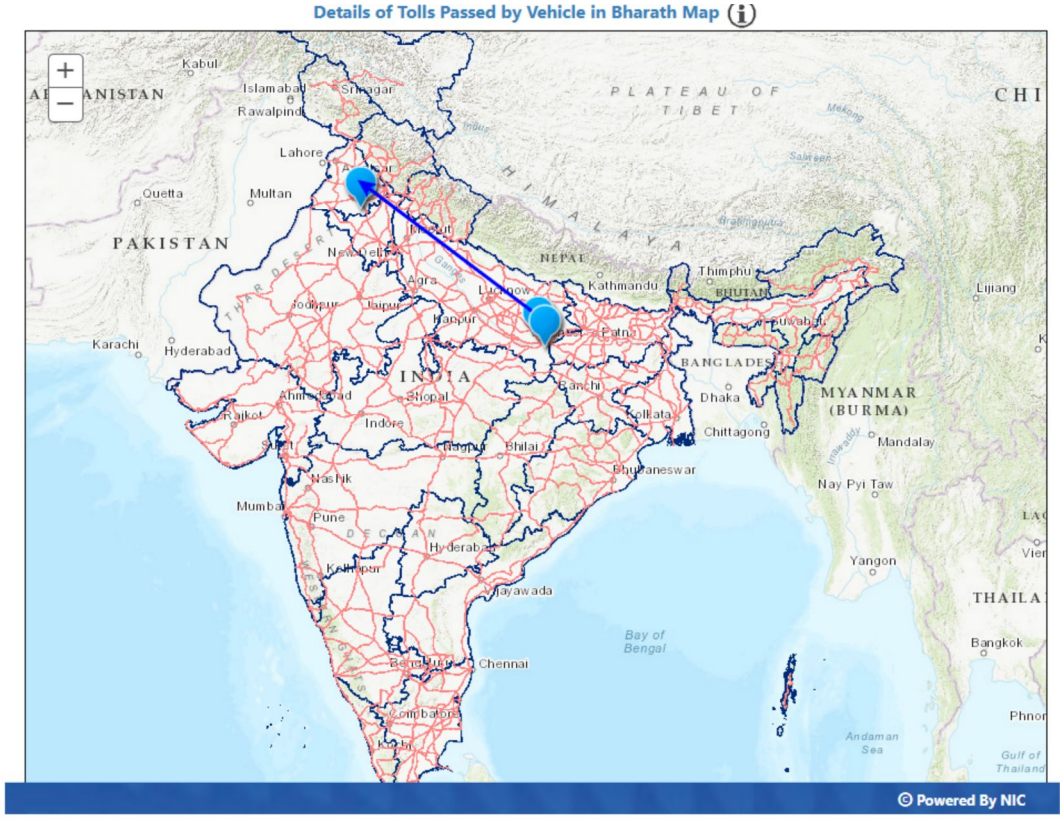
Vehicles entered for the E-way bill [Part B details of only Road are considered]

Vehicle No.	Vehicle details entry date in EWB	Next vehicle details entry date in EWB(if any)
UP21CN5580	19/06/2024 19:32:00	NA

Toll Details passed by Vehicle

Sl no	Toll Plaza	Direction	Date/Time	State
Vehicle No : UP21CN5580				
T1	Amdi TOLL PLAZA	North	20/06/2024 19:46:38	UTTAR PRADESH

Details of Tolls Passed by Vehicle in Bharath Map



In this particular E-way bill, it is clear that truck crossed only one toll plaza and that too in Uttar Pradesh i.e. Amdi Toll Plaza. Had the movement of goods taken place as per E-way Bill generated then truck would have crossed multiple toll points on its way from Azamgarh to Ludhiana. This illustration shows that the goods were never dispatched to their destination i.e. Ludhiana and only e-way bill was generated.

Consequent to the above findings, summons was issued to M/s Panna Lal.

5.2 On 28.01.2025, statement of Sh. Shrey Agrawal of M/s Panna Lal **(RUD -3)** was recorded in which he submitted that

(i) they deal in the wholesale trading of iron, steel and hardware products viz. MS Wire, GI Wire & Wire Rods etc. to multiple buyers;

(ii) they knew a firm by the name M/s Youngman Manufacturers located in Ludhiana; they have been supplying wire products to M/s Youngman Manufacturers for the past 2 years; they also knew Sh. Neel Gagan with whom they talked on his mobile number 9463923000 regarding business and never met him in-person;

(iii) they came into contact with Sh. Neel Gagan two years back during summer of 2023 and that Shri Neel Gagan called them from his mobile number 9463923000 and enquired about the rates of wires; he (Neel Gagan) gave reference of one of their suppliers - M/s Ujjawal Minerals & Steels, and showed his interest in doing business with their firm.

(iv) Sh. Neel Gagan used to place orders of wire products/goods on phone and the ordered goods were transported from their godown located at Azamgarh to M/s Youngman Manufacturers, B-29/556/25/3/1, Sua Road, Giaspura, Ludhiana in trucks and that in some instances the trucks were arranged by the buyer i.e. M/s Youngman Manufacturers;

(v) they are providing copies of invoices, e-way bills, and corresponding payment details dealing with M/s Youngman Manufacturers and that there were total 62 invoices totaling 8,02,55,992/- for financial year 2024-25;

(vi) he had seen the statement dated 13.10.2024 of Sh. Neel Gagan and had understood the same wherein Sh. Neel Gagan stated that he had purchased fake bills for M/s Panna Lal; they had supplied goods to M/s Youngman Manufacturers, received payment in return; he had no idea why Sh. Neel Gagan in his statement dated 13.10.2024 was stating that he was getting fake bills from M/s Panna Lal.

On being shown the E-way bill details to Shrey Agrawal wherein vehicles were seen at toll plaza other than their route to Ludhiana and subsequent question whether they had actually supplied goods, Sh. Shrey Agrawal merely stated that they had issued E-way bill and loaded goods on trucks and that they had no idea after goods were loaded and it was dispatched and also that trucks sometimes take detour to avoid tolls.

5.3 On perusal of the above statement and examined E-way bills (where trucks didn't cross the tolls), it is clear that (as mentioned by Sh. Neel Gagan in his statement dated

13.10.2024 that sometimes he took fake bills) in respect of those bills no movements of goods had been affected by M/s Panna Lal from Azamgarh, UP to M/s Youngman Manufacturers in Ludhiana. The fake bills were sometimes being procured by M/s Youngman as needed in order to account for the material needed to show that overvalued part was genuine.

6. Issuance of SCN in respect of the seized FC & FC smuggled in the past

After completion of investigation in the case of the said seizure of foreign currency from Sh. Neel Gagan, Show Cause Notice dated 19.03.2025 **(RUD-4)** was issued under Section 124 of the Customs Act, 1962 proposing for confiscation of the seized foreign currency and imposition of penalty.

The issuance of the said SCN made it imperative that subsequent inquiry, into the overvaluation of goods exported by M/s Youngman Manufacturers through its proprietor, Sh. Neel Gagan, be conducted to cover each and every aspect of tax evasion done/undue benefits obtained by the accused. Hence, the present Investigation report ensues the initial seizure dated 09.10.2024.

7. Exports made by the M/s Youngman manufacturers

During relevant period exports were made by M/s Youngman manufacturers vide 98 Shipping Bills and through email dated 29.10.2025, DG-Systems has informed that the total RoDTEP Scroll generated through shipping bills filed by M/s Youngman Manufacturers is of **Rs. 58,39,868/-**, the Shipping Bill wise list provided by the DG-Systems is attached as **Annexure A** and the details of exports made by M/s Youngman Manufacturers through its proprietor, Sh. Neel Gagan is as follows:

Table 3: Exports made by Youngman manufacturers

Sr. No.	S/B NO.	S/B DATE	DESCRIPTION OF GOODS	FOB AMT (Rs)	DBK Amt (Rs)	RODTEP_A_RS
1	2860070	16-07-2022	HEX BOLTS & THREADED RODS OF VARIOUS SIZES	4815555	77049	0
2	3324047	05-08-2022	NUTS, HEX BOLTS & THREADED RODS OF VARIOUS SIZES	4998687	79979	0
3	3389392	09-08-2022	NUTS, HEX BOLTS & THREADED RODS OF	4984705	79755	0

			VARIOUS SIZES			
4	3712058	24-08-2022	NUTS & HEX BOLTS OF VARIOUS SIZES	5279602	84474	0
5	4490516	28-09-2022	THREADED RODS OF VARIOUS SIZES	5401101	86418	0
6	5802864	29-11-2022	THREADED RODS OF VARIOUS SIZES	6233345	99734	0
7	6171034	15-12-2022	THREADED RODS OF VARIOUS SIZES	6216425	99463	62166
8	6423191	24-12-2022	THREADED RODS OF VARIOUS SIZES	6305143	100882	63052
9	6819391	09-01-2023	THREADED RODS OF VARIOUS SIZES	6335964	101375	63359
10	7094973	19-01-2023	THREADED RODS OF VARIOUS SIZES	6313428	101015	63135
11	7415427	31-01-2023	THREADED RODS OF VARIOUS SIZES	6319953	101119	63199
12	7627959	08-02-2023	THREADED RODS OF VARIOUS SIZES	6325060	101201	63250
13	7844168	16-02-2023	THREADED RODS OF VARIOUS SIZES	6321900	101150	63219
14	7976861	22-02-2023	THREADED RODS OF VARIOUS SIZES	6330953	101295	63311
15	8874378	28-03-2023	THREADED RODS OF VARIOUS SIZES	6329056	101265	63291
16	8986723	31-03-2023	NUTS & THREADED RODS OF VARIOUS SIZES	6677696	106843	66776
17	9261440	13-04-2023	NUTS & THREADED RODS OF VARIOUS SIZES	6733409	107735	67334
18	9298097	14-04-2023	THREADED RODS OF VARIOUS SIZES	6333910	101343	63338
19	9538148	25-04-2023	THREADED RODS OF VARIOUS SIZES	6332105	101314	63321
20	9538364	25-04-2023	THREADED RODS OF VARIOUS SIZES	6334711	101355	63347
21	1166841	20-05-2023	THREADED RODS OF VARIOUS SIZES	6348260	101572	63482
22	16520	09-06-	THREADED RODS OF	6384937	102159	63850

	72	2023	VARIOUS SIZES			
23	1972687	23-06-2023	THREADED RODS OF VARIOUS SIZES	6334725	101356	63350
24	2128096	30-06-2023	THREADED RODS OF VARIOUS SIZES	6337979	101408	63379
25	2143967	30-06-2023	THREADED RODS OF VARIOUS SIZES	6337978	101408	63381
26	2301718	07-07-2023	NUTS & THREADED RODS OF VARIOUS SIZES	6988834	111821	69888
27	2785032	28-07-2023	THREADED RODS OF VARIOUS SIZES	6338228	101412	63382
28	2842881	31-07-2023	THREADED RODS OF VARIOUS SIZES	6337132	101394	63371
29	2860960	31-07-2023	THREADED RODS OF VARIOUS SIZES	6341720	101468	63418
30	2964063	04-08-2023	THREADED RODS OF VARIOUS SIZES	6392090	102273	63921
31	3085013	09-08-2023	THREADED RODS OF VARIOUS SIZES	6338241	101412	63382
32	3253598	17-08-2023	THREADED RODS OF VARIOUS SIZES	6339977	101440	63399
33	3311756	19-08-2023	THREADED RODS OF VARIOUS SIZES	6340990	101456	63409
34	3464418	25-08-2023	THREADED RODS OF VARIOUS SIZES	6343353	101494	63433
35	3608079	31-08-2023	THREADED RODS OF VARIOUS SIZES	6340205	101443	63403
36	3877186	12-09-2023	NUTS & THREADED RODS OF VARIOUS SIZES	6892471	110280	68924
37	4020154	18-09-2023	THREADED RODS OF VARIOUS SIZES	6340168	101443	63402
38	4067789	21-09-2023	THREADED RODS OF VARIOUS SIZES	6340415	101447	63404
39	4315346	30-09-2023	THREADED RODS OF VARIOUS SIZES	6345857	101534	63459
40	4551890	11-10-2023	NUTS & THREADED RODS OF VARIOUS SIZES	6934908	110959	69349
41	45888	12-10-	THREADED RODS OF	6344306	101509	63443

	49	2023	VARIOUS SIZES			
42	4757244	19-10-2023	THREADED RODS OF VARIOUS SIZES	6338620	101418	63386
43	5087370	02-11-2023	THREADED RODS OF VARIOUS SIZES	6336187	95043	63362
44	5138094	04-11-2023	NUTS & THREADED RODS OF VARIOUS SIZES	6905120	103577	69051
45	5250468	09-11-2023	THREADED RODS OF VARIOUS SIZES	6336560	95048	63366
46	5452096	20-11-2023	NUTS & THREADED RODS OF VARIOUS SIZES	6925142	103877	69251
47	5609849	27-11-2023	THREADED RODS OF VARIOUS SIZES	6336174	95043	63362
48	5778136	04-12-2023	THREADED RODS OF VARIOUS SIZES	6343832	95157	63439
49	5861002	07-12-2023	THREADED RODS OF VARIOUS SIZES	6334568	95019	63345
50	5946355	11-12-2023	THREADED RODS OF VARIOUS SIZES	6337397	95061	63374
51	6138570	19-12-2023	THREADED RODS OF VARIOUS SIZES	6338850	95083	63389
52	6209759	21-12-2023	THREADED RODS OF VARIOUS SIZES	6336539	95048	63366
53	6239762	22-12-2023	THREADED RODS OF VARIOUS SIZES	6348838	95233	63487
54	6573839	06-01-2024	THREADED RODS OF VARIOUS SIZES	6310426	94656	63105
55	6757087	15-01-2024	THREADED RODS OF VARIOUS SIZES	6329400	94941	63294
56	6829484	18-01-2024	SPRING NUTS OF VARIOUS SIZES	6868538	103028	68686
57	6926720	22-01-2024	NUTS & THREADED RODS OF VARIOUS SIZES	6922341	103835	69224
58	6962557	23-01-2024	THREADED RODS OF VARIOUS SIZES	6327774	94917	63277
59	7085696	29-01-2024	THREADED RODS OF VARIOUS SIZES	6329685	94945	63297
60	71913	01-02-	THREADED RODS OF	6330212	94953	63302

	25	2024	VARIOUS SIZES			
61	7191525	01-02-2024	THREADED RODS OF VARIOUS SIZES	6328186	94923	63282
62	7377315	08-02-2024	THREADED RODS OF VARIOUS SIZES	6329893	94948	63299
63	7385126	08-02-2024	THREADED RODS OF VARIOUS SIZES	6317234	94759	63172
64	7548760	15-02-2024	NUTS & THREADED RODS OF VARIOUS SIZES	7029333	105440	70294
65	7554396	15-02-2024	THREADED RODS OF VARIOUS SIZES	6316741	94751	63167
66	7622373	17-02-2024	THREADED RODS OF VARIOUS SIZES	6318754	94781	63188
67	7714283	21-02-2024	THREADED RODS OF VARIOUS SIZES	6332113	94982	63321
68	7905780	28-02-2024	NUTS & THREADED RODS OF VARIOUS SIZES	6976561	104648	69766
69	7973436	01-03-2024	NUTS & THREADED RODS OF VARIOUS SIZES	6328085	94921	63281
70	8065436	05-03-2024	NUTS & THREADED RODS OF VARIOUS SIZES	6326441	94897	63265
71	8066873	05-03-2024	NUTS & THREADED RODS OF VARIOUS SIZES	6822107	102332	68220
72	8239241	12-03-2024	THREADED RODS OF VARIOUS SIZES	6328760	94931	63288
73	8355153	15-03-2024	THREADED RODS OF VARIOUS SIZES	6341306	95120	63413
74	8492439	20-03-2024	THREADED RODS OF VARIOUS SIZES	7022480	105337	70225
75	8645970	26-03-2024	THREADED RODS OF VARIOUS SIZES	7044456	105667	70444
76	8727600	29-03-2024	THREADED RODS OF VARIOUS SIZES	6350194	95253	63502
77	8860206	03-04-2024	THREADED RODS OF VARIOUS SIZES	6346822	95202	63469
78	8931869	05-04-2024	THREADED RODS OF VARIOUS SIZES	6351526	95273	63515
79	94339	26-04-	THREADED RODS OF	6350368	95256	63504

	62	2024	VARIOUS SIZES			
80	9534715	30-04-2024	THREADED RODS OF VARIOUS SIZES	6347241	95209	63472
81	9880257	15-05-2024	NUTS OF VARIOUS SIZES	6556169	98343	65561
82	9953563	17-05-2024	THREADED RODS OF VARIOUS SIZES	6327270	94909	63273
83	9953824	17-05-2024	NUTS & THREADED RODS OF VARIOUS SIZES	7042193	105633	70422
84	1185545	27-05-2024	THREADED RODS OF VARIOUS SIZES	6326734	94901	63266
85	1348597	01-06-2024	NUTS & THREADED RODS OF VARIOUS SIZES	6298256	94474	62982
86	1467588	06-06-2024	THREADED RODS OF VARIOUS SIZES	6316940	94754	63170
87	1695255	15-06-2024	NUTS & THREADED RODS OF VARIOUS SIZES	6315183	94728	63152
88	2102867	01-07-2024	NUTS & THREADED RODS OF VARIOUS SIZES	6937574	104064	69375
89	2284269	09-07-2024	THREADED RODS OF VARIOUS SIZES	6311590	94674	63115
90	2475516	17-07-2024	THREADED RODS OF VARIOUS SIZES	6293842	94408	0
91	2543374	19-07-2024	THREADED RODS OF VARIOUS SIZES	6293842	94408	62938
92	2664615	24-07-2024	THREADED RODS OF VARIOUS SIZES	6304682	94570	63047
93	3110605	10-08-2024	THREADED RODS OF VARIOUS SIZES	6303020	94545	63031
94	3291433	17-08-2024	THREADED RODS OF VARIOUS SIZES	4577148	68657	45771
95	3955508	12-09-2024	THREADED RODS OF VARIOUS SIZES	6296450	94447	62964
96	4526548	02-10-2024	THREADED RODS OF VARIOUS SIZES	6299157	94487	62991
97	3952419	15-09-2023	THREADED RODS OF VARIOUS SIZES	6340908	101455	63409
98	48649	25-10-	THREADED RODS OF	6342383.8	101478	63424

	66	2023	VARIOUS SIZES			
	TOTAL			**60,93,10,327/-**	**94,01,966/-**	**58,39,868/-**

8. Summary of investigation and analysis of evidence

8.1 It came to light during the investigation and subsequent Show Cause Notice dated 19.03.2025 M/s Youngman Manufacturers through its proprietor, Sh. Neel Gagan and declared address at B - 29/536/25/3-1 Sua Road, Giaspura Ludhiana Punjab appears to be involved in overvaluation of export goods.

8.2 As it stands, M/s Youngman Manufacturers through its proprietor, Sh. Neel Gagan is engaged in business of manufacture of fasteners in shape of threaded rods and spring nuts and exports them to various countries. Threaded rod, as its name suggests, is a metal rod that is threaded throughout the entire length of the rod. The threading allows for bolts and other types of fixings to be fastened onto the rod to suit many different construction applications. Spring nuts are also fasteners designed to provide a strong and secure connection between objects. Unlike traditional nuts, which require threading onto a bolt or screw, these specialized nuts are equipped with spring-loaded tabs or wings that grip onto the mounting surface, ensuring a tight and reliable hold.



Spring Nut



Threaded Rod

8.3 During the investigation, it was revealed that the goods exported by M/s Youngman Manufacturers through its proprietor, Sh. Neel Gagan were inflated by 25-30% in value so as to gain higher Drawback and RoDTEP incentives. Then he used to receive payments of these inflated exports through banking channel. In this way, he would have made the Drawback and

RoDTEP (1.5% and 1% respectively of the FOB value) amount disbursed towards his firm look legally admissible. The excess payments which would be received in regard to the exports made were taken/being tried to be taken back to the importers in Dubai in the form of cash/foreign currency. Part of this foreign currency, which would serve as the settlement against the overvaluation or inflated exports, was apprehended at the Chandigarh International Airport as already stated.

Sh. Neel Gagan in his statement dated 13.10.2024 submitted that:

"However, I have to look into my book of account to tell how much is the exact amount. I have already stated that overvaluation is around 20%-30%. However, over valuation also depends on multiple factors. There has been fluctuation in price of raw materials i.e. wire rod, Nickel, Chemicals and furnace oil."

Therefore, Sh. Neel Gagan has admitted that overvaluation of goods was done by 20%-30%. Thus, for purposes of this investigation a mean between these two values i.e. 25% is being taken as the percentage of over valuation.

Further, to offset the overvaluation in exports and maintain regularities between sale and purchase in books of accounts, M/s Youngman Manufacturers through its proprietor, Sh. Neel Gagan used to purchase fake bills (i.e. purchased fake invoices without actually receiving goods). This purchase of fake bills allowed M/s Youngman Manufacturers through its proprietor, Sh. Neel Gagan to overvalue goods without having to purchase proportionate raw material for the same. Now, after M/s Youngman Manufacturers through its proprietor, Sh. Neel Gagan had exported the goods, it was supposed to receive the payments equalling invoice value of the goods thus exported.

8.4 To understand *modus operandi* of M/s Youngman Manufacturers through its proprietor, Sh. Neel Gagan, as an illustration, value of goods exported by M/s Youngman Manufacturers through its proprietor, Sh. Neel Gagan has been taken as Rs 100/- and following chart has been prepared:

Table 4: Illustration of Modus operandi

Assuming actual value of goods exported as	Rs 100/-
Value declared with customs by over valuating it by 25%	Rs 125/-

Payment to be received through formal banking channels	Rs 125/-
Amount needed to be given in cash to importer in Dubai in order to settle the accounts	Rs 25/-
Admissible Drawback (had the value not been inflated)	1.5% of 100 = Rs 1.50/-
Drawback actually drawn (after overvaluation)	Rs 1.5% of 125 = Rs 1.88/-
Admissible RoDTEP(had the value not been inflated)	1% of 100 = Rs 1.0/-
RoDTEP actually drawn (after overvaluation)	Rs 1 % of 125 = Rs 1.25 /-
Benefit to Sh. Neel Gagan in excess Drawback & RoDTEP	**Rs (1.88 – 1.50) + (1.25-1.0) = Rs 0.63/-**

Thus, as seen from the illustration above, for every Rs 125/- declared as value of goods after overvaluation, Sh. Neel Gagan through his proprietorship firm namely Manufacturers was earning Rs 0.63/- over and above admissible Drawback & RoDTEP and had to send Rs 25/- to Dubai in form of foreign currency as settlement which its proprietor Sh. Neel Gagan did so by way of smuggling.

8.5 Now, to verify the admissibility of Drawback and RoDTEP incentives in terms of Foreign Exchange & Management Act, 1999 and RBI master circular on exports of Goods and Services dated 01.07.2014 and updated on 14.05.2015; E-mail dated 11.04.2025, 15.04.2025 & 22.04.2025 were written to the bank in which M/s Youngman Manufacturers through its proprietor, Sh. Neel Gagan has its registered bank account seeking Bank remittance certificate (BRCs)/or proof of foreign remittance received against the exports made by M/s Youngman Manufacturers through its proprietor, Sh. Neel Gagan. The bank, in its reply to the aforementioned E-mail communications provided list of BRCs the details of which are as per the table below:

Table:5 Details of Shipping Bills and corresponding BRCs Provided by Bank

Sr. No.	Shipping Bill	Shipping Bill Date	Bank Realisation Certificate No.	Total Realised Value	Currency of Realization	Realization in rupees.
1	2860070	16-07-	HDFC000003422774104	26,253/-	USD	₹

		2022	9 Dated 15-12-2022			20,52,985
2	2860070	16-07-2022	HDFC000003422774211 5 Dated 15-12-2022	36,327/-	USD	₹ 28,40,771
3	3324047	05-08-2022	HDFC000003422774254 7 Dated 15-12-2022	28,132/-	USD	₹ 22,09,769
4	3324047	05-08-2022	HDFC000003422774202 8 Dated 15-12-2022	36,405/-	USD	₹ 28,59,613
5	3389392	09-08-2022	HDFC000003422772447 8 Dated 19-12-2022	25,610/-	USD	₹ 20,11,666
6	5802864	29-11-2022	HDFC000003423659370 1 Dated 11-08-2023	11,834/-	USD	₹ 9,57,371
7	5802864	29-11-2022	HDFC000003423659690 9 Dated 11-08-2023	35,200/-	USD	₹ 28,47,680
8	5802864	29-11-2022	HDFC000003423659942 9 Dated 11-08-2023	22,801/-	USD	₹ 18,44,601
9	7094973	19-01-2023	HDFC000003423694351 0 Dated 06-06-2023	27,700/-	USD	₹ 22,70,015
10	7094973	19-01-2023	HDFC000003423694493 1 Dated 06-06-2023	41,800/-	USD	₹ 34,25,510
11	9261440	13-04-2023	HDFC000003423656144 0 Dated 21-08-2023	51,800/-	USD	₹ 42,00,980
12	9261440	13-04-2023	HDFC000003423655598 6 Dated 21-08-2023	21,624/-	USD	₹ 17,53,706
13	9298097	14-04-2023	HDFC000003423655194 0 Dated 21-08-2023	21,122/-	USD	₹ 17,12,994
14	9298097	14-04-2023	HDFC000003423655466 0 Dated 21-08-2023	48,110/-	USD	₹ 39,01,721
15	1972687	23-06-2023	HDFC000003423607026 4 Dated 05-12-2023	21,995/-	USD	₹ 17,89,293
16	1972687	23-06-	HDFC000003423606994	21,135/-	USD	₹

		2023	5 Dated 05-12-2023			17,19,332
17	1972687	23-06-2023	HDFC000003423607124 6 Dated 05-12-2023	27,000/-	USD	₹ 21,96,450
18	2143967	30-06-2023	HDFC000003423606958 8 Dated 05-12-2023	12,218.96	USD	₹ 9,94,012
19	2143967	30-06-2023	HDFC000003423606994 6 Dated 05-12-2023	10,340/-	USD	₹ 8,41,159
20	2143967	30-06-2023	HDFC000003423607089 0 Dated 05-12-2023	47,495/-	USD	₹ 38,63,718
21	2128096	30-06-2023	HDFC000003423607154 2 Dated 05-12-2023	18,754.18	USD	₹ 15,25,653
22	2128096	30-06-2023	HDFC000003423607124 0 Dated 05-12-2023	49,000/-	USD	₹ 39,86,150
23	2301718	07-07-2023	HDFC000003423607058 3 Dated 05-12-2023	77,300/-	USD	₹ 63,03,815

8.6 Also, summons dated 29.05.2025 for appearance on 04.06.2025 and summons dated 01.07.2025 for appearance on 07.07.2025 were issued to Neel Gagan so as to enquire into the payments received against overvalued exports made. In reply to these summons, Neel Gagan, through an e-mail intimation, sought time to gather relevant record of payment received. In another E-mail dated 21.07.2025 **(RUD-5)**, Sh. Neel Gagan provided Bank realization Certificate corresponding to Shipping Bills through which export in question was made. The details of BRCs, corresponding Shipping Bill number and the number of payments received therein are as per table below:

Table: 6 Details of BRCs provided by Sh. Neel Gagan

Sr. No.	Shipping Bill / Invoice No.	Shipping Bill / Invoice Date	Bank Realisation Certificate No.	Total Realised Value	Currency of Realization
1	2860070	16-07-2022	HDFC0000034227742115 Dated 15-12-2022	36,327.00	USD
2	2860070	16-07-2022	HDFC0000034227741049 Dated 15-12-2022	26,253.00	USD
3	3324047	05-08-2022	HDFC0000034227742547 Dated 15-12-2022	28,132.00	USD
4	3324047	05-08-2022	HDFC0000034227742028 Dated 15-12-2022	36,405.00	USD

5	3389392	09-08-2022	HDFC0000034227724478 Dated 19-12-2022	25,610.00	USD
6	3389392	09-08-2022	HDFC0000034227724381 Dated 19-12-2022	38,748.00	USD
7	3712058	24-08-2022	HDFC0000034237542391 Dated 23-01-2023	52,871.00	USD
8	3712058	24-08-2022	HDFC0000034237545863 Dated 23-01-2023	11,841.00	USD
9	3712058	24-08-2022	HDFC0000034237545888 Dated 23-01-2023	3,138.00	USD
10	4490516	28-09-2022	HDFC0000034236955851 Dated 03-06-2023	62,300.00	USD
11	5802864	29-11-2022	HDFC0000034236596909 Dated 11-08-2023	35,200.00	USD
12	5802864	29-11-2022	HDFC0000034236599429 Dated 11-08-2023	22,801.00	USD
13	5802864	29-11-2022	HDFC0000034236593701 Dated 11-08-2023	11,834.00	USD
14	6171034	15-12-2022	HDFC0000034236956618 Dated 03-06-2023	37,781.00	USD
15	6171034	15-12-2022	HDFC0000034236954331 Dated 03-06-2023	21,857.00	USD
16	6171034	15-12-2022	HDFC0000034236953596 Dated 03-06-2023	10,234.00	USD
17	6423191	24-12-2022	HDFC0000034236955847 Dated 03-06-2023	23,000.00	USD
18	6423191	24-12-2022	HDFC0000034236954338 Dated 03-06-2023	24,308.00	USD
19	6423191	24-12-2022	HDFC0000034236953616 Dated 03-06-2023	22,237.00	USD
20	6819391	09-01-2023	HDFC0000034236956609 Dated 03-06-2023	55,661.00	USD
21	6819391	09-01-2023	HDFC0000034236955093 Dated 03-06-2023	21,874.00	USD
22	7094973	19-01-2023	HDFC0000034236944931 Dated 06-06-2023	41,800.00	USD
23	7094973	19-01-2023	HDFC0000034236943510 Dated 06-06-2023	27,700.00	USD
24	7415427	31-01-2023	HDFC0000034236634435 Dated 05-08-2023	17,639.00	USD
25	7415427	31-01-2023	HDFC0000034236631946 Dated 05-08-2023	51,600.00	USD
26	7627959	08-02-2023	HDFC0000034236631141 Dated 05-08-2023	21,522.00	USD
27	7627959	08-02-2023	HDFC0000034236630303 Dated 05-08-2023	24,700.00	USD
28	7627959	08-02-2023	HDFC0000034236629460 Dated 05-08-2023	22,229.00	USD
29	7844168	16-02-2023	HDFC0000034236631133 Dated 05-08-2023	22,124.00	USD
30	7844168	16-02-2023	HDFC0000034236631127 Dated 05-08-2023	31,930.00	USD
31	7844168	16-02-2023	HDFC0000034236628661 Dated 05-08-2023	14,500.00	USD

32	7976861	22-02-2023	HDFC0000034236627618 Dated 07-08-2023	46,264.00	USD
33	7976861	22-02-2023	HDFC0000034236623948 Dated 07-08-2023	21,432.00	USD
34	8874378	28-03-2023	HDFC0000034236633652 Dated 05-08-2023	21,335.00	USD
35	8874378	28-03-2023	HDFC0000034236632844 Dated 05-08-2023	20,735.00	USD
36	8874378	28-03-2023	HDFC0000034236628680 Dated 05-08-2023	23,700.00	USD
37	8986723	31-03-2023	HDFC0000034236626758 Dated 07-08-2023	22,430.00	USD
38	8986723	31-03-2023	HDFC0000034236625848 Dated 07-08-2023	20,864.00	USD
39	8986723	31-03-2023	HDFC0000034236624941 Dated 07-08-2023	26,960.00	USD
40	9261440	13-04-2023	HDFC0000034236561440 Dated 21-08-2023	51,800.00	USD
41	9261440	13-04-2023	HDFC0000034236555986 Dated 21-08-2023	21,624.00	USD
42	9298097	14-04-2023	HDFC0000034236554660 Dated 21-08-2023	48,110.00	USD
43	9298097	14-04-2023	HDFC0000034236551940 Dated 21-08-2023	21,122.00	USD
44	9538148	25-04-2023	HDFC0000034236071242 Dated 05-12-2023	23,040.64	USD
45	9538148	25-04-2023	HDFC0000034236069271 Dated 05-12-2023	47,389.64	USD
46	9538364	25-04-2023	HDFC0000034236071239 Dated 05-12-2023	51,000.00	USD
47	9538364	25-04-2023	HDFC0000034236070263 Dated 05-12-2023	19,236.61	USD
48	1166841	20-05-2023	HDFC0001341A01191199 Dated 08-07-2025	13,025.00	USD
49	1652072	09-06-2023	HDFC0000034255220657 Dated 13-06-2025	19,882.99	USD
50	1652072	09-06-2023	HDFC0000034255220635 Dated 13-06-2025	10,000.00	USD
51	1652072	09-06-2023	HDFC0000034255220167 Dated 13-06-2025	10,000.00	USD
52	1652072	09-06-2023	HDFC0000034255219728 Dated 13-06-2025	27,836.29	USD
53	1652072	09-06-2023	HDFC0001341A01192376 Dated 08-07-2025	10,621.72	USD
54	1972687	23-06-2023	HDFC0000034236071246 Dated 05-12-2023	27,000.00	USD
55	1972687	23-06-2023	HDFC0000034236070264 Dated 05-12-2023	21,995.00	USD
56	1972687	23-06-2023	HDFC0000034236069945 Dated 05-12-2023	21,135.00	USD
57	2128096	30-06-2023	HDFC0000034236071542 Dated 05-12-2023	18,754.18	USD
58	2128096	30-06-2023	HDFC0000034236071240 Dated 05-12-2023	49,000.00	USD

59	2143967	30-06-2023	HDFC0000034236070890 Dated 05-12-2023	47,495.00	USD
60	2143967	30-06-2023	HDFC0000034236069946 Dated 05-12-2023	10,340.00	USD
61	2143967	30-06-2023	HDFC0000034236069588 Dated 05-12-2023	12,218.96	USD
62	2301718	07-07-2023	HDFC0000034236070583 Dated 05-12-2023	77,300.00	USD
63	2785032	28-07-2023	HDFC0000034236071544 Dated 05-12-2023	31,000.00	USD
64	2785032	28-07-2023	HDFC0000034236070577 Dated 05-12-2023	19,916.00	USD
65	2785032	28-07-2023	HDFC0000034236069939 Dated 05-12-2023	19,428.00	USD
66	2842881	31-07-2023	HDFC0000034255221439 Dated 12-06-2025	20,115.00	USD
67	2842881	31-07-2023	HDFC0000034255221303 Dated 12-06-2025	12,823.00	USD
68	2842881	31-07-2023	HDFC0000034255221045 Dated 12-06-2025	7,500.00	USD
69	2842881	31-07-2023	HDFC0000034255221007 Dated 12-06-2025	29,900.00	USD
70	2842881	31-07-2023	HDFC0001341A01192507 Dated 08-07-2025	7,905.78	USD
71	2860960	31-07-2023	HDFC0000034236069270 Dated 05-12-2023	70,100.00	USD
72	2964063	04-08-2023	HDFC0000034245656745 Dated 29-02-2024	19,405.00	USD
73	2964063	04-08-2023	HDFC0000034245656694 Dated 29-02-2024	51,000.00	USD
74	3085013	09-08-2023	HDFC0000034245655315 Dated 29-02-2024	45,500.00	USD
75	3085013	09-08-2023	HDFC0000034245654585 Dated 29-02-2024	24,000.00	USD
76	3253598	17-08-2023	HDFC0000034245655155 Dated 29-02-2024	37,400.00	USD
77	3253598	17-08-2023	HDFC0000034245653855 Dated 29-02-2024	31,710.32	USD
78	3311756	19-08-2023	HDFC0000034245652154 Dated 29-02-2024	69,500.00	USD
79	3464418	25-08-2023	HDFC0000034245655999 Dated 29-02-2024	19,704.00	USD
80	3464418	25-08-2023	HDFC0000034245653785 Dated 29-02-2024	48,614.00	USD
81	3608079	31-08-2023	HDFC0000034245639810 Dated 01-03-2024	69,000.00	USD
82	3877186	12-09-2023	HDFC0000034245639311 Dated 01-03-2024	16,000.00	USD
83	3877186	12-09-2023	HDFC0000034245637399 Dated 01-03-2024	59,600.00	USD
84	3952419	15-09-2023	HDFC0000034245639821 Dated 01-03-2024	69,500.00	USD
85	4020154	18-09-2023	HDFC0000034245639301 Dated 01-03-2024	21,086.00	USD

86	4020154	18-09-2023	HDFC0000034245636382 Dated 01-03-2024	44,900.00	USD
87	4067789	21-09-2023	HDFC0000034245639299 Dated 01-03-2024	17,700.00	USD
88	4067789	21-09-2023	HDFC0000034245637882 Dated 01-03-2024	42,853.50	USD
89	4067789	21-09-2023	HDFC0000034245636891 Dated 01-03-2024	9,000.00	USD
90	4315346	30-09-2023	HDFC0000034245639287 Dated 01-03-2024	50,000.00	USD
91	4315346	30-09-2023	HDFC0000034245637385 Dated 01-03-2024	19,108.00	USD
92	4551890	11-10-2023	HDFC0000034245636380 Dated 01-03-2024	41,115.00	USD
93	4551890	11-10-2023	HDFC0000034245636374 Dated 01-03-2024	32,492.50	USD
94	4588849	12-10-2023	HDFC0000034245639300 Dated 01-03-2024	15,303.00	USD
95	4588849	13-10-2023	HDFC0000034245637866 Dated 01-03-2024	52,110.00	USD
96	4757244	19-10-2023	HDFC0000034245274466 Dated 14-05-2024	57,000.00	USD
97	4757244	19-10-2023	HDFC0000240A01191687 Dated 08-07-2025	10,000.00	USD
98	4864966	25-10-2023	HDFC0000034245273747 Dated 14-05-2024	27,864.30	USD
99	4864966	25-10-2023	HDFC0000034245274337 Dated 14-05-2024	41,000.00	USD
100	5087370	02-11-2023	HDFC0000034245277837 Dated 13-05-2024	19,057.50	USD
101	5087370	02-11-2023	HDFC0000034245277620 Dated 13-05-2024	50,000.00	USD
102	5138094	04-11-2023	HDFC0000034245277506 Dated 13-05-2024	54,000.00	USD
103	5138094	04-11-2023	HDFC0000034245279719 Dated 13-05-2024	21,416.00	USD
104	5250468	09-11-2023	HDFC0001341A01191223 Dated 08-07-2025	45,244.50	USD
105	5250468	09-11-2023	HDFC0001341A01191236 Dated 08-07-2025	7,855.50	USD
106	5452096	20-11-2023	HDFC0000034245280109 Dated 13-05-2024	20,350.00	USD
107	5452096	20-11-2023	HDFC0001341A01203274 Dated 11-07-2025	19,695.00	USD
108	5452096	20-11-2023	HDFC0001341A01203288 Dated 11-07-2025	31,000.00	USD
109	5609849	27-11-2023	HDFC0000034245279226 Dated 13-05-2024	25,000.00	USD
110	5609849	27-11-2023	HDFC0000034245275119 Dated 13-05-2024	19,066.00	USD
111	5609849	27-11-2023	HDFC0001341A01203303 Dated 11-07-2025	23,754.63	USD
112	5778136	04-12-2023	HDFC0000034245273798 Dated 14-05-2024	500	USD

113	5778136	04-12-2023	HDFC0001341A01191721 Dated 08-07-2025	69,000.00	USD
114	5861002	07-12-2023	HDFC0001341A01186647 Dated 07-07-2025	48,612.00	USD
115	5861002	07-12-2023	HDFC0001341A01186672 Dated 07-07-2025	19,148.00	USD
116	5946355	11-12-2023	HDFC0001341A01186682 Dated 07-07-2025	27,000.00	USD
117	5946355	11-12-2023	HDFC0001341A01186757 Dated 07-07-2025	42,157.00	USD
118	6138570	19-12-2023	HDFC0001341A01186784 Dated 07-07-2025	69,000.00	USD
119	6209759	21-12-2023	HDFC0001341A01186835 Dated 07-07-2025	67,653.00	USD
120	6239762	22-12-2023	HDFC0001341A01186850 Dated 07-07-2025	20,952.50	USD
121	6239762	22-12-2023	HDFC0001341A01186865 Dated 07-07-2025	48,000.00	USD
122	6573839	06-01-2024	HDFC0001341A01186875 Dated 07-07-2025	57,000.00	USD
123	6573839	06-01-2024	HDFC0001341A01186894 Dated 07-07-2025	12,000.00	USD
124	6757087	15-01-2024	HDFC0001341A01186913 Dated 07-07-2025	19,009.00	USD
125	6757087	15-01-2024	HDFC0001341A01186931 Dated 07-07-2025	19,014.00	USD
126	6757087	15-01-2024	HDFC0000240A01186946 Dated 07-07-2025	30,000.00	USD
127	6829484	18-01-2024	HDFC0000240A01186958 Dated 07-07-2025	60,000.00	USD
128	6829484	18-01-2024	HDFC0001341A01186975 Dated 07-07-2025	15,000.00	USD
129	6926720	22-01-2024	HDFC0001341A01187535 Dated 07-07-2025	67,400.00	USD
130	6926720	22-01-2024	HDFC0001341A01187545 Dated 07-07-2025	2,404.00	USD
131	6926720	22-01-2024	HDFC0001341A01187562 Dated 07-07-2025	14,556.00	USD
132	6962557	23-01-2024	HDFC0001341A01187567 Dated 07-07-2025	15,559.96	USD
133	6962557	23-01-2024	HDFC0001341A01187572 Dated 07-07-2025	46,000.00	USD
134	6962557	23-01-2024	HDFC0001341A01187574 Dated 07-07-2025	15,581.00	USD
135	7085696	29-01-2024	HDFC0001341A01187583 Dated 07-07-2025	19,014.00	USD
136	7085696	29-01-2024	HDFC0001341A01187592 Dated 07-07-2025	21,871.00	USD
137	7085696	29-01-2024	HDFC0001341A01188426 Dated 07-07-2025	15,522.44	USD
138	7085696	29-01-2024	HDFC0000240A01188445 Dated 07-07-2025	20,755.76	USD
139	7191325	01-02-2024	HDFC0001341A01187596 Dated 07-07-2025	15,457.60	USD

140	7191325	01-02-2024	HDFC0000240A01187621 Dated 07-07-2025	21,600.00	USD
141	7191325	01-02-2024	HDFC0001341A01189176 Dated 07-07-2025	20,857.00	USD
142	7191325	01-02-2024	HDFC0000240A01189192 Dated 07-07-2025	19,255.00	USD
143	7191525	01-02-2024	HDFC0001341A01189213 Dated 07-07-2025	61,700.00	USD
144	7191525	01-02-2024	HDFC0001341A01189219 Dated 07-07-2025	15,445.00	USD
145	7377315	08-02-2024	HDFC0000240A01191290 Dated 08-07-2025	24,400.00	USD
146	7377315	08-02-2024	HDFC0001341A01191312 Dated 08-07-2025	37,600.00	USD
147	7377315	08-02-2024	HDFC0001341A01191323 Dated 08-07-2025	10,181.00	USD
148	7377315	08-02-2024	HDFC0000240A01191339 Dated 08-07-2025	4,975.00	USD
149	7385126	08-02-2024	HDFC0001341A01189252 Dated 07-07-2025	38,700.00	USD
150	7385126	08-02-2024	HDFC0001341A01189269 Dated 07-07-2025	23,000.00	USD
151	7385126	08-02-2024	HDFC0001341A01189287 Dated 07-07-2025	15,452.00	USD
152	7548760	15-02-2024	HDFC0001341A01189309 Dated 07-07-2025	69,200.00	USD
153	7548760	15-02-2024	HDFC0001341A01189321 Dated 07-07-2025	16,615.00	USD
154	7554396	15-02-2024	HDFC0001341A01189390 Dated 07-07-2025	6,400.00	USD
155	7554396	15-02-2024	HDFC0001341A01189473 Dated 07-07-2025	55,300.00	USD
156	7554396	15-02-2024	HDFC0001341A01189522 Dated 07-07-2025	15,446.00	USD
157	7622373	17-02-2024	HDFC0001341A01195772 Dated 09-07-2025	20,907.00	USD
158	7622373	17-02-2024	HDFC0001341A01189765 Dated 07-07-2025	40,800.00	USD
159	7622373	17-02-2024	HDFC0001341A01191771 Dated 08-07-2025	15,463.50	USD
160	7714283	21-02-2024	HDFC0001341A01191781 Dated 08-07-2025	71,692.50	USD
161	7714283	21-02-2024	HDFC0001341A01191791 Dated 08-07-2025	280.46	USD
162	7714283	21-02-2024	HDFC0001341A01191876 Dated 08-07-2025	5,160.04	USD
163	7905780	28-02-2024	HDFC0001341A01191904 Dated 08-07-2025	85,173.00	USD
164	7973436	01-03-2024	HDFC0001341A01191929 Dated 08-07-2025	49,666.96	USD
165	7973436	01-03-2024	HDFC0001341A01191945 Dated 08-07-2025	27,617.04	USD
166	8066873	05-03-2024	HDFC0001341A01191984 Dated 08-07-2025	17,911.70	USD

167	8066873	05-03-2024	HDFC0001341A01192009 Dated 08-07-2025	65,382.30	USD
168	8065436	05-03-2024	HDFC0001341A01192026 Dated 08-07-2025	65,265.67	USD
169	8065436	05-03-2024	HDFC0001341A01192038 Dated 08-07-2025	11,998.33	USD
170	8239241	12-03-2024	HDFC0001341A01192051 Dated 08-07-2025	22,619.37	USD
171	8239241	12-03-2024	HDFC0000240A01192060 Dated 08-07-2025	54,860.63	USD
172	8355153	15-03-2024	HDFC0000240A01192135 Dated 08-07-2025	22,483.00	USD
173	8355153	15-03-2024	HDFC0001341A01192153 Dated 08-07-2025	55,000.00	USD
174	8492439	20-03-2024	HDFC0000240A01192172 Dated 08-07-2025	34,214.37	USD
175	8492439	20-03-2024	HDFC0001341A01192191 Dated 08-07-2025	51,725.63	USD
176	8645970	26-03-2024	HDFC0001341A01192209 Dated 08-07-2025	47,712.00	USD
177	8645970	26-03-2024	HDFC0001341A01192231 Dated 08-07-2025	18,926.00	USD
178	8727600	29-03-2024	HDFC0001341A01192244 Dated 08-07-2025	52,194.00	USD
179	8727600	29-03-2024	HDFC0001341A01192263 Dated 08-07-2025	25,312.00	USD
180	8860206	03-04-2024	HDFC0001341A01170494 Dated 02-07-2025	22,867.37	USD
181	8860206	03-04-2024	HDFC0001341A01170669 Dated 02-07-2025	54,622.63	USD
182	8931869	05-04-2024	HDFC0001341A01170698 Dated 02-07-2025	77,220.00	USD
183	9433962	26-04-2024	HDFC0001341A01170715 Dated 02-07-2025	50,157.37	USD
184	9433962	26-04-2024	HDFC0001341A01170754 Dated 02-07-2025	26,955.63	USD
185	9534715	30-04-2024	HDFC0001341A01170858 Dated 02-07-2025	31,048.34	USD
186	9534715	30-04-2024	HDFC0001341A01170883 Dated 02-07-2025	46,026.86	USD
187	9880257	15-05-2024	HDFC0001341A01171391 Dated 02-07-2025	7,468.03	USD
188	9880257	15-05-2024	HDFC0001341A01171562 Dated 02-07-2025	72,229.97	USD
189	9953563	17-05-2024	HDFC0001341A01171580 Dated 02-07-2025	63,047.03	USD
190	9953563	17-05-2024	HDFC0001341A01171594 Dated 02-07-2025	13,832.97	USD
191	9953824	17-05-2024	HDFC0001341A01171621 Dated 02-07-2025	14,981.00	USD
192	9953824	17-05-2024	HDFC0001341A01171642 Dated 02-07-2025	70,549.00	USD
193	1185545	27-05-2024	HDFC0001341A01171677 Dated 02-07-2025	76,873.50	USD

194	1348597	01-06-2024	HDFC0001341A01195834 Dated 09-07-2025	20,907.00	USD
195	1348597	01-06-2024	HDFC0001341A01195846 Dated 09-07-2025	55,943.00	USD
196	1467588	06-06-2024	HDFC0001341A01171717 Dated 02-07-2025	76,850.00	USD
197	1695255	15-06-2024	HDFC0001341A01171795 Dated 02-07-2025	15,007.53	USD
198	1695255	15-06-2024	HDFC0001341A01171839 Dated 02-07-2025	61,897.47	USD
199	2102867	01-07-2024	HDFC0001341A01171847 Dated 02-07-2025	50,616.53	USD
200	2102867	01-07-2024	HDFC0001341A01171855 Dated 02-07-2025	33,943.47	USD
201	2284269	09-07-2024	HDFC0001341A01171871 Dated 02-07-2025	18,036.00	USD
202	2284269	09-07-2024	HDFC0001341A01171897 Dated 02-07-2025	18,101.00	USD
203	2284269	09-07-2024	HDFC0001341A01171908 Dated 02-07-2025	40,752.10	USD
204	2543374	19-07-2024	HDFC0001341A01171921 Dated 02-07-2025	74,270.53	USD
205	2543374	19-07-2024	HDFC0001341A01171937 Dated 02-07-2025	2,593.97	USD
206	2664615	24-07-2024	HDFC0001341A01172001 Dated 02-07-2025	51,492.03	USD
207	2664615	24-07-2024	HDFC0001341A01172007 Dated 02-07-2025	25,441.47	USD
208	3110605	10-08-2024	HDFC0001341A01170094 Dated 02-07-2025	18,382.00	USD
209	3110605	10-08-2024	HDFC0001341A01170195 Dated 02-07-2025	40,397.90	USD
210	3110605	10-08-2024	HDFC0001341A01170225 Dated 02-07-2025	17,867.60	USD
211	3291433	17-08-2024	HDFC0001341A01195867 Dated 09-07-2025	100	USD
212	3291433	17-08-2024	HDFC0001341A01195878 Dated 09-07-2025	15,151.00	USD
213	3291433	17-08-2024	HDFC0001341A01195895 Dated 09-07-2025	39,829.00	USD
214	3955508	12-09-2024	HDFC0001341A01172756 Dated 03-07-2025	20,453.00	USD
215	3955508	12-09-2024	HDFC0001341A01172775 Dated 03-07-2025	28,644.53	USD
216	3955508	12-09-2024	HDFC0001341A01172817 Dated 03-07-2025	27,326.47	USD
217	4526548	02-10-2024	HDFC0001341A01172836 Dated 03-07-2025	40,069.93	USD
218	4526548	02-10-2024	HDFC0001341A01172862 Dated 03-07-2025	23,067.07	USD
219	4526548	02-10-2024	HDFC0001341A01172882 Dated 03-07-2025	13,498.00	USD

9. <u>Relevant Legal provisions to the instant case are</u>

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9.1 The Customs act, 1962

(i) Section 14 of the Customs Act, 1962 provides for valuation of the 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** further that the rules made in this behalf may provide for, -*

(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.

Section 17 of the Customs Act, 1962 provides that

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.

Section 28AA of the Customs Act, 1962 provides that *Notwithstanding anything contained in any judgment, decree, order or direction of any court, Appellate Tribunal or any authority or in any other provision of this Act or the rules made thereunder, the person, who is liable to pay duty in accordance with the provisions of section 28, shall, in addition to such duty, be liable to pay interest, if any, at the rate fixed under sub-section (2), whether such payment is made voluntarily or after determination of the duty under that section.*

Section 50 of the Customs Act. 1962 provides as follows: -

(2) The exporter of any goods, while presenting a shipping bill, 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;

Section 75A(2) of the Customs Act, 1962 provides that *where any drawback has been paid to the claimant erroneously or it becomes otherwise recoverable under this Act or the rules made thereunder, the claimant shall, within a period of two months from the date of demand, pay in addition to the said amount of drawback, interest at the rate fixed under section 28AA and the amount of interest shall be calculated for the period beginning from the date of payment of such drawback to the claimant till the date of recovery of such drawback.*

Section 113 of the Customs Act, 1962 provides that

113. Confiscation of goods attempted to be improperly exported, etc.—

The following export goods shall be liable to confiscation: —

(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;

(ia) any goods entered for exportation under claim for drawback which do not correspond in any material particular with any information furnished by the exported or manufacturer under this act in relation to the fixation of rate of drawback under section 75.

Section 114 of the Customs Act, 1962 provides that

114. Penalty for attempt to export goods improperly, etc.—

Any person who, in relation to any goods, does or omits to do any act which act or omission would render such goods liable to confiscation under section 113, or abets the doing or omission of such an act, shall be liable, —

(i) in the case of goods in respect of which any prohibition is in force under this Act or any other law for the time being in force, to a penalty not exceeding three times the value of the goods as declared by the exporter or the value as determined under this Act, whichever is the greater;

(ii) ....

(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.

Section 114AA of the Customs Act, 1962 provides that *if any person knowingly and intentionally makes, signs or uses, or causes to be made, signed or used, any declaration, statement or document which is false and incorrect in any material particular, in the transaction of any business for the purpose of this Act, shall be liable to a penalty not exceeding five times of the value of the goods.*

Section 142 of the Customs Act, 1962 provides that

142. Recovery of sums due to Government. —

(1) Where any sum payable by any person] under this Act including the amount required to be paid to the credit of the Central Government under section 28B is not paid, —

(a) the proper officer may deduct or may require any other officer of customs to deduct the amount so payable from any money owing to such person which may be under the control of the proper officer or such other officer of customs; or

(b) the Assistant Commissioner of Customs or Deputy Commissioner of Customs may recover or may require any other officer of customs to recover the amount so payable by detaining and selling any goods belonging to such person which are under the control of the Assistant Commissioner of Customs or Deputy Commissioner of Customs or such other officer of customs; or

(c) if the amount cannot be recovered from such person in the manner provided in clause (a) or clause (b)—

(i) the Assistant Commissioner of Customs or Deputy Commissioner of Customs may prepare a certificate signed by him specifying the amount due from such person and send it to the Collector of the district in which such person owns any property or resides or carries on his business and the said Collector on receipt of such certificate shall proceed to recover from such person the amount specified there under as if it were an arrear of land revenue; or

(ii) the proper officer may, on an authorisation by Principal Commissioner of Customs or Commissioner of Customs and in accordance with the rules made in this behalf, distrain any movable or immovable property belonging to or under the control of such person, and detain the same until the amount payable is paid; and in case, any part of the said amount payable or

of the cost of the distress or keeping of the property, remains unpaid for a period of thirty days next after any such distress, may cause the said property to be sold and with the proceeds of such sale, may satisfy the amount payable and the costs including cost of sale remaining unpaid and shall render the surplus, if any, to such person;

Provided that where the person (hereinafter referred to as predecessor), by whom any sum payable under this Act including the amount required to be paid to the credit of the Central Government under section 28B is not paid, transfers or otherwise disposes of his business or trade in whole or in part, or effects any change in the ownership thereof, in consequence of which he is succeeded in such business or trade by any other person, all goods, materials, preparations, plants, machineries, vessels, utensils, implements and articles in the custody or possession of the person so succeeding may also be attached and sold by the proper officer, after obtaining written approval from the Principal Commissioner of Customs or Commissioner of Customs, for the purposes of recovering the amount so payable by such predecessor at the time of such transfer or otherwise disposal or change.

(d) (i) the proper officer may, by a notice in writing, require any other person from whom money is due to such person or may become due to such person or who holds or may subsequently hold money for or on account of such person, to pay to the credit of the Central Government either forthwith upon the money becoming due or being held, or at or within the time specified in the notice not being before the money becomes due or is held, so much of the money as is sufficient to pay the amount due from such person or the whole of the money when it is equal to or less than that amount;

(ii) every person to whom the notice is issued under this section shall be bound to comply with such notice, and in particular, where any such notice is issued to a post office, banking company or an insurer, it shall not be necessary to produce any pass book, deposit receipt, policy or any other document for the purpose of any entry, endorsement or the like being made before the payment is made, notwithstanding any rule, practice or requirement to the contrary;

(iii) in case the person to whom a notice under this section has been issued, fails to make the payment in pursuance thereof to the Central Government, he shall be deemed to be a defaulter in respect of the amount specified in the notice and all the consequences of this Chapter shall follow.

(2) Where the terms of any bond or other instrument executed under this Act or any rules or regulations made thereunder provide that any amount due under such instrument may be

recovered in the manner laid down in sub-section (1), the amount may, without prejudice to any other mode of recovery, be recovered in accordance with the provisions of that sub-section.

9.2 Customs and Central Excise Duties Drawback Rules, 2017

Rule 17 of the Customs and Central Excise Duties Drawback Rules, 2017 provides for repayment of erroneous or excess payment of Drawback and interest

17. Repayment of erroneous or excess payment of drawback and interest. – Where an amount of drawback and interest, if any, has been paid erroneously or the amount so paid is in excess of what the claimant is entitled to, the claimant shall, on demand by a proper officer of Customs repay the amount so paid erroneously or in excess, as the case may be, and where the claimant fails to repay the amount it shall be recovered in the manner laid down in sub-section (1) of section 142 of the Customs Act, 1962 (52 of 1962).

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

Rule 3 of Customs Valuation (Determination of Value of Export Goods) Rules, 2007 provides as follows:

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.

Rule 4 of Customs Valuation (Determination of Value of Export Goods) Rules, 2007 provides as follows:

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.

Rule 5 of Customs Valuation (Determination of Value of Export Goods) Rules, 2007 provides as follows:

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.

Rule 6 of Customs Valuation (Determination of Value of Export Goods) Rules, 2007 provides as follows:

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.

Rule 8 of Customs Valuation (Determination of Value of Export Goods) Rules, 2007 provides as follows:

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 enquiry 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 misdeclaration of goods in parameters such as description, quality, quantity, year of manufacture or production.

9.4 Foreign Exchange and Management Act, 1999

Foreign Exchange and Management Act, 1999 in its Section 7 has provided that:

7. Export of goods and services. —

(1) Every exporter of goods shall—

> *(a) furnish to the Reserve Bank or to such other authority a declaration in such form and in such manner as may be specified, containing true and correct material particulars, including the amount representing the full export value or, if the full export value of the goods is not ascertainable at the time of export, the value which the exporter, having regard to the prevailing market conditions, expects to receive on the sale of the goods in a market outside India;*
>
> *(b) furnish to the Reserve Bank such other information as may be required by the Reserve Bank for the purpose of ensuring the realisation of the export proceeds by such exporter.*

(2) The Reserve Bank may, for the purpose of ensuring that the full export value of the goods or such reduced value of the goods as the Reserve Bank determines, having regard to the prevailing market conditions, is received without any delay, direct any exporter to comply with such requirements as it deems fit.

(3) Every exporter of services shall furnish to the Reserve Bank or to such other authorities a declaration in such form and in such manner as may be specified, containing the true and correct material particulars in relation to payment for such services.

9.5 Foreign Trade (Development and Regulation) Act, 1992

Section 11 of the act provides that

11. Contravention of provisions of this Act, rules, orders and foreign trade policy. —

(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 thereunder and the foreign trade policy for the time being in force.

(2) Where any person makes or abets or attempts to make any export or import in contravention of any provision of this Act or any rules or orders made thereunder or the foreign trade policy, he shall be liable to a penalty of not less than ten thousand rupees and not more than five times the value of the goods or services or technology in respect of which any contravention is made or attempted to be made, whichever is more.

(3) Where any person signs or uses, or causes to be made, signed or used, any declaration, statement or document submitted to the Director General or any officer authorised by him under this Act, knowing or having reason to believe that such declaration, statement or document is forged or tampered with or false in any material particular, he shall be liable to a penalty of not less than ten thousand rupees or more than five times the value of the goods or services or technology in respect of which such declaration, statement or document had been submitted, whichever is more.

9.6 Foreign Trade (Regulation) Rules, 1993

Rule 11 of Foreign Trade (Regulation) Rules provides that

11. Declaration as to value and quality of imported goods. - On the importation into, or exportation out of, any customs ports of any goods, whether liable to duty or not, the owner of such goods shall in the Bill of Entry or the Shipping Bill or any other documents prescribed under the Customs Act, 1962 (52 of 1962), state the value, quality and description of such goods to the best of his knowledge and belief and in case of exportation of goods, certify that the quality and specification of the goods as stated in those documents, are in accordance with the terms of the export contract entered into with the buyer or consignee in pursuance of which the goods are being exported and shall subscribe a declaration of the truth of such statement at the foot of such Bill of Entry or Shipping Bill or any other documents.

Rule 14 of Foreign Trade (Regulation) Rules provides that

14. Prohibition regarding making, signing of any declaration, statement or documents. -

(1) No person shall make, sign or use or cause to be made, signed or used any declaration, statement or document for the purposes of obtaining a licence or importing any goods knowing or having reason to believe that such declaration, statement or document is false in any material particular.

(2) No person shall employ any corrupt or fraudulent practice for the purposes of obtaining any licence or importing or exporting any goods.

9.7 <u>Foreign Exchange & Management Act, 1999</u>

7. Export of goods and services. —

(1) Every exporter of goods shall—

> *(a) furnish to the Reserve Bank or to such other authority a declaration in such form and in such manner as may be specified, containing true and correct material particulars, including the amount representing the full export value or, if the full export value of the goods is not ascertainable at the time of export, the value which the exporter, having regard to the prevailing market conditions, expects to receive on the sale of the goods in a market outside India;*
>
> *(b) furnish to the Reserve Bank such other information as may be required by the Reserve Bank for the purpose of ensuring the realisation of the export proceeds by such exporter.*

(2) The Reserve Bank may, for the purpose of ensuring that the full export value of the goods or such reduced value of the goods as the Reserve Bank determines, having regard to the prevailing market conditions, is received without any delay, direct any exporter to comply with such requirements as it deems fit

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RBI master circular for Exports of Goods & Services.

<u>9.8 RoDTEP</u>

9.8.1 NOTIFICATION No. 76/2021 - Customs (N.T.) dated 23.09.2021 *notifies manner to issue duty credit for goods exported under the Scheme for Remission of Duties and Taxes on Exported Products and recovery of duty credit where export proceeds are not realised.*

3. Cancellation of duty credit. –

(1) Where a person contravenes any of the provisions of the Act or any other law for the time being in force or the rules or regulations made thereunder in relation to exports to which the duty credit relates, or in relation to the e-scrip, the Principal Commissioner of Customs or Commissioner of Customs having jurisdiction over the customs station of registration of the e-scrip may, after enquiry, pass an order to cancel the said duty credit or e-scrip.

(2) Where the e-scrip is so cancelled, the duty credit amount in the said e-scrip shall be deemed never to have been allowed and the proper officer of Customs shall proceed to recover the duty credit amount used in such e-scrip or transferred from such e-scrip.

(3) The proper officer of Customs may, without prejudice to any other action that may be taken under this Act or any other law for the time being in force, suspend the operation of the said e-scrip or the electronic duty credit ledger of such exporter or any duty credit transferred from such e-scrip, during pendency of the enquiry under sub-clause (1).

4. Recovery of amount of duty credit.

(1) Where an amount of duty credit has, for any reason, been allowed in excess of what the exporter is entitled to, the exporter shall repay the amount so allowed in excess, himself or on demand by the proper officer, along with interest, at the rate as fixed under section 28AA for the purposes of that section, on that portion of duty credit allowed in excess, which has been used or transferred, and where the exporter fails to repay the amount along with interest, as applicable, it shall be recovered in the manner provided in section 142 of the said Act."

5. ***Recovery of amount of duty credit where export proceeds are not realised. –***

(1) Where an amount of duty credit has been allowed to an exporter but the sale proceeds in respect of such export goods have not been realized by the exporter in India within the period allowed under the Foreign Exchange Management Act, 1999 (42 of 1999), the exporter shall, himself or on demand by the proper officer, repay the amount of duty credit, along with interest, at the rate as fixed under section 28AA of the said act for the purposes of that section, within fifteen days of expiry of the said period.

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9.8.2 *Department of Commerce vide Notification No. 19/2015-20 dated 17.08.2021 notified and laid guidelines for the Scheme for Remission of Duties and Taxes on Exported Products (RoDTEP) citing for*

> *"Scheme for Remission of Duties and Taxes on Exported Products (RoDTEP) notified by Department of Commerce and administered by Department of Revenue."*

Also, as per the said notification No. 19/2015-20 dated 17.08.2021

> *"Under the Scheme, a rebate would be granted to eligible exporters at a notified rate as a percentage of FOB value with a value cap per unit of the exported product".*

10. Rejection of declared value & re-determination of value of exported goods:

10.1 The basic Section for valuation of goods is Section 14 of the Customs Act, 1962. It lays down that the value of the imported goods and export goods shall be the transactional value of such goods. It also provides for laying down rules to determine value of goods. In exercise of this power Customs Valuation (Determination of Value of Export Goods) Rules, 2007 have been made which provide for determination of value of export goods in detail.

10.2 Rule 3 of the Customs Valuation (Determination of Value of Export Goods) Rules, 2007 provides the method of valuation. As regards the value of goods exported, it appears that the subject exporter had inflated the price to avail more benefits of Drawback and RoDTEP benefits. Since, value of the export goods has been mis declared, the transaction value needs to be rejected. So, the value mentioned by M/s Youngman Manufacturers through its proprietor, Sh. Neel Gagan requires rejection as per Rule 8 of the Customs Valuation (Determination of Value of Export Goods) Rules, 2007 and also requires re-determination under the provisions of Rule 3 of the said Rules.

10.3 Further, Sub- Rule (3) of the Rule 3 states that 'if the value cannot be determined under the provisions of sub- rule (l) and sub-rule (2), the value shall be determined by proceeding sequentially through rules 4 to 6. Sub-Rules (1) and (2) of Rule 3 states that '(1) Subject to Rule 8, the value of export goods shall be the transaction value and (2) The transaction value shall be accepted even where the buyer and seller are related, provided that the relationship has not influenced the price'. From the facts of the case, it appears that since the value of the export goods could not be determined under the provisions of Sub-Rule (1) and (2), as per the Rule 3(3) ibid, the same is required to be re-determined by following procedures laid down under Rule 4 to 6 of the Customs Valuation (Determination of Value of Export Goods) Rules, 2007.

10.4 As the goods to be exported were not Standard Goods, as required under Rule 4, the export data contained in Export Commodity Data Base (ECDB) cannot be used for comparing price of the goods of like kind and quality. Further, as the subject goods were not identified specifically with any Brand, Mark, Style or other specifications, the goods exported of like kind and quality cannot be identified to compare their transaction value with the declared value of the subject goods. Hence, value of the subject export goods cannot be determined under the provisions of Rule 4 of the Customs Valuation (Determination of Value of Export Goods) Rules. 2007.

10.5 Further, during the investigation and searches made at the premises and residence of Sh. Neel Gagan, no data or documents were recovered which could have given an indication as to actual cost of the goods. Rather, it seems that Sh. Neel Gagan deliberately made sure that no data or record is recovered which could give an indication as to real value of the goods. When his accounts manager, namely, Sh. Gurdas was summoned, he also did not appear to join the investigation. Also, two more summons dated 29.05.2025 and 01.07.2025 were issued to Sh. Neel Gagan to tender his statement and provide relevant export documents and corresponding remittance certificates but he did not show up however, vide his email dated 21.07.2025, Sh. Neel Gagan submitted BRCs as listed above in para 9.7 above and did not make any further submission in this regard. This also shows that the accused has been deliberately trying to avoid investigation. So, in absence of complete details and data related to cost involved, the value cannot be determined under Rule 5 which provides for Computed Value method of the said Rules.

10.6 Therefore, to determine the value of the goods is the Residual method as provided by the Rule 6 of the said rules. The rule provides that where value of the export goods cannot be determined under the provisions of rules 4 & 5, the value shall be determined using reasonable means. Extent overvaluation as stated by Sh. Neel Gagan in his statement and corroboration of the modus by finding of the foreign currency being smuggled is a reasonable means of determining value of the export goods.

10.7 In the present case, it has come to light through the investigation and already established facts in the Show Cause Notice dated 19.03.2025 to Sh. Neel Gagan that the goods manufactured by M/s Youngman Manufacturers through its proprietor which were exported to Dubai, were systematically overvalued by around 25%. This overvaluation is established on the basis of statement given by Sh. Neel Gagan dated 13.10.2024 and subsequent

investigation. In statement dated 13.10.2024, Sh. Neel Gagan has stated that the goods exported by him were overvalued. Further, he also admitted to overvaluation of goods by 20% - 30%. In case of Ramesh Hegde v Chief Commissioner 2005 (179) ELT 230 (CESTAT) overvaluation was considered to be established where there was an admission in voluntary statement regarding overvaluation. Further, in Commissioner of Central Excise, Madras Vs. Systems & Components Private Ltd 2004 (165) ELT 136 (SC) it has been held by the Apex Court that once the Assessee admits, there is no need for the department to prove the same. Thus, what is admitted need not be proved. Similarly, in Surjeet Singh Chhabra Vs. Union of India AIR 1997 SC 2560 the Apex court held that the confession made by a party even if it is retracted, binds him as it is an admission since custom officials are not police officers.

10.8 Moreover, Sh. Neel Gagan has admitted the modus-operandi and details of the transaction in- extenso. He has given the details, which were exclusively to his knowledge, that how he used to overvalue goods. He also provided minute details like how fluctuation in price of raw materials like wire rod, nickel etc and shipping charges affected his margins. Further, he has also admitted that he used to get fake invoices issued as and when needed. Thus, there is enough reason to doubt the truth and accuracy of value declared by M/s Youngman Manufacturers through its proprietor, Sh. Neel Gagan during export of goods vide 98 Shipping Bills. Hence, the transaction value of ₹ 62,19,93,620/- declared by M/s Youngman Manufacturers through its proprietor, Sh. Neel Gagan appears to be liable to be rejected.

10.9 For determination of FOB of exports, where overvaluation to the extent of 25% is done, the valuation is done in terms of rule 6 of the Customs valuation (Determination of Value of Export Goods) Rules, 2007 wherein the rules state that: -

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.

Thus, the value of the exported goods vide 98 Shipping Bills appears liable to be re-determined as Rs. ₹ 49,75,94,896/- by considering the overvaluation (25%) to reflect the actual market value of the goods. Thus, the value of good as calculated in the chart given

herein below comes out to ₹ 12,43,98,724/- by considering the overvaluation (25%) to reflect the actual market value of the goods.

Table 7: Calculation of Actual FOB Value (in Rs.)

FOB declared (overvalued)	ACTUAL FOB (after adjusting)	Difference in FOB
62,19,93,620/-	49,75,94,896/-	12,43,98,724/-

10.10 The phrase 'FOB' has not been defined either in the Customs Act,1962 or in the rules made thereunder. In the commercial parlance, FOB (Free on Board) denotes the price of the goods at the point of export, typically when they are loaded onto the vessel at the port of shipment. It represents the value of goods exclusive of insurance and freight charges. However, the term 'value' has been defined under Section 2(41) of the Customs Act, 1962 to mean *the value determined in accordance with the provisions of sub -section (1) or sub section (2) of Section 14 of the Act*. Section 14 lays down the statutory mechanism for determining the assessable value of goods for customs purposes.

Accordingly, the FOB value for the purpose of disbursing drawback and other export incentives would be the value determined under Section 14 of the Customs Act, 1962, less the components of insurance and freight.

11 DEMANDS OF INADMISSIBLE DRAWBACK & RoDTEP AVAILED.

During relevant period exports were made by M/s Youngman manufacturers vide 98 Shipping Bills and against request raised to ICEGATE by this office, through email dated 29.10.2025, DG-Systems has informed that the total RoDTEP Scroll/ e-scrips generated through shipping bills filed by M/s Youngman Manufacturers is of **Rs. 58,39,868/-** and net utilized amount for payment of duty is **Rs. 58,39,360/-**, the Shipping Bill wise list provided by the DG-Systems is attached as **Annexure A (RUD-6).** From the investigation it appears that M/s Youngman Manufacturers through its proprietor, Sh. Neel Gagan has mis-declared the FOB value of exports which instead of **Rs.** 62,19,93,620**/-** has been recalculated as **Rs.** 49,75,94,896**/-,** i.e. overvaluation of **Rs.** 12,43,98,724**/-.** On this declared FOB value of **Rs. 62,19,93,620**/- total drawback and RoDTEP availed are **Rs. 94,01,966**/- and Rs. **58,39,868**/- respectively.

Rule 3 (1) (c)of the Customs and Central Excise Duties Drawback Rules, 2017 states that

"Drawback may be allowed on the export of goods at such amount, or at such rates, as may be determined by the Central Government."

And in exercise of powers conferred by sub-section (2) of section 75 of the Customs Act, 1962 (52 of 1962) read with rules 3 and 4 of the Customs and Central Excise Duties Drawback Rules, 2017, the central government determines the rates of drawback through schedule wherein it specifies rate of drawback as a percentage of the free on-board value (FOB) of the export goods as the case may be.

NOTIFICATION No. 76/2021 - Customs (N.T.) specifies the manner to issue duty credit for goods exported under the Remission of Duties and Taxes on Exported Products (RoDTEP) wherein it is mentioned that

"*Value of the said goods for calculation of duty credit to be allowed under the Scheme shall be the declared export FOB value of the said goods or up to 1.5 times the market price of the said goods, whichever is less"*

Also, as per the Department of Commerce notification No. 19/2015-20 dated 17.08.2021 it was specified that

"Under the Scheme (RoDTEP Scheme), a rebate would be granted to eligible exporters at a notified rate as a percentage of FOB value with a value cap per unit of the exported product".

Overvalued FOB in contravention of the provisions of Customs Act, can't be taken as FOB for calculation of RoDTEP under NOTIFICATION No. 76/2021 - Customs (N.T.) issued u/s 51B of the Customs Act. Therefore, the FOB value has to the actual value of goods accepted by Sh. Neel Gagan during this investigation.

Excess Drawback and RoDTEP availed by M/s Youngman Manufacturers through its proprietor, Sh. Neel Gagan on account of the overvaluation done by Sh. Neel Gagan appears to be:

Table 8: Excess amount of Export incentives claimed on account of overvaluation.

Over-valued amount	Excess Drawback claimed (@1.5%)	Excess RoDTEP claimed (@1%)
12,43,98,724/-	₹ 18,65,981/-	₹ 12,43,987/-

Thus, excess Drawback of amount Rs. 18,65,981/- & RoDTEP of amount Rs. 12,43,987/- calculated on account of rejection & re-determination of overvalued FOB value of exports made during the period under consideration.

11.2 Now, the BRCs submitted by Sh. Neel Gagan have been examined viz-a-viz exports made by him during subject period and it appears that the remittances received with regard to the export made at declared FOB are partial i.e. M/s Youngman Manufacturers through its proprietor, Sh. Neel Gagan has not received complete payment in respect of all the Shipping Bills through which exports were made during the relevant period. M/s Youngman Manufacturers through its proprietor, Sh. Neel Gagan has received partial or no payments in 53 of the 98 Shipping Bills. The details of the Shipping Bills where partial or no payments have been received, 53 in number, are as per table below:

Table 9: Details of 53 Shipping Bills and corresponding payments received.

SHIPPNG BILL NO.	SB DATE	Sum of FOBVALUEINRS	Sum of INR BRC
4490516	28-09-2022	5401101	4903010
5802864	29-11-2022	6233345	5649652
9538148	25-04-2023	6332105	5733025
6171034	15-12-2022	6216425	5610722
6423191	24-12-2022	6305143	5688781
9538364	25-04-2023	6334711	5717260
7094973	19-01-2023	6313428	5695525
6573839	06-01-2024	6310426	5692500
5778136	04-12-2023	6343832	5723325
4067789	21-09-2023	6340415	5717298
2964063	04-08-2023	6392090	5766170
2785032	28-07-2023	6338228	5711933
3952419	15-09-2023	6340908	5712900
3311756	19-08-2023	6340990	5712900
5946355	11-12-2023	6337397	5708910
1972687	23-06-2023	6334725	5705076
2143967	30-06-2023	6337978	5698890
5087370	02-11-2023	6336187	5693791
6138570	19-12-2023	6338850	5695950
3085013	09-08-2023	6338241	5692050
6239762	22-12-2023	6348838	5702372
2860960	31-07-2023	6341720	5692120
4315346	30-09-2023	6345857	5687588
4864966	25-10-2023	6342384	5674418
3608079	31-08-2023	6340205	5671800
3877186	12-09-2023	6892471	6214320
3253598	17-08-2023	6339976	5660134
6829484	18-01-2024	6868538	6187500
2301718	07-07-2023	6988834	6303815
5138094	04-11-2023	6905120	6214278

6757087	15-01-2024	6329400	5611898
9298097	14-04-2023	6333910	5614715
3464418	25-08-2023	6343353	5615740
7415427	31-01-2023	6319953	5577201
5609849	27-11-2023	6336174	5585029
6209759	21-12-2023	6336539	5584755
5861002	07-12-2023	6334568	5580036
7844168	16-02-2023	6321900	5556302
7627959	08-02-2023	6325060	5547954
9261440	13-04-2023	6733408	5954685
7976861	22-02-2023	6330953	5544302
4588849	12-10-2023	6344306	5554831
4757244	19-10-2023	6338620	5520800
2128096	30-06-2023	6337978	5511802
4551890	11-10-2023	6934908	6065258
4020154	18-09-2023	6340168	5424049
8986723	31-03-2023	6677696	5757315
8874378	28-03-2023	6329056	5389852
5452096	20-11-2023	6925142	5850556
8645970	26-03-2024	7044456	5464316
5250468	09-11-2023	6336560	4375440
1166841	20-05-2023	6348260	1062189
2475516	17-07-2024	6293842	**0**
Total		**339576678**	**289987038**

Thus, the total FOB value of the 53 Shipping Bills comes out to Rs. 33,95,76,678/- and the total amount of payments reflected in the corresponding BRCs to these Shipping Bills amounts to Rs. 28,99,87,038/- i.e. the amount received in terms of foreign remittance is less than the FOB value of these 53 Shipping Bills.

Table 11: BRC details in respect of 53 Shipping Bills.

S.No.	No. of Shipping Bills	FOB value Declared	BRC received
1	53 Nos.	₹ 33,95,76,678	₹ 28,99,87,038

Regulation 9(1) of the Foreign Exchange Management (Export of Goods & Services) Regulations, 2015 as amended vide **Notification No. FEMA 23(R)/(3)/2020-RB dated 31.03.2020** States that:

"***9. Period within which export value of goods/software/ services to be realised: -***

(1) The amount representing the full export value of goods / software/ services exported shall be realised and repatriated to India within nine months or within such period as may be specified by the Reserve Bank, in consultation with the Government, from time to time, from the date of export, provided"

Thus, it is seen that remittance for the exports is not received within specified time limit. Furthermore, the admissibility of Drawback & RoDTEP incentives or any other export incentives as the same lies with the fulfilment of relevant Sections of the FEMA Act, 1999 read with relevant rules and regulations laid down, Drawback Rules and other relevant Rules & Regulations governing the RoDTEP scheme.

For partial remittance received, rule 18 of Customs and Central Excise Duties Drawback Rules, 2017 states that: -

(1) Where an amount of drawback has been paid to an exporter or a person authorised by him (hereinafter referred to as the claimant) but the sale proceeds in respect of such export goods have not been realised by or on behalf of the exporter in India within the period allowed under the Foreign Exchange Management Act, 1999 (42 of 1999) including any extension of such period, such drawback shall, except under circumstances or conditions specified in sub-rule (5), be recovered in the manner specified below: Provided that the time-limit referred to in this sub-rule shall not be applicable to the goods exported from the Domestic Tariff Area to a special economic zone.

Further Para 5(3) of NOTIFICATION No. 76/2021 - Customs (N.T.) specifies that:

If a part of the sale proceeds has been realised, the amount of duty credit to be recovered shall be the amount equal to that portion of the amount of duty credit allowed which bears the same proportion as the portion of the sale proceeds not realised bears to the total amount of the sale proceeds

The FOB value in respect of those 53 Shipping Bills as determined in para 11 above is as under:

Table 12: FOB of 53 Shipping Bills and BRC

S.No.	FOB value Declared	Amount received as per BRC	Difference in declared FOB and remittance

			received
1	₹ 33,95,76,678	₹ 28,99,87,038	₹ 4,95,89,640

Further, the value of export incentives i.e. Drawback and RoDTEP admissible to M/s Youngman Manufacturers through its proprietor, Sh. Neel Gagan in respect of the 53 Shipping Bills where partial payment has been received is as per table below

Table 13: Excess Drawback & RoDTEP in respect of 53 Shipping Bills calculated on the basis of BRCs

DBK availed	**RoDTEP availed**	**DBK calculated as per BRC**	**RoDTEP Calculated as per BRC**	**Excess Drawback**	**Excess RoDTEP**
₹ 53,29,507/-	₹ 32,16,036/-	₹ 43,49,805/-	₹ 28,99,870/-	₹ 9,79,702/-	₹ 3,16,166/-

Thus, the excess amount of Drawback & RoDTEP incentives availed are ₹ 9,79,702/- & ₹3,16,166/- respectively as calculated on the basis of BRC.

Table 14: Excess value of Drawback & RoDTEP in respect of 53 Shipping Bills calculated on basis of FOB Value (redetermined on the basis of over-valuation).

DBK availed	**RoDTEP availed**	**DBK calculated as per actual FOB Value**	**RoDTEP Calculated as per actual FOB Value**	**Excess DBK availed**	**Excess RoDTEP availed**
₹ 53,29,507/-	₹ 32,16,036/-	₹ 40,74,920/-	₹ 27,16,613/-	₹ 12,54,586/-	₹ 4,99,422/-

11.3 The total excess Drawback and RoDTEP availed on account of non-receipt or partial receipt of BRCs amounts to ₹9,79,702/- and ₹3,16,166/- respectively. However, the total excess/inadmissible Drawback and RoDTEP availed on account of overvaluation which when calculated for only these 53 Shipping Bills comes out to be ₹12,54,586/-and ₹ 4,99,422/- respectively. The quantum of inadmissible export incentives, namely Drawback and RoDTEP, is higher when examined from the perspective of overvaluation than the export incentives on account BRC non realization/submission. Accordingly, higher figures of ₹12,54,586/- & ₹ 4,99,422/-respectively are being considered as being excess claimed in respect of aforesaid 53 Shipping Bills.

11.4 Under Section 75 read with section 75 A (2) of the Customs Act, ineligible Drawback amounting to Rs. 18,65,981/- fraudulently availed by M/s Youngman Manufacturers through its proprietor, Sh. Neel Gagan appears to be recoverable within two months from the date of demand along with interest applicable under Section 28AA of the Customs Act from the date of payment of Drawback to the notice. Further, in terms of provisions of Rule 17 of the Customs and Central Excise Duties and Service Tax Drawback Rules, 2017**,** fraudulently availed ineligible Drawback for which M/s Youngman Manufacturers through its proprietor, Sh. Neel Gagan is not entitled appears to be recoverable from him and in case M/s Youngman Manufacturers through its proprietor, Sh. Neel Gagan fails to repay the amount, same appears liable to be recovered in the manner laid down in Sub-Section 142 of the Customs Act, 1962.

11.5 Para 3 of NOTIFICATION No. 76/2021 - Customs (N.T.) states that:

"***3. Cancellation of duty credit.*** *- (1) Where a person contravenes any of the provisions of the Act or any other law for the time being in force or the rules or regulations made thereunder in relation to exports to which the duty credit relates, or in relation to the e-scrip, the Principal Commissioner of Customs or Commissioner of Customs having jurisdiction over the customs station of registration of the e-scrip may, after enquiry, pass an order to cancel the said duty credit or e-scrip.*

(2) Where the e-scrip is so cancelled, the duty credit amount in the said e-scrip shall be deemed never to have been allowed and the proper officer of Customs shall proceed to recover the duty credit amount used in such e-scrip or transferred from such e-scrip.

(3) The proper officer of Customs may, without prejudice to any other action that may be taken under this Act or any other law for the time being in force, suspend the operation of the said e-scrip or the electronic duty credit ledger of such exporter or any duty credit transferred from such e-scrip, during pendency of the enquiry under sub-clause (1)."

From above it is clear that where a person contravenes any of the provisions of the Act or any other law for the time being in force or the rules or regulations made thereunder in relation to exports to which the duty credit relates, or in relation to the e-scrip, the Principal Commissioner of Customs or Commissioner of Customs having jurisdiction over the customs station of registration of the e-scrip may, after enquiry, pass an order to cancel the said duty credit or e-scrip. Since the provisions of Customs Act 1962 and rules made thereunder have

been violated, whole duty credit/ e-scrip utilized amounting to **Rs. 58,39,868/-** availed on account of RoDTEP in respect of its exports made is required to be cancelled under para 3(1) and recovered as mandated under para 3(2) and para 4 of the said notification.

11.6 Para 4 of the notification no. 76/2021 Customs (NT) dated 23.09.2021, procedure for recovery of unduly claimed RoDTEP and stipulates for Recovery of amount of duty credit.

"*Where an amount of duty credit has, for any reason, been allowed in excess of what the exporter is entitled to, the exporter shall repay the amount so allowed in excess, himself or on demand by the proper officer, along with interest, at the rate as fixed under section 28AA for the purposes of that section, on that portion of duty credit allowed in excess, which has been used or transferred, and where the exporter fails to repay the amount along with interest, as applicable, it shall be recovered in the manner provided in section 142 of the said Act*."

Since the e-scrip/ duty credit on account of RoDTEP is liable to be cancelled, in terms of Para 3(1), whole amount of e-scrip/ duty credit utilized for duty payment amounting to **Rs. 58,39,868/-** availed by M/s Youngman Manufacturers through its proprietor, Sh. Neel Gagan appears to be excess and is liable to be recovered as per para 4 of Notification 76/2021-Customs (N.T.) dated 23.09.2021.

12. <u>Legal Violations</u>

(i) M/s Youngman Manufacturers through its proprietor, Sh. Neel Gagan has not declared the correct transaction values of the goods as desired under Section 14 of the Customs Act, 1962. Rather it has overvalued the export goods by 25% more than actual value of the goods which is accepted by Sh. Neel Gagan in his statement dated 13.10.2024.

(ii) In terms of Section 50(2), of the Customs Act, 1962 exporter should subscribe to a declaration as to the truth of the contents of the Bill of export and in terms of 50(3) of the Customs Act, 1962 exporter while presenting Bill of export should ensure the accuracy and completeness of the information and compliance with the restriction and prohibition. However, M/s Youngman Manufacturers through its proprietor, Sh. Neel Gagan has failed to do so by resorting to overvaluation and has thus, violated the provisions of Sections 50(2) and 50(3) of the Customs Act, 1962.

(iii) By resorting to the overvaluation, exporter has failed to meet the faith and responsibility posed on him under Section 17 of the of the Customs Act, 1962 by allowing for the self-assessment of the goods. M/s Youngman Manufacturers through its proprietor, Sh. Neel Gagan had contravened the provisions of Section 17 of the Customs Act, 1962 by wrongly self-assessing the value of the goods exported by it. While self-assessing the goods, it is the exporter who has to ensure that he declares the correct classification, the applicable rate of duty, value, and correctly claims the benefit of exemption notifications, in respect of the exported goods while presenting Bill of Export. Thus, it is the added and enhanced responsibility of the exporter to declare the correct description, classification and value of export goods. The investigation has revealed that M/s Youngman Manufacturers through its proprietor, Sh. Neel Gagan had declared the value of export goods incorrectly and thus, violated the provisions of Section 17 of the Customs Act, 1962.

(iv) For the violations under Customs Act 1962 and the Allied Acts & Rules discussed above by way of overvaluation makes the export an 'illegal export' under Section 11H(a) of the Customs Act, 1962 and non-compliance of the procedural restrictions imposed makes the exported goods prohibited goods under Section 2(33) of the Customs Act, 1962. M/s Youngman Manufacturers through its proprietor, Sh. Neel Gagan has thus, indulged in the smuggling of the goods in terms of the Section 2(39) of the Customs Act,1962.

(v) In terms of the Section 7 of Foreign Exchange Management Act, the exporter shall furnish to the Reserve Bank or to such other authority a declaration in such form and in such manner as may be specified, containing true and correct material particulars, including the amount representing the full export value. However, in present case this value was not correctly declared by M/s Youngman Manufacturers through its proprietor, Sh. Neel Gagan. By wilful non-compliance, M/s Youngman Manufacturers through its proprietor, Sh. Neel Gagan has violated Section 7 of the Foreign Exchange Management Act.

(vi) In terms of Section 11 of the Foreign Trade (Development and Regulation) Act, 1992, exporter should do the export with compliance of the provisions of the Act and Rules made thereunder. Rule 11 of the Foreign Trade (Regulation) Rules, 1993 prescribes that owner of export goods shall in the Shipping Bill or any other documents prescribed under the Customs Act 1962, state the value, quality and description of such goods to the best of his knowledge and belief and in case of exportation of goods, certify that the quality and specification of the goods as stated in those documents, are in accordance with the terms

of the export contract entered into with the buyer or consignee in pursuance of which the goods are being exported and shall subscribe a declaration of the truth of such statement at the foot of such Shipping Bill or any other documents. Rule 14 of the Foreign Trade (Regulation) Rules, 1993 prohibits signing or using any declaration, statement or document for obtaining fiscal benefit knowing or having reason to believe that such declaration, statement or document is false in any material particular. Further, said Rule 14 also prohibits employing any corrupt or fraudulent practice for the purpose of fiscal benefits on exporting any goods. By resorting to overvaluation, M/s Youngman Manufacturers through its proprietor, Sh. Neel Gagan has violated Rules 11 and 14 of the Foreign Trade (Regulation) Rules, 1993 and consequently Section 11 of the Foreign Trade (Development and Regulation) Act, 1992.

(vii) Sh. Neel Gagan has failed to comply with the Rules & Regulations laid under the Foreign Exchange & Management Act, 1999 has M/s Youngman Manufacturers through its proprietor, Sh. Neel Gagan has failed to realise the sum total value of exports made in the time period as prescribed under the said act read with RBI master circular dated 01.07.2010

(viii) By contravention of various provisions of Customs Act 1962 as detailed above M/s Youngman Manufacturers through its proprietor, Sh. Neel Gagan has failed to adhere with the conditions specified in Notification No. 76/2021 - Customs (N.T.) dated 23.09.2021 within which the exporter is allowed the benefit of RoDTEP scheme to the extent of declared export FOB value of the said goods. By resorting to overvaluation, he availed benefits which became inadmissible, read with Department of Commerce Notification No. 19/2015-20 dated 17.08.2021 within which the refund to previously unrefunded duties and taxes is granted.

13. <u>Liability of goods for confiscation</u>

Liability for confiscation u/s 113(i), 113(ia) and 113 (ja) of the Customs Act, 1962

In the instant case as per the statement dated 13.10.2024 of Sh. Neel Gagan, he has admitted to having exported goods by not declaring their actual value with the intention to avail ineligible excess export incentives. From aforementioned Investigation it clearly appears, that M/s Youngman Manufacturers through its proprietor, Sh. Neel Gagan had not declared the correct value of the goods and overvalued the goods exported vide 98 Shipping Bills to the tune of 25% with intention to avail ineligible excess duty Drawback and RoDTEP

benefits. Therefore, the goods exported with incorrect declaration of value appears liable for confiscation under Section 113(i), 113(ia) and 113 (ja) of the Customs Act, 1962.

14. Liability for penalty of M/s Youngman Manufacturers through its proprietor, Sh. Neel Gagan

14.1 Liability for penalty u/s 114 of the Customs Act, 1962.

As discussed at para 9 above, M/s Youngman Manufacturers through its proprietor, Sh. Neel Gagan has overvalued goods and availed excess ineligible duty Drawback and excess ineligible RoDTEP which were otherwise not admissible to it. Thus, by its acts of omission and commission, M/s Youngman Manufacturers through its proprietor, Sh. Neel Gagan has violated the provisions u/s 11, 14, 17, 50(2), 50(3) of the Customs Act, 1962 and Section 7 of Foreign Exchange Management Act resulting in exported goods liable for confiscation under Section 113 (i), 113(ia) and 113 (ja) of the Customs Act, 1962 and have thus rendered M/s Youngman Manufacturers through its proprietor, Sh. Neel Gagan liable for penalty under Section 114 of the Customs Act, 1962.

14.2 Liability for penalty u/s 114AA

In the instant case, it clearly appears through the discussions held in paras supras that M/s Youngman Manufacturers through its proprietor, Sh. Neel Gagan, who was apprehended on 09.10.2024 while carrying foreign currency equivalent to Rs. 5,08,55,350/- (Show Cause Notice issued dated 09.03.2025) was for the sole purpose to adjust the payment M/s Youngman Manufacturers through its proprietor, Sh. Neel Gagan had received against overvalued consignment which were exported with the sole intention to avail ineligible excess export incentives. The same action of M/s Youngman Manufacturers through its proprietor, Sh. Neel Gagan was done by intentionally making false and incorrect declaration at multiple times to the Customs with regard to the actual value of the 98 Shipping Bills filed and subsequently exported by him. In lieu of the same it clearly appears that, the M/s Youngman manufacturers through its proprietor Sh. Neel Gagan had knowingly and intentionally made false and incorrect declaration by mis-declaring the value of the goods in the 98 Bills of export and therefore, has rendered itself liable for penalty under Section 114AA of the Customs Act, 1962.

15. Now, therefore, M/s Youngman Manufacturers, B-29/536/25/3-1 Sua road, Giaspura , Ludhiana, Punjab- 141001, through its proprietor, Sh. Neel Gagan, r/o 2238, Phase-2, Urban Estate, Dugri, Ryan International School, Ludhiana- 141013 is hereby called upon to show cause in writing to the Pr. Commissioner/Commissioner of Customs, Mundra Port, Mundra having his office at Port User Building, MP&SEZ, Mundra, District-Kutchh (Gujarat) within 30 days from the receipt of this notice as to why: -

(i) The declared FOB value of **₹ 62,19,93,620/-** *(Rupees Sixty Two Crore Nineteen Lakh, Ninety Three Thousand Six Hundred and Twenty Only)* in respect of **98** Shipping Bills should not be rejected in terms of Rule 8 of the Customs Valuation (Determination of Value of Export Goods) Rules, 2007 and re-determined to **₹ 49,75,94,896/-** *(Rupees Forty Nine Crore Seventy Five Lakh Ninety Four Thousand Eight Hundred and Ninety Six Only)* in terms of provisions of Rule 6 of the Customs Valuation (Determination of Value of Export Goods) Rules, 2007

(ii) The inadmissible drawback amount of **₹ 18,65,981/-** *(Rupees Eighteen Lakh Sixty Five Thousand Nine Hundred and Eighty One Only)* excess claimed by M/s Youngman Manufacturers through its proprietor, Sh. Neel Gagan in respect of **98** Shipping Bills should not be recovered from them under Section 75 , Section 75A (2) of the Customs Act, 1962 and Rule 17 of the Customs and Central Excise Duties and Service Tax Drawback Rules, 2017 with applicable rate of interest fixed under Section 28AA of the Customs Act, 1962.

(iii) The e-scrip /duty credit as detailed in Annexure- A related to RoDTEP amounting to **₹. 58,39,868/-** *(Rupees Fifty Eight Lakh Thirty Nine Thousand Eight Hundred and Sixty Eight Only)* claimed illegally by M/s Youngman Manufacturers through its proprietor, Sh. Neel Gagan should not be cancelled as per the provisions of Para 3 of Notification No. 76/2021 - Customs (N.T.) dated 23.09.2021.

(iv) The duty credit/ e-scrip as detailed in Annexure -A related to RoDTEP amounting to **₹ 58,39,868/-** *(Rupees Fifty Eight Lakh Thirty Nine Thousand Eight Hundred and Sixty Eight Only)* claimed illegally and utilized by M/s Youngman Manufacturers through its proprietor, Sh. Neel Gagan on account of contravention of provisions of The Customs Act, 1962 should not be recovered from them in terms of Clause 3, sub clause 2 read with Clause 4 of the Notification No. 76/2021 -Customs (N.T.) dated 23.09.2021 read with Section 28AAA of the Customs Act, 1962 along with applicable interest u/s 28AA of the Customs Act, 1962.

(v) The goods exported vide **98** Shipping Bills with declared FOB value of ₹ **62,19,93,620/-** should not be confiscated under Section 113(i), 113(ia) and 113 (ja) of the Customs Act, 1962.

(vi) Penalty should not be imposed on them under provisions of Section 114 and 114AA of the Customs Act, 1962.

16. The noticee may submit their written reply to this Show Cause Notice to the adjudication authority within 30 days of the receipt of this show cause notice. The above noticee is further advised to indicate in his written submission whether they desire to be heard in person before the case is adjudicated. If no mention is made about this in the written submission, it would be presumed that they do not desire to be heard in person. They are also required to produce at the time of showing cause all evidences on which they intend to rely upon in support of their defence.

17. The noticee should note that, if no cause is shown by them against the action proposed to be taken within 30 days from the date of receipt of this show cause notice or if they do not appear before the adjudicating authority i.e. Commissioner/ Principal Commissioner of Customs, Port User Building, MP& SEZ, Mundra, District- Kutchh (Gujarat) when the case is posted for hearing, the case will be decided *ex-parte* on the basis of the material evidence available on record.

18. This notice is issued without prejudice to any other action that may be taken against all of them or any other person(s) under the provisions of the Customs Act, 1962 or any other law for the time being in force.

19. This show cause notice is being issued on the basis of evidences available on record and relied upon documents as discussed in the aforementioned paragraphs.

20. The Department reserves the right to add, alter, amend, modify or supplement this notice at any time on the basis of any evidence, material facts related to export of goods under investigation and any other export by the said exporter, which may come to the notice of the Department after issuance of this notice and prior to the adjudication of the case.

21. The list of documents relied upon for the issuance of this notice is attached as **Annexure-R** to this notice. All the relied upon documents are enclosed herewith.

Encl: Annexure-R

Digitally signed by
Nitin Saini
Date: 16-09-2026
14:34:42

(Nitin Saini)
Commissioner of Customs
Customs House, Mundra

F.No. GEN/ADJ/ADC/247/2026-Adjnn-O/o Pr Commr-Cus-Mundra
SCN No. 42/2026-27/COMM/N.S./Adjn/MCH

By Speed Post/Regd. Post/E-mail/Hand Delivery
Noticee:

1. M/s Youngman Manufactures, (IEC BMFPS4872N, B29/536/25/3-1 Sua Road, Giaspura, Ludiana Punjab- 141013) through its proprietor, Shri Neel Gagan Singla S/o Shri Jagdish Rai Singla, House No. 2238, Phase-2, Urban Estate, Dugri, Ryan International School , Ludiana-141013
(email:neelgagansingla@gmail.com, gagansingla1430@gmail.com)

Copy Submitted to: -

1. The Additional Director, DRI Chandigarh Regional Unit, SCO NO. 258, (2nd Floor), Sector-44C, Chandigarh-160047.

2. The Deputy Commissioner (EDI), Customs House, Mundra with a request to upload the Show Cause Notice in departmental official website.

3. Notice Board