

	<p>कार्यालय: प्रधान आयुक्त सीमाशुल्क, मुन्द्रा, सीमाशुल्क भवन, मुन्द्रा बंदरगाह, कच्छ, गुजरात- 370421</p> <p><b>OFFICE OF THE PRINCIPAL COMMISSIONER OF CUSTOMS:</b></p> <p><b>CUSTOM HOUSE, MUNDRA PORT, KUTCH, GUJARAT- 370421.</b></p> <p><b>PHONE : 02838-271426/271163 FAX :02838-271425</b></p> <p><b>E-mail id- adj-mundra@gov.in</b></p>	
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A. File No.	: GEN/ADJ/ADC/642/2026-Adjn-O/o Pr Commr-Cus-Mundra
B. SCN No.	: 16/2026-27/ADC/AKM/MCH Date:07-04-2026
C. Issued by	: Amit Kumar Mishra, Additional Commissioner of Customs, Customs House, AP&SEZ, Mundra.
D. Noticee(s)/ Importer	: 1. M/s Bhagwati Enterprises 2. Shri Lokendra Singh Baghel, Proprietor of M/s Bhagwati Enterprises 3. Shri Surender Malik, Beneficial Owner of Bhagwati Enterprises 4. Shri Mukesh Hariram, Commission Agent
E. DIN	: 20260471MO000000E784

**(Show Cause Notice under Section 124 of the Customs Act, 1962)**

An intelligence was developed by Surat Regional Unit, Directorate of Revenue Intelligence (herein after referred as 'DRI') that M/s Bhagwati Enterprises (Proprietor Shri Lokendra Singh Baghel) (herein after referred as '*the Exporter*' for the sake of brevity) having IEC- BPZPB3207F located at Flat no. 15/3358, in front of Dang Ho Saman, Shardapuram, Rewa, Madhya Pradesh-486001, were exporting goods declared as 'Gear Box Housing, Grari Big, Grari Small, Nut Bolt Set' under CTIs 87089900 and 73181600 from Mundra Port and intended to avail ineligible/excess IGST refund, Drawback and RoDTEP on the said goods, while mis-declaring the value of goods entered for exportation. The intelligence suggested that the exporter had filed 3 (three) Shipping Bills No. 1892341, 1892342 and 1892356 all dated 16.05.2025 for export of goods and that the said goods were of inferior quality and thus mis-declared in terms of value (being over valued) to claim ineligible/excess IGST refund @28%/18% of the FOB value alongwith other benefits of Drawback and RoDTEP.

**EXAMINATION OF GOODS:**

2. Based on the above intelligence, the goods stuffed in Container No. FSCU7715181 with Shipping Bills No. 1892341, 1892342 and 1892356 dated 16.05.2025 were examined under Panchnama dated 25.05.2025 (**RUD-1**) drawn at Ashutosh CFS, Mundra in the presence of Shri Ajendra Singh, G Card Holder of M/s Ganesham Cargo Carriers, (CHA of Bhagwati Enterprises) and Jayendu Bhatt, Operation Manager of Ashutosh CFS, Mundra. During the panchnama, Shri Ajendra Singh produced export documents running from page 1 to 44 containing a

copy of Checklist of the 3 Shipping Bills, Invoices/Packing list, purchase invoices and e-way bills etc. for the goods covered under aforesaid Shipping Bills.

**2.1** Shri Ajendra Singh, introduced Shri Mukesh Hariram who was accompanying him for examination of aforesaid export Goods on behalf of the exporter. Shri Mukesh Hariram informed that he had met one person Shri Surender Malik in Jalandhar, Punjab seeking some work around 4-5 months back and later Shri Surender Malik instructed him for arranging clearance of export cargo from Mundra Port to Dubai. Thus, he (Shri Mukesh Hariram) approached Shri Ajendra Singh, for filing 03 Shipping bills in April 2025 and three shipping Bills in May 2025 pertaining to Bhagwati Enterprises; that he (Shri Mukesh Hariram) arranged logistics for the subject export goods at CFS, and for that job he was offered monetary remuneration of Rs.20,000-30,000 per export container by Shri Surender Malik; that Shri Surender Malik was the authorised signatory/person of Bhagwati Enterprises and he got instructions and clarifications regarding export shipments of Bhagwati Enterprises from Shri Surender Malik. Shri Mukesh Hariram also stated that he had never contacted the proprietor of M/s. Bhagwati Enterprises.

**2 . 2** Shri Jayendu Bhatt informed that the container was recalled from Port Terminal for examination by DRI officers and the weighment of the container was done vide Weighment Slip No. WT012418/2526 dated 24.05.2025. The officers verified the sealed container and found the seal to be intact.

**2.3** After opening the container, it was noticed that the container was stuffed with Wooden Box Pallets. The officers scrutinized the documents produced by Shri Ajendra Singh and summarized the details of goods as declared by the exporter in the Shipping Bills, Invoices and packing list as detailed below:

**Table 1: Details of Goods as per declaration in Shipping Bills/Export Invoice/Packing List**

Sl No	Shipping Bill No./ Date	Item	Qty (Wooden Box)	Pcs Per Box	Total Qty	Unit	Weight (In Kgs.)
1	1892341 / 16.05.2025	GRARI BIG	1	2000	2000	PCS	1200
		GRARI SMALL	1	1500	1500	PCS	750
		NUT BOLT SET	1	2000	2000	PCS	1000
		GEAR BOX HOUSING	2	-	500	PCS	3000
2	1892342 / 16.05.2025	GRARI BIG	2	-	3000	PCS	1800
		GRARI SMALL	2	-	3000	PCS	1200
		NUT BOLT SET	1	4000	4000	SET	2000
		GEAR BOX					1800

		HOUSING	1	300	300	PCS	
3	1892356 / 16.05.2025	GRARI BIG	1	4000	4000	PCS	2400
		GRARI SMALL	2	-	4000	PCS	2000
		NUT BOLT SET	1	100	100	SET	50
Total Net Weight declared in Three Shipping Bills			15 PALLETS				<b>17,200 Kgs</b>

**2.4** After de-stuffing the cargo, it was noticed that there was no marking on the 14 pallets except for one pallet on which the subject three SB Nos. as stated above were written with a marker pen. The declared total net weight in three shipping Bills was 17,200 Kgs however, the cargo weight found on weighment of container during the examination was 12,000 Kgs, thus, there was a shortage in weight of 5200 Kgs. On being asked, Shri Ajendra Singh was unable to explain the weight difference and he could not clarify absence of marks and numbers on the pallets to enable identification of the cargo as per individual packing list of the three Shipping Bills.

**2.5** The goods in 15 Wooden Box Pallets as de-stuffed from the said export container did not tally/match with the quantity and description as mentioned in packing list tabulated above in Table 1. On being asked the reason for mis-declaration and mismatch of cargo in the said container, Shri Ajendra Singh informed that he had filed the Shipping Bills on the basis of invoices and documents received from the exporter. It was noticed that there were only two types of items namely, "Cast Iron Gear box Housing" made of cast iron in assorted/mix lot sizes and design stuffed in 14 Wooden Box pallets and Steel "Nut Bolts" packed in jute gunny bags in 01 wooden Box pallet. The quantity of goods found could not be tallied with any of the packing list of three Shipping bills. The total declared FOB value at Rs. 2.29 Crores for three shipping Bills for 12,000 Kgs of cargo of assorted cast iron Gear Box Housing of machinery and steel nut bolts appeared to be highly over-valued and mis-classified under CTI 87089900 and the goods did not appear to be of prime quality. The officers, informed the CHA that since the goods were mis-declared in parameters such as description, quality and quantity, there was reasonable doubt that the declared value in the Shipping bills did not represent the transaction value and the same was liable to be rejected in terms of Rule 8 of Customs Valuation (Determination of Value of Export Goods) Rules, 2007.

**2.6** The officer called for the services of Shri Tushar Zankat, Chartered Engineer, the empanelled Chartered Engineer at Mundra Port for obtaining his opinion on the nature, specification and valuation of cargo. Shri Prashant Kumar, Authorised representative of Shri Tushar Zankat, CE joined the inventORIZATION and examination of cargo for furnishing valuation report of the subject cargo. Shri Prashant Kumar during the process of inspection thoroughly opened all the boxes and pallets to tally the quantity/nature specification and type of cargo as declared in the aforementioned Shipping Bills and also took photographs of all the goods declared in the aforementioned Shipping Bills. The summary of the nature,

quantity and specification details of goods found stuffed in container no. FSCU7715181 meant for export is detailed below:

**Table 2: Details of goods actually found during examination of cargo in Container no. FSCU7715181**

Sr. no.	Marks and Nos. as per Packing List	Item	Total Quantity	Remarks on the calculation of weight
1	Nil	Cast Iron Gear Box Housing of different sizes, weight and design (appeared to be used in machinery)	Assorted lot/ mixed sizes of Gear Boxes (packed in 14 Wooden Boxes weighing 9990 Kgs)	The declared total net weight in three shipping Bills was 17,200 Kgs. However, the cargo weight found on weighment of container during the examination was 12,000 Kgs, thus there was a shortage in weight of 5200 Kgs.
2	Nil	Steel Nut Bolts	Steel Nut Bolts 2010 Kgs (packed in one wooden Box)	
Total Weight			12000 kgs	

2.7 Shri Prashant Kumar informed that prima facie the cargo appeared to be mis-declared in terms of quantity vis-a vis packing list and also that the goods were highly over valued in the export invoices. He further informed that he had examined the goods and collected the relevant documents and informed that detailed valuation report will be submitted after 3 working days. The officers drew representative samples of items namely, "Steel Nut Bolts" (sample drawn in duplicate) marked the same as S1, S2, and marked the sample of "Gear Box Housing" as S3.

2.8 On being asked, Shri Ajendra Singh, CHA informed that the above said three shipping bills were filed for M/s Bhagwati Enterprises claiming the benefits of Drawback, RoDTEP and refund of IGST on exports on payment of IGST. The goods meant for export under the aforementioned three Shipping Bills were prima-facie found mis-declared in terms of value, classification with undue claim of export benefits including claim of refund of IGST amount. As the opinion on valuation/specification of goods from Chartered Engineer in respect of the goods for verifying the declared value, was pending, the officers detained the goods meant for export under three Shipping Bills as mentioned in Table-2 above and handed over the detained goods to Shri Jayendu Bhatt, Operation Manager of Ashutosh CFS, Mundra for safe custody under Supratnama dated 25.05.2025.

**SEIZURE OF GOODS:**

3. Shri Tushar Zankat vide email dated 05.06.2025 shared the Valuation report dated 04.06.2025 (**RUD-2**) wherein it has been opined that the subject goods are not of prime quality but were actually sub-standard/inferior products. Items were **stock lot/mixed lot parts of agricultural machinery such as rotavators** and Steel Nut Bolts which are of general use. The Chartered Engineer evaluated the value of these items Shipping Bill wise, as given below in table:

**Table 3: Details of valuation of goods by the Chartered Engineer**

S.No	Items description found during Inspection	QTY	UOM	Evaluated unit price in USD	Total Evaluated price in USD
1	Cast Iron Gear Box Housing of different sizes, weight and design in Bulk packing. No make/model/YOM found on item.	9990	KGS	1.00	9,990
2	Steel Nut Bolts packed in one wooden box	2010	KGS	0.80	1,608
<b>TOTAL</b>		<b>12000</b>			<b>11,598</b>

\*Exchange Rate as per Shipping Bills: 1 USD= 84.7

3.1 As per the CE report, total value of the goods covered under the three Shipping Bills was ₹9,82,351/- against the declared FOB value of ₹2,29,06,860/-, thus confirming that the value declared in Shipping Bills No. 1892341, 1892342, and 1892356 all dated 16.05.2025, were highly inflated. As the goods appeared to be mis-declared in terms of quantity, quality and value, the same were seized vide seizure memo F.No.DRI/AZU/SRU/C/INV-03/2025 dated 05.06.2025 (**RUD-3**), under the reasonable belief that the subject goods having re-determined value of Rs. 9,82,351/-, which is merely 4.28% of the (declared FOB value of ₹ 2,29,06,860/-), are liable to confiscation under Section 113 of Customs Act, 1962.

**4. STATEMENTS AND ENQUIRIES FROM RELATED PERSONS:****ENQUIRY WITH SHRI MUKESH HARIRAM:**

4.1 Summon to **Shri Mukesh Hariram, commission agent**, R/o Yuvraj Park, Behind The Fern Hotel, Dhruh, Mundra-Kutchh, Gujarat-370421, was issued on 13.06.2025 and his statement was recorded on 26.06.2025 (**RUD-4**) under section 108 of the Customs Act, 1962 wherein he inter-alia stated that:

4.1.1 He was working independently as a freelancer for different exporters for export of fabric, auto parts etc. and liaised with Ganesham Cargo Carriers, CHA for filing Shipping Bills. He was in contact with Shri Ajendra Singh, G-Card holder of the CHA, for coordinating the filing of Shipping Bills and clearance of cargo being investigated.

4.1.2 He went to Jalandhar, Punjab in March 2025 along with Shri Surender Malik, for buying goods for export by Bhagwati Enterprises as Surender Malik, the authorised signatory of the exporter, used to handle the work related to the firm. He had been engaged on commission basis by Shri Surender Malik to coordinate

with the CHA at Mundra for filing of Shipping Bills, handling of goods in the godown, receipt, movement and loading of goods in the CFS, and movement of goods to the Port after LEO.

**4.1.3** The export documents related to the 03 Shipping Bills in April were shared directly to the CHA by Shri Surender Malik, while the export documents pertaining to the 03 Shipping Bills dated 16.05.2025 were first received by him on email- shreeshyamshipping2004@gmail.com from Shri Surender Malik. He shared scanned copies of invoices, packing lists, e-way bill with the CHA on 16.05.2025 for filing of Shipping Bills. The CHA shared with him the checklist for all Shipping Bills for confirmation; that after discussion with Shri Surender Malik, who was present with him in Mundra, he sent the confirmation email to the CHA.

#### **ENQUIRY WITH SHRI AJENDRA SINGH, CHA (G-CARD):**

**4.2.** Summons dated 09.07.2025 was issued to **Shri Ajendra Singh, G-Card holder of CHA Ganesham Cargo Carriers**, Office No 208, Plot No 31, Golden Point, Sector 8, Gandhidham, 370201 and his statement was recorded on 15.07.2025 (**RUD-5**) under Section 108 of the Customs Act, 1962 wherein he *inter-alia* stated that:

**4.2.1** On perusal of statement dated 26.06.2025 of Shri Mukesh Hariram and panchanama dated 25.05.2025, he stated that in April 2025, Shri Mukesh Hariram approached him for filing export Bills of items "Auto Parts" from Mundra to Dubai on behalf of the exporter Bhagwati Enterprises; that after discussion with Shri Pawan Sharma, Proprietor of CHA Firm, he gave office email ID of his CHA firm (email ID-docs@successcargotrans.com) to Shri Mukesh Hariram for obtaining documents; after which they received the documents from Shri Mukesh Hariram. Thereafter, he prepared checklist and sent the same to Shri Mukesh Hariram and after confirmation, Shipping Bills were filed. That in May 2025, one person named Shri Surender Malik also met him at his office at Mundra and introduced himself as representative of Bhagwati Enterprises.

**4.2.2** Shri Ajendra Singh stated that he did not have any contact details or email of proprietors of Bhagwati Enterprises; that for receipt of documents and filing of Shipping Bills, he completely relied on Shri Mukesh Hariram; that he did not use any other mechanism to cross verify the information and profile of exporters; that Shri Mukesh Hariram had negotiated payment of CHA charges and offered **and promised to pay two lakhs rupees per Shipping Bill including freight, logistics charges, CFS charges, CHA charges and liaisoning** till final clearance of export goods; that his company had not yet raised formal Bill in the name of exporter Bhagwati Enterprises and Shri Mukesh Hariram had offered to settle the payment on behalf of exporters.

**4.2.3** Shri Ajendra Singh stated that they did not receive any authorization signed by exporter or their representative to file the Shipping Bill on their behalf and export shipment was handled solely on the request of Shri Mukesh Hariram. On being asked about the legitimacy of the claim of exporter regarding refund and export incentive, he stated and agreed that the valuation was declared very high to claim higher incentives by the exporter.

**4.2.4** He perused panchnama dated 25.05.2025 and stated that the goods was

presented by him for examination before LEO; that he agreed that the goods found during examination later by DRI officers were not tallying in description and valuation to those declared in Shipping Bills; that on being asked about the obligation of a custom broker under Rule 10(d) of Customs Brokers Licensing Regulations (CBLR), 2018, he stated that the export Shipment was filed at the behest of Shri Mukesh Hariram. He also claimed that he had informed Shri Pawan Sharma, Proprietor of CHA Firm who had agreed to the filing of the shipping bills based on documents received through email from Mukesh Hariram.

#### **ENQUIRY WITH SHRI PAWAN KUMAR SHARMA (PROP. OF CHA FIRM):**

**4 . 3** Summon dated 18.02.2026 was issued to Shri Pawan Kumar Sharma, Proprietor of the CHA firm M/s Ganesham Cargo Carriers, R/o 139, Ranjeet Nagar, Khatipura, Jhotwara, Jaipur, Rajasthan-302012 and his statement was recorded on 24.02.2026 (**RUD-6**) under section 108 of the Customs Act, 1962 wherein he *inter-alia* stated that:

**4.3.1.** He started M/s Ganesham Cargo Carriers, holding a Customs Broker 'F' Card (License No. 01/CHAL/R/200). He appointed Shri Ajendra Singh as a 'G' Card holder to manage all customs clearance operations at the Mundra location.

**4.3.2.** On perusal of statement dated 15.07.2025 of Shri Ajendra Singh, the 'G' Card holder for M/s Ganesham Cargo Carriers, he stated that while Shri Ajendra Singh contacted him regarding the export consignments of M/s Bhagwati Enterprises, Shri Ajendra Singh did not disclose specific details of exporter. He had no personal knowledge regarding the nature of the goods exported by M/s Bhagwati Enterprises.

**4.3.3.** On perusal of statement dated 26.06.2025 of Shri Mukesh Hariram, an friend/associate of Shri Ajendra Singh, he stated that he became aware of Mukesh Hariram through Shri Ajendra Singh, who informed him that Mukesh Hariram was his friend and brought clients like M/s Bhagwati Enterprises. Both Ajendra Singh and Mukesh Hariram directly looked after the documentation for those export consignments.

**4.3.4** He had neither met nor had any contact with the proprietor of the firms M/s Bhagwati Enterprises. He stated that he received no monetary consideration or payments from Shri Ajendra Singh in relation to the filing of Shipping Bills for the firms M/s Bhagwati Enterprises.

#### **ENQUIRY WITH TRANSPORTER:**

**4 . 4 .** Summons dated 10.09.2025 was issued to **Shri Homit, Proprietor of Garima Roadlines** (Transportation Company registered in MSME), Office no. 6, 1<sup>st</sup> Floor, Satguru Plaza wing C, Adani Port Road, Mundra, Gujarat, 370421 and his statement was recorded on 19.09.2025 (**RUD-7**) under Section 108 of the Customs Act, 1962 wherein he *inter-alia* stated that:

**4.4.1.** He was contacted by one Shri Ravinder Kumar, his friend, for issuance of Lorry Receipts (LRs) of his transport firm, Garima Roadlines. He handed over two blank LRs (Nos. 631 and 632) without consignor/consignee details and he had no

knowledge as to who sought the said LRs and he had never contacted the proprietor of Bhagwati Enterprises.

**4.4.2** That the LRs were used solely by Shri Ravinder Kumar for transportation purposes and he received ₹1,000 per LR as commission. He submitted a copy of the related LRs and supporting documents (Pages 1 to 76) (**RUD-8**).

**4.5.** Summons dated 19.09.2025 was issued to **Shri Ravinder Kumar**, Proprietor of Parul Roadways (Commission Agent), Sadguru Plaza, Office No. 17, C-Wing, Mundra, 370421 and his statement was recorded on 19.09.2025 (**RUD-9**) under Section 108 of the Customs Act, 1962 wherein he *inter-alia* stated that:

**4.5.1** He did not know any firm by the name of Bhagwati Enterprises; that he used to collect LRs and vehicles from Shri Homit, Proprietor of Garima Roadlines, and other transporters and provided the same to persons requiring transportation of goods.

**4.5.2** He agreed with the statement dated 19.09.2025 of Shri Homit; that when required, he used the LR of Garima Roadlines and paid ₹1,000 per LR to Shri Homit in return.

**4.5.3** Shri Mukesh Hariram, a CHA person at Mundra, had asked him to arrange vehicles for transportation of goods from Delhi/Jalandhar to Mundra. He procured LRs from Garima Roadlines and arranged vehicles for Shri Mukesh Hariram under the respective LRs. Shri Mukesh Hariram paid him the corresponding transportation charges in cash.

#### **ENQUIRY REGARDING PROPRIETOR**

**4.6.** A search was attempted by the DRI officers at the registered address of Bhagwati Enterprises, at Flat No. 15/3358, In front of Dang Ho Saman, Shardapuram, Rewa, Madhya Pradesh-486001 and panchnama dated 06.06.2025 (**RUD-10**) was drawn in presence of Smt. Nidhi Baghel, wife of Shri Lokendra Singh Baghel. During panchnama, she stated that she had no idea about the nature of business being conducted by her husband nor was she aware about his whereabouts. The officers tried to contact the proprietor on the mobile number declared in GSTN but it was switched off. During the search, no signboard, documents, or material related to the business of Bhagwati Enterprises was found at the premises.

**4.6.1** Summons dated 09.06.2025 under Section 108 of Customs Act, 1962 was issued to **Shri Lokendra Singh Baghel**, Proprietor of M/s Bhagwati Enterprises but no reply was received from Shri Lokendra Singh Baghel.

**4.6.2** A letter dated 13.06.2025 by Shri Lokendra Singh Baghel (Prop. M/s Bhagwati Enterprises, addressed to the Assistant Commissioner of Customs, ICD Jabalpur was forwarded to DRI Surat (**RUD-11**). Shri Lokendra Singh Baghel stated that unfortunately he was not present on 06.06.2025 during the search conducted due to some personal commitments. He assured his cooperation in all matter concerning enquiry and stated that he was fully prepared to provide all necessary

documents, clarifications and assistance required and shall make himself available whenever called upon.

**4.6.3** Further, Summons dated 09.07.2025, 12.08.2025 were issued to Shri Lokendra Singh Baghel. In response to Summons, Shri Lokendra Singh Baghel vide email dated 26.08.2025 (from email id-bhagwati.entppvt@gamil.com ) sought extension of 15 days time to appear in person with documents. Further, he stated that *“Mr. Surender Malik, who was earlier the authorized representative of Bhagwati Enterprises, is no longer associated with the company. Henceforth, I, as the proprietor, shall personally appear and provide all necessary explanations and clarification before your esteemed office.”*

**4.6.4** Further Summons dated 11.09.2025 and 18.03.2026 were issued to Shri Lokendra Kumar Baghel but he did not comply with the summons issued under Section 108 of Customs Act, 1962. Thus, a criminal complaint bearing number CR EN 191/2025 (**RUD-12**) was filed against Shri Lokendra Kumar Baghel under Section 208, 210 and 211 of the Bhartiya Nyay Sanhita, 2023, before the Hon'ble Chief Judicial Magistrate (CJM), Surat.

**4.6.5** The Assistant Commissioner of CGST & Central Excise, Division-Rewa, vide letter F.No. GEXCOM/AE/FU/941/2025-CGST-DIV-REWA-COMMRATE-JABALPUR dated 26.02.2026 (**RUD-13**) informed that the GST registration No. 23BPZPB3207F2Z3 of M/s Bhagwati Enterprises (Prop. Lokendra Singh Baghel) has been suo-moto cancelled ab-initio wef 24.01.2025 vide ARN-AA230125051372T dated 19.11.2025 on the grounds of violation of following rules/section of CGST Act, 2017:

(i) Section 29(2)(e)- registration obtained by means of fraud, wilful misstatement or suppression of facts

(ii) Rule 21(a)- Person does not conduct any business from declared place of business/place of business not found

(iii) Rule 21(b)- person issues invoice or bill without supply of goods or services or both in violation of the provisions of the Act, or the rules made thereunder (iv) Rule 21(e)- person avails ITC in violation of the provisions of section 16 of the Act or the rules made thereunder.

### **ENQUIRY REGARDING SURENDER MALIK, AUTHORISED PERSON OF EXPORTER**

**4 . 7 .** It was ascertained that Shri Surender Malik represented himself as authorized person of exporter before Shri Mukesh Hariram, therefore, Summons dated 09.06.2025 was issued under Section 108 of Customs Act, 1962 to Shri Surender Malik S/o Shri Prem Singh Malik, 44, Salimpura Turali, Juan, Sonipat-131024 (as per address mentioned in Aadhar Card No. 686947599432) and the same was returned undelivered with a remarks by the postal authority that addressee was not residing in the said village (**RUD-14**). Further, summons dated 12.08.2025 was issued to Shri Surender Malik on registered address of exporter at Flat No. 15/3358, In front of Dang Ho Saman, Shardapuram, Rewa, Madhya Pradesh-486001, but no response was received from Shri Surender Malik. However, Shri Lokendra Singh Baghel vide email dated 26.08.2025 stated that *“Mr. Surender Malik,*

who was earlier the authorized representative of Bhagwati Enterprises, is no longer associated with the company.”

**4.7.1.** Further, Summons dated 25.09.2025 was issued to Shri Surender Malik S/o Shri Prem Singh Malik, 44, Salimpura Turali, Juan, Sonipat-131024 and same was forwarded to Deputy Director, DRI, Delhi Zonal Unit for hand delivery. An Officer of DRI, Delhi Zonal Unit visited at 44, Salimpura Turali, Juan, Sonipat-131024 on 04.10.2025 and reported vide visit report (**RUD-15**) that Shri Surender Malik was not residing at that address since long and that the said house is currently vacant.

**4.7.2** Scrutiny of documents submitted by Shri Ajendra Singh, G Card holder of CHA, during the panchnama dated 25.05.2025 showed that the Export invoices and Packing List bearing No. BE 09 dated 12.05.2025, BE 10 dated 12.05.2025 and BE 11 dated 12.05.2025 were signed by Shri Surender Malik as an Authorised signatory of Bhagwati Enterprises.

#### **ENQUIRY WITH SUPPLIER OF GOODS:**

**4.8.** GST data showed that the goods covered under Shipping Bills No 1892341, 1892342 and 1892356 all dated 16.05.2025 were shown to have been purchased by the exporter from one Zack Impex, 713, Hatishchandra Building No.1, Yashoda Balam Patil Nagar, DG Complex, Diva, Kalyan, Thane- 400612 (GSTN-27JLHPS1793D1ZM). The exporter had purchased the goods involved in 3 shipping bills with declared value of Rs.2,12,69,724/- and had shown IGST payment using ITC credit of Rs.59,24,266/- availed on the basis of invoices issued by Zack Impex. The details are tabulated below:

**Table 4: Details of goods claimed to be procured from Zack Impex.**

Sl No	Invoice No & date	Corresponding Shipping Bill No./ Date	Item	Total Qty	Unit	Value (Rs.)	IGST (Rs.)
1	22/2025 dtd. 31.03.2025	1892341 / 16.05.2025	GRARI BIG	2000	PCS	1878800	2003142
			GRARI SMALL	1500	PCS	1024800	
			NUT BOLT SET	2000	SET	102480	
			GEAR BOX HOUSING	500	PCS	4184600	
2	21/2025 dtd. 31.03.2025	1892342 / 16.05.2025	GRARI BIG	3000	PCS	2818200	2102890
			GRARI SMALL	3000	PCS	2049600	
			NUT BOLT SET	4000	SET	204960	
			GEAR BOX	300	PCS	2510760	

			HOUSING				
3	23/2025 dtd. 31.03.2025	1892356 / 16.05.2025	GRARI BIG	4000	PCS	3757600	1818234
			GRARI SMALL	4000	PCS	2732800	
			NUT BOLT SET	100	SET	5124	
<b>TOTAL</b>						<b>2,12,69,724</b>	<b>59,24,266</b>

**4.8.1** A follow-up search at the premises of Zack Impex, Thane (GSTIN: 27JLHPS1793D1ZM) was conducted by the officers of DRI, Mumbai Zonal Unit. The Deputy Director, DRI Mumbai Zonal Unit vide letter dated 21.07.2025 (**RUD-16**) forwarded visit report dated 19.07.2025. As per visit report dated 19.07.2025, said address was a residential premises and found to be locked. Thus, it was seen that no business activities of Zack Impex were carried out from the declared place of business.

**4.8.2** Summons dated 12.08.2025 was issued to Shri Surendra Kumar Maurya (Prop. of Zack Impex) at FCI Road, Manbela Chauraha, Manbela, Gorakhpur, UP-273013. The said summon was returned as undelivered with a remark 'Incomplete address' by the postal authority (**RUD-17**). Further, from the web portal <https://service.gst.gov.in> it is ascertained that the GST registration of the Zack Impex was Cancelled Suo-Moto with effect from 27.03.2025.

## **5. MISCELLANEOUS CORRESPONDANCES IN THE MATTER:**

**5.1** A letter dated 12.06.2025 vide F. No. DRI/AZU/SRU/C/INV-03/2025 was issued to the Deputy Commissioner of Customs, Customs House, Mundra Port, Kutch to hold processing of IGST Refund, drawback against the Export by M/s Bhagwati Enterprises. In response, vide email dated 12.06.2025 they informed that suspension has been inserted for all 03 shipping bills. However, IGST refund had been generated for past Shipping bills No. 1295754 & 1297025 of Rs. 19,01,687/- and 20,64,119/- respectively.

**5.2** A letter F. No. DRI/AZU/SRU/C/INV-03/2025 dated 23.07.2025 was issued to the Deputy/Assistant Commissioner, Division-Rewa, CGST & CE, Commissionerate - Jabalpur requesting to submit the GST returns filed by Bhagwati Enterprises. Returns were received from GST authorities vide e-mail dated 11.09.2025 (**RUD-18**). Scrutiny of GST returns revealed that Bhagwati Enterprises has filed Nil GSTR-1 except for the month of April and May-2025. In April 2025, their total domestic outward supply value was of Rs.6,25,86,468/- and export value was of Rs.2,18,15,430/- having IGST value of Rs.60,18,650/- and in May 2025 they issued credit note to the extent of the total domestic supply of Rs.6,25,86,468/-. A letter F.No. DRI/AZU/SRU/C/INV-03/2025 dated 17.09.2025 was issued to the Deputy/Assistant Commissioner, Division-Rewa, CGST & CE, Commissionerate - Jabalpur for taking necessary action against Bhagwati Enterprises under the provisions of CGST, SGST & IGST Act, 2017.

**5.3** A letter F. No. DRI/AZU/SRU/C/INV-03/2025 dated 23.07.2025, was

issued to The Deputy/Assistant Commissioner, Division - VII, CGST & CE, Commissionerate - Navi Mumbai requesting to submit the GST returns filed by Zack Impex. In response, returns were received from the Superintendent, Range-V, Div-VII, CGST & CE, Navi Mumbai via e-mail dated 23.09.2025 (**RUD-19**). The Superintendent, Range-V, Div-VII, CGST & CE, Navi Mumbai informed that BO portal does not allow to download the GSTR-1 and GSTR-3B when the registration of the taxpayer is cancelled ab-initio.

**5.3.1** From the scrutiny of GSTR 2A of the Zack Impex, it is evident that they received ITC amounting to Rs. 1,19,42,917/- from one M/s Raj Kumar Yadav having GSTN 10AOCPY5885R2Z0 but credit note for the whole ITC amount was also issued by M/s Raj Kumar Yadav in the same month of March 2025 which indicated that Zack impex did not have any eligible ITC to pass on and make tax payments. It appeared that Zack Impex had fraudulently passed on the ITC to the exporter under the cover of invoice no. 21/2025, 22/2025 and 23/2025 all dated 31.03.2025.

**5.4** The SDR and CDR in respect following numbers pertaining to key persons involved in this case were called for from the Nodal officers of respective telecom providers vide letter F. No. DRI/AZU/SRU/C/INV-03/2025 dated 23.09.2025.

**Table 5: Details of Mobile number used by relevant person**

Sl No.	Mobile No.	Telecom Service Provider	Name and designation (s/Shri)
1	9516474822	Vodafone	Lokendra Singh Baghel (Proprietor)
2	9582046629	Vodafone	Surender Malik (Beneficial Owner)
3	9752937244	Airtel	Lokendra Singh Baghel (Proprietor)
4	9425369588	Jio	Lokendra Singh Baghel (Proprietor)
5	9716474822	Jio	Lokendra Singh Baghel (Proprietor)
6	6354138602	Jio	Shri Mukesh Hariram(Commission agent)

**5.4.1** The Nodal Officer, Vodafone vide email dated 24.09.2025 forwarded the CDR and SDR of Mobile no. 9516474822 & 9582046629. As per SDR, the said mobile no. 9516474822 was registered in the name of Shri Lokendra Singh Baghel, Mandir, Grammahagana, Post -Shukulgwana, Rewa, Raipur- 486114, Chhattisgarh. No call was noticed between mobile no. 9516474822 to/from Shri Surender Malik (9582046629) and Shri Mukesh Hariram (Mobile No. 6354138602). It is evident from the SDR of 9582046629 (used by Shri Surender Malik) that said mobile number was issued in the name of Shri Akshay Sharma, 656/1 B,Chirag, Delhi, City/District-South Delhi, Delhi -110017. It is evident that Shri Surender Malik used the mobile number issued in the name of other person. CDR analysis of mobile no. 9582046629 for the period from 01.04.2025 to 24.09.2025 shows that Shri Surender Malik had made/ received call to Shri Mukesh Hariram (Mobile No. 6354138602) during 08.04.2025 to 03.06.2025. No call was noticed between mobile no. 9582046629 and other numbers mentioned in table above.

**5.4.2** The Nodal Officer, Airtel vide email dated 24.09.2025 forwarded the CDR of Mobile no. 9752937244. No call was noticed between mobile no. 9752937244 to/from Shri Surender Malik (9582046629) and Shri Mukesh Hariram (Mobile No. 6354138602).

**5.4.3** The Nodal Officer, Reliance Jio vide email dated 24.09.2025 forwarded the CDR of Mobile no. 9425369588 & 9716474822. It is evident from CDR that mobile no. 9425369588 was registered in the name of Shri Pushpendra Singh, 11, Vill Mahagna PO- Shukul Gawan, Raipur Karchuliyan, Mauganj, Rewa, MP-486123. It is evident from CDR that mobile no. 9716474822 was registered in the name of Shri Shiva Pachhai, H.No-997, Sector-15, Escorts Nagar, Faridabad, Haryana- 121007. No call was noticed between mobile no. 9425369588 & 9716474822 to/from Shri Surender Malik (9582046629) and Shri Mukesh Hariram (Mobile No. 6354138602).

**5.4.4.** From the analysis of CDR, it emerges that the proprietor Shri Lokendra Singh Baghel was not having any contact with Shri Surender Malik and Shri Mukesh Hariram. Shri Surender Malik had taken decisions regarding export related work of the exporter and conveyed the same to Shri Mukesh Hariram. Thus, Shri Surender Malik had effective control over the goods being exported and in this case he has clearly emerged as the '**beneficial owner**'.

### **FINANCIAL INVESTIGATION:**

**6** . In response to letter F. No. DRI/AZU/C/INT-03(INT-04)/2025 dated 11.06.2025, State Bank of India, Surat submitted Account statement for the period 01.01.2025 to 12.06.2025 of A/c 43761096526 of Bhagwati Enterprises and A/c No. 43753875603 of Lokendra Singh Baghel. Scrutiny and analysis of Bank account statement of account No. 43753875603 of Lokendra Singh Baghel revealed that no transaction/payment was made to Zack Impex, the supplier.

**6.1** A letter F. No. DRI/AZU/C/INT-03/2025 dated 09.09.2025 was issued to several Banks to provide KYC details, AOF and Account Statements of the Exporter linked to PAN BPZPB3207F. The reply received from the Banks and bank account details of the exporter is summarized as below:

**Table 6: Details of Bank Accounts maintained by the Exporter**

SI No.	Name of Bank	Reply reference	Account No.	RUD No
1	Axis Bank Ltd	email dated 23.06.2025	918010086189810 918020006782629	<b>RUD-20</b>
2	State Bank of India	Email dated 30.06.2025	43753875603	<b>RUD-21</b>
3	HDFC	email dated 07.07.2025	50100095898391 50200013336343	<b>RUD-22</b>
4	State Bank of India	Email dated 11.06.2025	43761096526	<b>RUD-23</b>

**6.1.1** Reply was received from Axis Bank vide email dated 23.06.2025. Scrutiny and analysis of Bank account statement for the period from 01.01.2025 to 10.06.2025 of account No. 918020006782629 of Shri Lokendra Singh Baghel and 918010086189810 of Shiva Traders (Prop. Shri Lokendra Singh Baghel) revealed that no transaction has been done through these accounts and balance credit in both was 0 (zero).

**6.1.2** Reply was received from SBI vide email dated 30.06.2025. Scrutiny and analysis of Bank account statement of account No. 43753875603 of Lokendra Singh Baghel revealed that account was opened on 27.01.2025 and no major transaction had been done through the said account.

**6.1.3** Reply was received from HDFC Bank vide email dated 07.07.2025. Scrutiny of Bank account statement of account No. 50100095898391 of Lokendra Singh Baghel revealed that account was opened on 08.04.2015 and no transaction was made after 24.05.2018 and account was closed on 01.10.2019. Bank account statement of account No. 50200013336343 of Kshatriya Construction Company (Prop. Shri Lokendra Singh Baghel) that account was opened on 17.07.2015 and no transaction is made after 14.01.2020 and account status is closed. It appeared that those accounts were not used for export business-related transactions of exporter.

**6.2** Scrutiny and analysis of Bank account statement of account No. 43761096526 of M/s Bhagwati Enterprises revealed that IGST refund of Rs. 19,01,687/- and 20,64,119/- were credited on 04.06.2025 and Duty Drawback amount of Rs.1,47,786/-, Rs.1,59,765/- and Rs.1,58,882/-, pertaining to past export were credited on 09.06.2025. From the bank statement, it is noticed that partial amount were transferred to several accounts and the details of beneficiaries were sought from the SBI vide letter dated 09.09.2025 (**RUD-24**). The SBI vide email dated 23.10.2025, informed that beneficiary in case of transaction no. SBINR52025060587839254 was 'Parvez, Noida' (A/c No. 923020058921054) and in case of transaction no. SBINR52025060587885573 was 'R G Textiles, Rewa' (A/c No. 002612100055772). As the cyber crime cell, SBI has not provided the details of remittances of Rs. 4,50,023/- a reminder email dated 07.11.2025 was issued but no reply has been received yet. From the bank statement it is noticed that remaining amount were withdrawn in cash via various transactions, details are tabulated below:

**Table 7: Details of transactions after receipt of IGST refund**

Sl No.	Date	Description	Cheque No.	Debited Amount	Remarks
1	05-06-2025	REMT THRU CHQ RTGS UTR NO: SBINR52025060587840292	014894	4,50,023.60	-
2	05-06-2025	REMT THRU CHQ RTGS UTR NO: SBINR52025060587839254	014893	7,50,047.20	Parvez, Noida
3	05-06-2025	CAS CASH CHEQUE CASH WITHDRAWAL BY CHQ	014895	9,50,000.00	Cash withdrawal
4	05-06-2025	REMT THRU CHQ RTGS UTR NO: SBINR52025060587885573	014896	12,00,047.20	R G Textiles, Rewa
5	05-06-2025	CAS CASH CHEQUE CASH WITHDRAWAL BY CHQ	014897	5,00,000.00	Cash withdrawal
6	06-06-2025	CAS CASH CHEQUE CASH WITHDRAWAL BY CHQ	014898	1,00,000.00	Cash withdrawal
7	08-06-2025	ATM WDL ATM CASH 430 JOHN TOWER HUZUR		10,000.00	Cash withdrawal
8	08-06-2025	ATM WDL ATM CASH 431 JOHN TOWER HUZUR		10,000.00	Cash withdrawal

**6.3** Bank account statement of A/c No. 002612100055772 pertaining to M/s R G

Textiles were sought from Bharat Co-op Bank Limited vide letter F. No. DRI/AZU/C/INT-03(INT-04)/2025 dated 24.11.2025. In response, Bharat Co-op Bank Limited submitted bank account statement of A/c No. 002612100055772 pertaining to M/s R G Textiles (Prop. Rajendra Tulsiram Gupta) for the period 01.06.2025 to 01.11.2025 along with AOF (**RUD-25**). On scrutiny of bank account statement it is noticed that Rs. 12,00,000/- was credited in this account on 05.06.2025 from the account of Bhagwati Enterprises. The said amount was transferred on 05.06.2025 into the account of CSBK Bank. The details of beneficiaries were sought for vide letter dated 05.12.2025 from the Bharat Co-operative bank ltd, Mumbai. Bharat Co-operative bank ltd, Mumbai vide email dated 08.12.2025 informed that beneficiary of the said transaction was M/s I Pay DIGI, account no. 0292020489970 maintained at Catholic Syrian Bank Ltd, Thane.

**6.3.1** Summons dated 27.11.2025 issued to Rajendra Tulsiram Gupta (Proprietor of M/s R G Textiles) at H.N. 1690, Flat No. 105, 1st Floor, Viraj Complex, Near Hanuman Mandir, Bhiwandi, Thane-421302, was returned undelivered by India Post with the remark 'Incomplete Address'.

**6.3.2** Bank account statement of 0292020489970 was sought for vide letter F. No. DRI/AZU/C/INT-03/2025 dated 10.12.2025 from Catholic Syrian Bank Ltd, Thane and the same was received vide email dated 16.12.2025 from Catholic Syrian Bank Ltd, Thane (**RUD-26**). On scrutiny of the said account statement, it was found that the account was maintained in the name of M/s I PAY DIGI, (PAN-AAKFI1910R), 1<sup>st</sup> Floor, Saileela Apartment, B-wing, S/22, Padmanagar Telipada, Bhiwandi, Thane, Maharastra-421302. It is revealed from the account statements of I PAY DIGI that amount received from M/s R G Textiles were immediately transferred to A/c of I PAY DIGI maintained with RBL Bank (IFSC-RATN0000081).

**6 . 4** Bank account statement of A/c No. 923020058921054 pertaining to Shri Parvez, Noida was requested from Axis Bank via letter F. No. DRI/AZU/C/INT-03(INT-04)/2025 dated 24.11.2025. In response, Axis Bank submitted bank account statement of A/c No. 923020058921054 pertaining to Parvez for the period 01.06.2025 to 01.11.2025 (**RUD-27**). On scrutiny of bank account statement, it is noticed that a withdrawal of ₹7,00,000/- via cheque on 05.06.2025, while all remaining funds were withdrawn as cash through ATMs.

**6.4.1** Summons dated 27.11.2025 issued to Shri Parvez at Kakarala Khvasapur, Noida Sector-80, Gautam Buddha Nagar, UP-201301, was returned undelivered by India Post.

## **7. EXTENSION UNDER SECTION 110(2) OF CUSTOMS ACT, 1962.**

The goods attempted for export were detained under panchnama dated 25.05.2025 and later seized vide seizure memo dated 05.06.2025. As the investigation could not be concluded till 24.11.2025, extension under Section 110(2) of the Customs Act was sought by DRI, Surat. The Additional Director General, DRI, Ahmedabad Zonal Unit has granted extension of three months i.e. till 24.02.2026 under section 110(2) of the Customs Act, 1962 for issuance of the Show Cause Notice and the same was communicated to M/s Bhagwati Enterprises vide letter F. No. DRI/AZU/SRU/C/INV-03/2025 dated 21.11.2025 (**RUD-28**). As the investigation could not be concluded within the extended period, extension under

Section 110(2) of the Customs Act was again sought by DRI, Surat. The Additional Director General, DRI, Ahmedabad Zonal Unit has granted further extension of one and half months (45 days) under section 110(2) of the Customs Act, 1962 for issuance of the Show Cause Notice till 10.04.2026 and the same was communicated to M/s Bhagwati Enterprises vide letter F. No. DRI/AZU/SRU/C/INV-03/2025 dated 23.02.2026 (RUD-29).

## **LEGAL PROVISIONS IN RESPECT OF EXPORT:**

### **8. Customs Act, 1962**

#### **8.1.1 Section 2 (3A):**

*"beneficial owner" means any person on whose behalf the goods are being imported or exported or who exercises effective control over the goods being imported or exported;*

#### **8.1.2 Section 2 (18):**

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

#### **8.1.3 Section 2 (19):**

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

#### **8.1.4 Section 2 (20):**

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

#### **8.1.5 Section 2 (22):**

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

#### **8.1.6 Section 2 (39):**

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

### **8.2 Section 11H (a):**

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

### **8.3 Section 14: Valuation of goods. -**

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

*Provided that such transaction value in the case of imported goods shall*

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

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

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

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

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

*Explanation.* -

For the purposes of this section -

- (a) "rate of exchange" means the rate of exchange -
  - (i) determined by the Board, or
  - (ii) ascertained in such manner as the Board may direct, for the conversion of Indian currency into foreign currency or foreign currency into Indian currency;
- (b) "foreign currency" and "Indian currency" have the meanings respectively assigned to them in clause (m) and clause (q) of section 2 of the Foreign Exchange Management Act, 1999 (42 of 1999).]"

#### **8.4 Section 17: Assessment of duty. -**

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

(2) The proper officer may verify the entries made under section 46 or

section 50 and the self-assessment of goods referred to in sub-section (1) and for this purpose, examine or test any imported goods or export goods or such part thereof as may be necessary.

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

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

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

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

7 [\*\*\*]

### **8.5 Section 50: Entry of goods for exportation**

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

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

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

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

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

### **8.6 SECTION 113: The following export goods shall be liable to confiscation:—**

*“(h): any goods which are not included or are in excess of those included in the*

entry made under this Act, or in the case of baggage in the declaration made under section 77;

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

(ja) any goods entered for exportation under claim of remission or refund of any duty or tax or levy to make a wrongful claim in contravention of the provisions of this Act or any other law for the time being in force."

**8.7 Section 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, —**

"(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;"

**8.8 Section 114AA: Penalty for use of false and incorrect material-**

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

**8.9 Section 114AC: Penalty for fraudulent utilization of input tax credit for claiming refund-**

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

**8.10 Section 11 (1) of Foreign Trade (Development and Regulation) Act, 1992**

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

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

**9.1.1 Rule 2:  
Definitions-**

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

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

(b) "transaction value" means the value of export goods within the meaning

*of sub-section (1) of section 14 of the Customs Act, 1962 (52 of 1962)."*

<b>(2) For the purposes of these rules, persons shall be deemed to be "related" only if -</b>	
(i)	<i>they are officers or directors of one another's businesses;</i>
(ii)	<i>they are legally recognized partners in business;</i>
(iii)	<i>they are employer and employee;</i>
(iv)	<i>any person directly or indirectly owns, controls or holds five per cent or more of the outstanding voting stock or shares of both of them;</i>
(v)	<i>one of them directly or indirectly controls the other;</i>
(vi)	<i>both of them are directly or indirectly controlled by a third person;</i>
(vii)	<i>together they directly or indirectly control a third person; or</i>
(viii)	<i>they are members of the same family.</i>
	<i>Explanation I. - The term "person" also includes legal persons.</i>
	<i>Explanation II. - Persons who are associated in the business of one another in that one is the sole agent or sole distributor or sole concessionaire, howsoever described, of the other shall be deemed to be related for the purpose of these rules, if they fall within the criteria of this sub-rule.</i>

### **9.1.2 Rule 3. Determination of the method of valuation. -**

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

### **9.1.3 Rule 4. Determination of export value by comparison. -**

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

*exportation."*

#### **9.1.4 Rule 5. Computed value method. -**

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

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

#### **9.1.5 Rule 8. Rejection of declared value. -**

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

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

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

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

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

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

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

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

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

## **10. DUTY DRAWBACK:**

**10.1 Section 75 of Customs Act, 1962: Drawback on imported materials used in the manufacture of goods which are exported.** – *(1) Where it appears to the Central Government that in respect of goods of any class or description manufactured, processed or on which any operation has been carried out in India, being goods which have been entered for export and in respect of which an order permitting the clearance and loading thereof for*

*exportation has been made under section 51 by the proper officer, or being goods entered for export by post under clause (a) of section 84 and in respect of which an order permitting clearance for exportation has been made by the proper officer, a drawback should be allowed of duties of customs chargeable under this Act on any imported materials of a class or description used in the manufacture or processing of such goods or carrying out any operation on such goods, the Central Government may, by notification in the Official Gazette, direct that drawback shall be allowed in respect of such goods in accordance with, and subject to, the rules made under sub-section (2):*

*Provided further that where any drawback has been allowed on any goods under this sub-section and the sale proceeds in respect of such goods are not received by or on behalf of the exporter in India within the time allowed under the Foreign Exchange Management Act, 1999 (42 of 1999)], such drawback shall except under such circumstances or such conditions as the Central Government may, by rule, specify, be deemed never to have been allowed and the Central Government may, by rules made under sub-section (2), specify the procedure for the recovery or adjustment of the amount of such drawback.*

*(2) The Central Government may make rules for the purpose of carrying out the provisions of sub-section (1) and, in particular, such rules may provide –*

*(a) for the payment of drawback equal to the amount of duty actually paid on the imported materials used in the manufacture or processing of the goods or carrying out any operation on the goods or as is specified in the rules as the average amount of duty paid on the materials of that class or description used in the manufacture or processing of export goods or carrying out any operation on export goods of that class or description either by manufacturers generally or by persons processing or carrying on any operation generally or by any particular manufacturer or particular person carrying on any process or other operation, and interest if any payable thereon;*

*(aa) for specifying the goods in respect of which no drawback shall be allowed;*

*(ab) for specifying the procedure for recovery or adjustment of the amount of any drawback which had been allowed under sub-section (1) or interest chargeable thereon;*

*(b) for the production of such certificates, documents and other evidence in support of each claim of drawback as may be necessary;*

## **10.2 Customs and Central Excise Duties Drawback Rules, 2017-**

**Rule 2- Definitions-** *“Drawback in relation to any goods manufactured in India and exported, means the rebate of duty excluding integrated tax leviable under sub-section (7) and compensation cess leviable under sub-section (9) respectively of section 3 of the Customs Tariff Act, 1975 (51 of 1975) chargeable on any imported materials exercisable materials used in the manufacture of such goods”*

**Rule 3. Drawback-**

(1) Subject to the provision of-

- (a) The Customs Act, 1962 and the rules made thereunder;
- (b) The Central Excise Act, 1944 and the rules made thereunder; and

(c) these rules, a drawback may be allowed on the export of goods at such amount, or at such rates, as may be determined by the central government:

**Provided** that where any goods are produced or manufactured from imported materials or excisable materials, on some of which only the duty chargeable thereon has been paid and not on the rest, or only a part of the duty chargeable has been paid; or the duty paid has been rebated or refunded in whole or in part or given as credit, under any of the provisions of the Customs Act, 1962 and the rules made thereunder, or of the Central Excise Act, 1944 and the rules made thereunder, the drawback admissible on the said goods shall be reduced taking into account the lesser duty paid or the rebate, refund or credit obtained:

(2) In determining the amount or rate of drawback under this rule, the Central Government shall have regard to,-

(a) the average quantity or value of each class or description of the materials from which a particular class of goods is ordinary produced or manufactured in India;

(b) the average quantity or value of the imported materials or excisable materials used for production or manufacture in India of a particular class of goods;

(c) the average amount of duties paid on imported materials or excisable materials used in the manufacture of semis, components and intermediate products which are used in the manufacture of goods.

(d) the average amount of duties paid on materials wasted in the process of manufacture and catalytic agents.

**Provided** that if any such waste or catalytic agent is re-used in any process of manufacture or is sold, the average amount of duties on the waste or catalytic agent re-used or sold shall also be deducted.

(e) the average amount of duties paid on imported materials or excisable materials used for containing or, packing the export goods;

(f) any other information which the Central Government may consider relevant or useful for the purpose.

**10.3** The existing Duty Drawback rate on CTH 7318 (Screw bolts, nuts coach-screw, screw hooks, rivets, cotters, cotter-pins, washers and similar articles, of iron or steel) is 1.5% of the FOB value. Further, the existing Duty Drawback rate on CTH 8432 (Agriculture, horticulture or forestry machinery for soil preparation or cultivation; lawn or sports-ground rollers) is 1.5% of the FOB value.

#### **10.4 REMISSION OF DUTIES AND TAXES ON EXPORTED PRODUCTS (RODTEP):**

**10.4.1** The DGFT vide Notification No. 19/2015-2020 dated 17.08.2021, in terms of para 4.01 of the Foreign Trade Policy 2015-2020, notified the scheme for Remission of Duties and Taxes on Exported Products (RoDTEP) which administered by Department of Revenue. The objective of this scheme is to refund, currently unrefunded, the duties/ taxes/levies at the Central, State and local level, borne on the exported product. The relevant provisions of Para 3 of Notification No. 19/2015-2020 dated 17.08.2021 is reproduced below:

vii. 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, wherever required, on export of items which are categorized under the notified 8 digit HS code. However, for certain export items, a fixed quantum of rebate amount per unit may also be notified. Rates of rebate/value cap per unit under RoDTEP will be notified in Appendix 4R. In addition to necessary changes which may be brought in view of budget control measures as mentioned above, efforts would be made to review the RoDTEP rates on an annual basis and to notify them well in advance before the beginning of a financial year.

viii.....

ix. Mechanism of Issuance of Rebate: Scheme would be implemented through end to end digitization of issuance of rebate amount in the form of a transferable duty credit/electronic scrip (e-scrip), which will be maintained in an electronic ledger by the Central Board of Indirect Taxes & Customs (CBIC). Necessary rules and procedure regarding grant of RoDTEP claim under the Scheme and implementation issue including manner of application, time period for application and other matter including exports realization, export documentation, sampling procedures, record keeping etc. would be notified by the CBIC, Department of Revenue on an IT enable platform with a view to end to end digitization. Necessary provisions for recovery of rebate amount where foreign exchange is not realized, suspension/withholding of RoDTEP in case of frauds and misuse, as well as imposition of penalty will also be built suitably by CBIC.

**10.4.2** The CBIC vide Notification No. 76/2021-Customs (N.T.) dated 23.09.2021 notified the manner to issue duty credit for goods exported under the Scheme for Remission of Duties and Taxes on Exported Products (RoDTEP), subject to such conditions and restrictions as specified therein, in accordance with paragraph 4.01(e) of the Foreign Trade Policy. The duty credit is issued against export of goods notified in Appendix 4R of the FTP, at the respective rate and cap notified under the said Appendix. It was notified that the 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. It is also notified that the duty credit allowed under the Scheme against export of goods notified in the Appendix shall be subject to realization of sale proceeds in respect of such goods in India within the period allowed under the Foreign Exchange Management Act, 1999, failing which such duty credit shall be deemed to be ineligible.

**10.4.3** In terms of DGFT Notification No. 32 dated 30.09.2024, the RoDTEP rate on Tariff Item 73181600 (RoDTEP Entry No. 7364) is 0.9% of FOB and RoDTEP rate on Tariff Item 84329090 (RoDTEP Entry No. 8361) is 0.9% of FOB.

### **REJECTION OF THE DECLARED VALUE**

**11.** During examination under Panchnama, it was noticed that the subject goods were not of prime quality and of sub-standard/inferior products. The declared total net weight in three shipping Bills was 17,200 Kgs however, the cargo weight found on weighment of container during the examination was 12,000 Kgs, thus there was a shortage in weight of 5200 Kgs. Thus, the declared value of the subject goods by the exporter appeared liable for rejection in terms of Rule 8 of Customs

Valuation (Determination of Value of Export Goods) Rules, 2007 and as per Rule 3 of Customs Valuation (Determination of Value of Export Goods) Rules, 2007, re-determination of value was done by sequentially moving from Rule 4 to Rule 6 of Customs Valuation (Determination of Value of Export Goods) Rules, 2007. Rule 4 of Customs Valuation (Determination of Value of Export Goods) Rules, 2007, was not applicable as goods in like kind and quality exported at or about the same time to other buyers in the same destination country of importation were not available. Accordingly, the valuation was done under Rule 5 of Customs Valuation (Determination of Value of Export Goods) Rules, 2007, based on physical examination and the valuation report of Shri Tushar Zankat. The Chartered Engineer after due examination submitted the valuation report, and as per the said report, total value of exported goods was Rs. 9,82,351/-, which is merely 4.28% of the declared FOB value of total Rs.2,29,06,860/-.

### MISCLASSIFICATION OF THE GOODS:

**12.** The goods meant for export under the aforementioned three Shipping Bills were prima-facie found mis-classified with intention to claim ineligible export benefit including claim of refund of IGST amount. The Chartered Engineer reported that the **Cast Iron Gear Box Housing appeared to be used in agricultural machinery such as 'rotavator'**.

**12.1** The notes No 1 & 2 of the Second Schedule (Export Tariff) to the Customs Tariff Act, 1975 is reproduced below:

*"Notes:*

1. *In this schedule, "Chapter", "heading", and "Tariff item" mean a chapter, heading, sub-heading and tariff item respectively of the First Schedule to the Customs Tariff Act.*
2. *The rules for the interpretation of the First Schedule of the Customs Tariff Act, the Section and the Chapter notes and the General Rules for the interpretation of the First Schedule shall apply to the interpretation of this schedule.*

In view of above notes, classification of the first schedule to the Customs Tariff Act is also applicable to the goods meant for export.

**12.2** Relevant entry in the Customs Tariff Item 84329090 and 87089900 are as under:

CTH/ Tariff heading	Description	IGST rate
8432	Agricultural, horticultural or forestry machinery for soil preparation or cultivation; Lawn or sports-ground rollers	
	-	
843290	- Parts	
84329010	- Parts of agricultural machinery falling under heading 843210,	

	-	843221, 843229, 843230 & 843240	
84329090	-	<b>Other</b>	12.00%
	-		

CTH/ Tariff heading	Description	IGST rate
8708	All goods other than parts and accessories of the motor vehicle of heading 8702 to 8704	
	-	
	- Other parts and accessories	
87089900	- Other	28.00%

**12.3** The tariff classification of merchandise under the Harmonized System is governed by the principles set forth in the General Rules for the Interpretation of the Harmonized System, also known as the General Interpretative Rules (GIR). The GIRs are intended to be consulted and applied each time merchandise is to be classified under the Harmonized System as they are the single set of legal principles that govern the classification of merchandise under the Harmonized System.

**12.4** Applying the General Rules of Interpretation in the instant case, it is forthcoming that the exporter had mis-classified the Cast Iron Gear Box Housing (a part of 'rotavator') under CTI 87089900 with IGST@28% as parts of motor vehicle, however the same is correctly classifiable under CTI 84329090 with IGST@12% as parts of agricultural machinery. Hence, the product appears to be rightly classifiable under the tariff heading 84329090 in accordance with the General Interpretative Rules. It is evident that misclassification of the goods under CTI 87089900 with IGST@28% was done to claim higher IGST refund of @28% instead of correct classification under CTI 84329090 where IGST refund is @12%.

### SUMMARY OF INVESTIGATION

**13.** From the investigation conducted, it emerges that:

**13.1** A GST registration number (GSTIN: 23BPZPB3207F2Z3) was got issued in the name of M/s Bhagwati Enterprises on 24.01.2024 at flat no. 15/3358, In front of Dang House, Saman, Shardapuram, Rewa, Madhya Pradesh-486001 against the said PAN and GST, an IEC: BPZPB3207F was issued on 08.09.2018. As per rent agreement dated 20.01.2025, the said premises was taken on rent by the exporter for 11 months. The Bank account no. 43761096526 (IFSC code SBIN004667), SBI, Rewa City branch with AD code 0004124 linked to the said GSTIN and IEC, was opened on 29.01.2025.

**13.2** Purchase of goods from one Zack Impex (GSTIN: 27JLHPS1793D1ZM) vide purchase Invoice No. 21/2025, 22/2025, 23/2025 all dated 31.03.2025 was shown in favour of consignee Bhagwati Enterprises, Rewa (GSTIN: 23BPZPB3207F2Z3). The

description of the goods in invoices was mentioned as 'GRARI BIG', 'GRARI SMALL', 'NUT BOLT' 3 PCS SET, and GEAR BOX HOUSING' having Taxable Value Rs. 75,83,520/-, Rs 71,90,680/- and Rs 64,95,524/- respectively and IGST value of Rs. 21,02,890/-, Rs 20,03,142 and Rs 18,18,234/- respectively.

**13.3** Subsequently, 3 shipping bills bearing No. 1892341, 1892342 and 1892356 all dated 16.05.2025 were filed for export of goods shown to be purchased from Zack Impex (GSTIN: 27JLHPS1793D1ZM) in the name of Bhagwati Enterprises, IEC: BPZPB3207F and GSTIN: 23BPZPB3207F2Z3. In these Shipping Bills, IGST refund and export incentives i.e. Drawback and RoDTEP were claimed as per the Foreign Trade Policy. The LEO for export of goods under 3 shipping bills was issued on 19.05.2025 and goods were stuffed in container no. FSCU7715181. The details of claimed amount of IGST refund, Drawback, RoDTEP are as under:

**Table 10: Details of IGST Refund and export incentive claimed by Exporter**

S/B No & date	Net weight of good(kg)	FOB Value (Rs.)	IGST Refund (Rs.)	Drawback (Rs.)	RoDTEP (Rs.)
1892341 dated 16.05.2025	5950	7558204	2102405	150470	38347
1892342 dated 16.05.2025	6800	8182867	2263421	162268	42026
1892356 dated 16.05.2025	4450	7165789	2005726	143281	35857
<b>TOTAL</b>	<b>17,200</b>	<b>2,29,06,860</b>	<b>63,71,552</b>	<b>4,56,019</b>	<b>1,16,230</b>

**13.4** An intelligence was developed that M/s Bhagwati Enterprises were exporting goods declared as 'Gear Box Housing, Grari Big, Grari Small, Nut Bolt Set' under CTIs 87089900 and 73181600 from Mundra Port and intended to avail ineligible/excess IGST refund, Drawback and RoDTEP on the said goods, while mis-declaring the value of goods entered for exportation. The intelligence suggested that the said goods were of inferior quality and thus mis-declared in terms of value (being over valued) to claim ineligible/excess IGST refund @28%/18% of the FOB value alongwith other benefits of Drawback and RoDTEP.

**13.5** Acting on the intelligence developed, the container no. FSCU7715181 was called back for examination at Ashutosh CFS, Mundra. The exported goods were examined under Panchnama dated 25.05.2025 in presence of concerned persons including a representative of Chartered Engineer. During the examination, the weight of cargo was found as 12000 kgs against the declared weight of 17200 kgs, resulting in shortage of 5200 kgs cargo in the container. It is evident that exporter had exorbitantly over-valued the exported goods with an intention to claim the ineligible/excess export benefit. The FOB value of goods as declared by the exporter did not appear to be true and thus appeared liable to be rejected in terms of Rule 8 of Customs Valuation (Determination of Value of Export Goods) Rules, 2007. Re-determination of value was done by sequentially moving from Rule 4 to Rule 6. As per Rule 5 of Customs Valuation (Determination of Value of Export Goods) Rules, 2007, valuation was done based on the physical examination and the valuation report of Shri Tushar Zankat. The Chartered Engineer after due examination submitted the valuation report, and as per the said report total value of exported goods was Rs.9,82,351/-, which is merely 4.28% of the declared FOB value of total Rs.2,29,06,860/-.

**13.6** The Chartered Engineer in his report stated that the Cast Iron Gear Box Housing appeared to be used in agricultural machinery such as 'rotavator' and steel Nut Bolts. The export had mis-classified the Cast Iron Gear Box Housing under CTI 87089900 as parts of motor vehicle whereas being parts of agricultural machinery such as 'rotavator', the same is correctly classifiable under CTI 84329090 of the second schedule to the CTA, 1975. It is evident that misclassification of the goods under CTI 87089900 with IGST@28% was done to claim higher IGST refund of @28% instead of correct classification under CTI 84329090 where IGST refund is @12%.

**13.7** Consequent to re-determination of value of goods covered under 3 shipping bills, the exporter is eligible to Drawback/ RoDTEP/ IGST on reduced amount on reassessment of said 3 shipping bills, details as below:

**Table 11: Details of eligible IGST Refund and export incentive after reassessment of 3 shipping bills**

S. No	Items description found during examination	QTY Found (kg)	Redetermined value as per CE report	Eligible DBK amount (Rs.)	Eligible RoDTEP amount (Rs.)	Eligible IGST refund amount (Rs.)
1	Cast Iron Gear Box Housing of different sizes, weight and design in Bulk. (CTI-84329090)	9990	846153	12692 (@1.5%)	7615 (@0.9%)	101538 (@12%)
2	Steel Nut Bolts packed in one wooden box (CTI-73181600)	2010	136198	1043 (@1.5%)	1226 (@0.9%)	24516 (@18%)
Total			982351	13735	8841	126054

**13.8** Visit report of the Custom Officer related to the registered premises of exporter confirmed that registered premises of the exporter was a residential premises and no business activity was noticed. As per the visit report at the premises of Zack Impex, the supplier, the said firm also was found to be non-existent.

**13.9** The proprietor of the export firm i.e. Shri Lokendra Singh Baghel, did not join the investigation in spite of repeated Summons issued under Section 108 of Customs Act, 1962. Therefore, a Criminal Complaint No CR EN/191/2025 against Shri Lokendra Singh Bagel, Proprietor of Bhagwati Enterprises was filed before Hon'ble CJM, Surat.

**13.10** The Beneficiary Owner of the export firm i.e. Shri Surender Malik, was summoned at the available address but the same were returned undelivered. As the summons were not acknowledged by Shri Surender Malik, the Criminal complaint under section 208, 210 and 211 of Bhartiya Nyaya Sanhita, 2023 could not be filed.

**13.11** It appeared that one Shri Surender Malik had represented himself as authorized representative of exporter before the CHA (M/s Ganesham Cargo Carriers) and Shri Mukesh Hariram, Commission Agent. Shri Mukesh Hariram had been engaged on a commission basis by Shri Surender Malik to coordinate with the CHA at Mundra and for filing of Shipping Bills, handling of goods movement.

**13.12** Shri Surender Malik had forwarded the Invoice and Packing list of exporter to Shri Mukesh Hariram for filling Shipping Bills at Mundra Port. As per the direction of Shri Surender Malik, and Shri Mukesh Hariram, the CHA filed the Shipping Bills No. 1892341, 1892342 and 1892356 all dated 16.05.2025 at Mundra Port for the goods shown to have been purchased from Zack Impex on payment of IGST.

**13.13** It appeared that during the month of March, 2025 the exporter had availed the Input Tax Credit of Rs.1,19,42,917/- on the 6 (six) invoices all dated 31.03.2025 issued by the supplier Zack Impex. As per GSTR-2A for the month of March, 2025 of Zack Impex (GSTIN-27JLHPS1793D1ZM), they have shown purchase of all goods from M/s Raj Kumar Yadav (GSTIN-10AOCYPY5885R2Z0) under the cover of 6 (six) invoices all dated 31.03.2025, having value of Rs.4,30,85,154/-, involving IGST of total Rs.1,19,42,917/-. Later on, M/s Raj Kumar Yadav has shown issue of "Credit Notes" all dated 31.03.2025 for the whole supply made to the exporter and received back ITC of Rs.1,19,42,916/-. M/s Zack Impex had filed GSTR-3B returns for the month of March, 2025 on 18.04.2025 and shown outward supply showing payable IGST of Rs.1,19,42,916.72/-. They have also shown the eligible ITC availed during that period Rs.1,19,42,916.72/- and utilized the same towards payment of IGST on the goods sold to the exporter. But, the fact was that Zack Impex had received no inward supply during the month of March, 2025. Thus, the goods found during examination have been procured from other persons and invoices were raised in the name of M/s Zack Impex without actual supply of the goods.

**13.14** The financial investigation of the bank account of the exporter for the period from 01.01.2025 to 12.06.2025 revealed that payment of value of goods Rs.4,30,85,154/- and IGST amount of 1,19,42,916.72/- was not made to the supplier Zack Impex.

**13.15** The exporter had issued invoice for export of goods on 12.05.2025, but had not shown the details of export in GSTR-1 return filed by them for the month of May, 2025. Further, as per GSTR-2B for the month of May, 2025, there was available credit of IGST of Rs.10,500/- in the Ledger of the exporter as on date of filing of Shipping Bill i.e. 16.05.2025. Also, the credit amount passed by Zack Impex was not available with them at the material time. The exporter has shown to have paid the IGST amount on the goods meant for export, through ITC availed on the strength of invoices of Zack Impex. Thus, it appeared that exporter had fraudulently utilized the input tax credit for claiming refund of IGST.

**14.** Further, it was revealed during the investigation that Shri Surender Malik, is the 'beneficial owner' of the goods and he appeared to be the mastermind in this modus for mis-declaring the value, quantity of goods and misclassification and attempted to export to same to enrich himself by way of refund of IGST and other export incentives. Further, Shri Surender Malik introduced himself as

authorized person to Shri Mukesh Hariram and appointed him as an 'Agent' to coordinate with CHA. Shri Surender Malik also was the person who shared invoices and had asked Shri Mukesh Hariram to handled goods in godown and its movements/loading.

## **15. CONTRAVENTION AND CHARGES: -**

**15.1** From the foregoing paras, it is evident that goods attempted to be exported vide Shipping Bill No. 1892341, 1892342 and 1892356 all dated 16.05.2025, stuffed in Container No. FSCU7715181 in the name of the exporter Bhagwati Enterprises were mis-classified and mis-declared in terms of quantity and value. The goods declared as "Gear Box Housing", "Grari Big" and "Grari Small" were wrongly classified under CTI 87089900, whereas the same being the parts of agricultural machinery such as 'rotavator', are correctly classified under CTI 84329090 of the first schedule to the CTA, 1975. It is the responsibility of the exporter to ensure the accuracy and correctness of the information given therein, the authenticity and validity of any supporting document produced relating to goods being exported under this Act or under any other law for the time being in force, thus by mis-declaring the quantity and value of goods and by misclassification of the goods to be exported, Shri Surender Malik **acting through** Bhagwati Enterprises, **proprietorship firm of Shri Lokendra Singh Baghel** has violated the provisions of **Section 50(2) and 50(3) of the Customs Act, 1962** and provisions of **section 11 of Foreign Trade (Development and Regulation) Act, 1992**.

**15.2** The export of impugned goods by way of mis-declaring value, quantity and mis-classification is a violation of Section 14 and Section 50 of the Customs Act, 1962. Further in terms of **Section 11 H(a) of Customs Act, 1962**, the act amounts to '**illegal export**' in as much as export of goods in contravention to provisions of Section 14 and section 50 of Customs Act, 1962 read with section 11 of Foreign Trade (Development and Regulation) Act, 1992 was attempted. Further, the subject goods covered under Shipping Bill No. 1892341, 1892342 and 1892356 all dated 16.05.2025, stuffed in Container No. FSCU7715181 are to be treated as **smuggled goods** as defined under **section 2(39) of Customs Act, 1962**.

**15.3** Any goods which are not included or are in excess of those included in the entry made in Shipping Bills, violates the provision of 113 (h) of Customs Act, 1962. Further any goods entered for exportation which do not correspond in respect of value or in any material particular with the entry made in Shipping Bills, violates the provision of 113 (i) of Customs Act, 1962. Also, any goods entered for exportation under claim of remission or refund of any duty or tax or levy to make a wrongful claim in contravention of the provisions of this Act or any other law for the time being in force violates the provision of 113 (ja) of Customs Act, 1962. In view of above, goods covered under Shipping Bill No. 1892341, 1892342 and 1892356 all dated 16.05.2025 are liable to confiscation under **Section 113 (h), (i) and (ja)** of the Customs Act, 1962.

**15.4** It is evident that the Shri Surender Malik **acting through** Bhagwati Enterprises, **proprietorship firm of Shri Lokendra Singh Baghel** has attempted to export the goods by way of mis-declaring the value, quantity and mis-classification under Shipping bills no. 1892341, 1892342 and 1892356 all dated 16.05.2025 in violation to Section 14 and Section 50 of Customs Act, 1962 and the said act on the

part of Shri Surender Malik **acting through** Bhagwati Enterprises, **proprietorship firm** of Shri Lokendra Singh Baghel has rendered the subject goods liable to confiscation under Section 113(h), (i) and (ja), therefore he is liable to penalty under **Section 114 (iii) of the Customs Act, 1962.**

**15.5** Further, as Shri Surender Malik **acting through** Bhagwati Enterprises, **proprietorship firm** of Shri Lokendra Singh Baghel signed the overvalued export invoices and packing list as an Authorized signatory and also gave the export invoices and purchase invoices to the Customs authorities for valuation purposes. These actions make him liable to penalty under **Section 114AA of the Customs Act, 1962.**

**15.6** Further, Shri Surender Malik **acting through** Bhagwati Enterprises, **proprietorship firm** of Shri Lokendra Singh Baghel utilized overvalued invoices during export to utilize input tax credit on the basis of such invoices. This action makes him liable for penalty under **Section 114AC of the Customs Act, 1962.**

**15.7** Shri Lokendra Singh Baghel, Proprietor of Export firm has intentionally not joined the investigation thought he was well aware about the enquiry being carried by DRI Surat on the goods exported by them under the cover of Shipping Bill No. 1892341, 1892342 and 1892356 all dated 16.05.2025. He was well aware that Shri Surender Malik was handling overall work of his firm as an authorized signatory. He has abetted Shri Surender Malik by way of providing his credentials to export the goods covered under three Shipping Bills No. 1892341, 1892342 and 1892356 all dated 16.05.2025 in violation to Section 14 and Section 50 of Customs Act, 1962 by mis-declaring the value and quantity of goods entered for exportation. These acts have rendered the subject goods liable to confiscation under Section 113(h), (i) and (ja), therefore Shri Lokendra Singh Baghel is liable to penalty under **Section 114 (iii) of the Customs Act, 1962.**

**15.8** Shri Mukesh Hariram, a commission agent, acting at the behest of Shri Surender Malik helped him in this attempt to export the goods covered under Shipping Bill No. 1892341, 1892342 and 1892356 all dated 16.05.2025 in violation to Section 14 and Section 50 of Customs Act, 1962 by mis-declaring the value and quantity of goods entered for exportation. These acts have rendered the subject goods liable to confiscation under Section 113(h), (i) and (ja), therefore Shri Mukesh Hariram is also liable to penalty under **Section 114 (iii) of the Customs Act, 1962.**

**16.** The Shipping Bills of the subject goods were filed at the Mundra Port (INMUN1) falling under the jurisdiction of Pr. Commissioner/ Commissioner of Customs, Mundra. Therefore, in terms of Section 122 read with Notification No. 28/2022 Customs (NT) dated 31.03.2022 and Notification No. 30/2022 Customs (NT) dated 31.03.2022, the proper officer in the instant case is the Additional Commissioner/Joint Commissioner of Customs (Export), Custom House, Mundra.

**17.** Now therefore, M/s Bhagwati Enterprises, Flat No. 15/3358, In front of Dang Ho Saman, Shardapuram, Rewa, Madhya Pradesh-486001, proprietorship firm of Shri Lokendra Singh Baghel, and all noticees, are hereby called upon to Show Cause to the Additional Commissioner of Customs (Export), Custom House, Mundra having his office at O/o the Pr. Commissioner of Customs, Port User Building, Adani Port and SEZ, Mundra, as to why:

(i) The classification of goods declared as "Gear Box Housing", "Grari Big" and "Grari Small" under CTI 87089900 should not be rejected and the same should not be re-classified under CTI 84329090 of the Second Schedule to the Customs Tariff Act, 1975, being parts of agricultural machinery such as 'rotavator'.

(ii) The declared value of the goods under Shipping Bill No. 1892341, 1892342 and 1892356 all dated 16.05.2025 at Rs. 2,29,06,860/- should not be rejected as per the provisions of Rule 8 of the Customs Valuation (Determination of Value of Export Goods) Rules, 2007 and the same should not be re-determined as Rs. 9,82,351/- (Rupees Nine Lakh Eighty-Two Thousand Three Hundred Fifty-One only) as per the provisions of Rule 5 of the Customs Valuation (Determination of Value of Export Goods) Rules, 2007 read with Section 14 of the Customs Act, 1962.

(iii) The goods mentioned in Table-2 that is 12000 kg of "Gear Box Housing", "Grari Big", "Grari Small" and "Nut Bolt Set" classifiable under CTI 84329090 and 73181600 mis-declared in quantity and value being exported by Shri Surender Malik acting through Bhagwati Enterprises, proprietorship firm of Shri Lokendra Singh Baghel under Shipping Bill Nos. 1892341, 1892342 and 1892356 all dated 16.05.2025, seized vide Seizure Memo dated 05.06.2025, should not be held liable for confiscation under Section 113(h), 113(i) and 113(ja) of the Customs Act, 1962.

(iv) The Shipping Bills should not be reassessed by denying the proportionate IGST, Drawback and RoDTEP claimed.

(v) Penalty should not be imposed upon Shri Surender Malik, Beneficial Owner of Bhagwati Enterprises under Section 114(iii), Section 114AA and Section 114AC of the Customs Act, 1962 separately.

(vi) Penalty should not be imposed upon Shri Lokendra Singh Baghel, Proprietor of M/s Bhagwati Enterprises under Section 114(iii) of the Customs Act, 1962.

(vii) Penalty should not be imposed upon Shri Mukesh Hariram, a Commission Agent, under Section 114(iii) of the Customs Act, 1962.

**18.** The list of documents relied upon for the issuance of notice is attached as **Annexure-R**.

**19 .** The additional evidences if any, found in subsequent investigation and when, Shri Lokendra Singh Baghel (Proprietor) and Shri Surender Malik ('beneficial owner') join the investigation shall be used by way of issuance of a supplementary Show-cause notice.

**20.** Noticees are required to submit a written reply to the Adjudicating Authority within 30 days from the date of receipt of this notice. In their written reply, the noticees may also indicate as to whether they would like to be heard in person. In case, no reply is received within the time limit stipulated above or any further time which may be granted and/or if nobody appears for personal hearing when the case is posted for the same, the case will be decided ex-parte on the basis of evidence on record and without any further reference to the noticees.

21. This Show Cause Notice is issued without prejudice to any other actions that may be taken against the persons involved in the subject case, under the provisions of the Customs Act, 1962 or any other Allied Acts for the time being in force. The department reserves its right to issue addendum/corrigendum to show cause notice or to make any additions, deletions, amendments or supplements to this notice, if any, at a later stage. The department also reserves its right to issue separate Notice/s for other Noticees, offences, etc. related to the above case, if warranted.

**(Amit Kumar Mishra)**  
Additional Commissioner of Customs,  
Custom House, Mundra.

Encl: Annexure-R (List of RUDs)

To,

1. M/s Bhagwati Enterprises,  
Flat No. 15/3358, In front of Dang Ho Saman, Shardapuram,  
Rewa, Madhya Pradesh – 486001
2. Shri Lokendra Singh Baghel,  
Proprietor of M/s Bhagwati Enterprises,  
Flat No. 15/3358, In front of Dang Ho Saman, Shardapuram,  
Rewa, Madhya Pradesh – 486001
3. Shri Surender Malik S/o Shri Prem Singh Malik,  
44, Salimpura Turali, Juan, Sonipat – 131024
4. Shri Mukesh Hariram, Commission Agent,  
Yuvraj Park, Behind The Fern Hotel, Dhrub,  
Mundra, Kutchh, Gujarat – 370421

Copy to:

1. The Additional Director, DRI, Ahmedabad Zonal Unit
2. The Assistant Commissioner, EDI, Customs Mundra (For uploading on Mundra Customs Website)