सीमा शुल्क आयुक्त का कार्यालय
OFFICE OF THE COMMISSIONER OF CUSTOMS
नवीन सीमा शुल्क भवन, बालाजी मंदिर के पास, नया कांडला
NEW CUSTOM HOUSE, NEAR BALAJI TEMPLE, NEW KANDLA
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DIN-20250271ML0000619857
F.No. GEN/ADJ/COMM/96/2025-Adjn-O/o Commr-Cus-Kandla

SHOW CAUSE NOTICE

Subject: Short Payment of Customs Duty by undervaluation of rice exported by M/s Jagat Agrotech Private Limited, 8/2, Sindhi Commercial Market, Kalupur, Ahmedabad-380001, Gujarat - Reg.

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1. Intelligence:

A specific intelligence was received in the office of the Directorate of Revenue Intelligence (Hqrs.), 7th Floor, Drum Shaped Building, I. P. Bhawan, I. P. Estate, New Delhi (hereinafter referred to as 'DRI') which indicated undervaluation in the export of rice. The intelligence further indicated that after imposition of duty on export of rice with effect from 09.09.2022, several exporters, including **M/s Jagat Agrotech Private Limited, 8/2, Sindhi Commercial Market, Kalupur, Ahmedabad-380001, Gujarat**, having IEC No. **0813024111** (hereinafter referred to as 'the exporter' for sake of brevity), were engaged in short payment of export duty by resorting to undervaluation by claiming abatement of duty from the assessable value. Thus, export duty was not being paid on the transaction value of the export goods (i.e. FOB Value) as provided u/s 14 of the Customs Act, 1962 instead the same was being paid on a reduced value by wrongly declaring the same as FOB Value thus causing short-payment of the appropriate duty of Customs.

2.1 Preliminary analysis of the Intelligence revealed that export duty at the rate of 20% *ad valorem* was imposed on export of rice vide CBIC Notification No. 49/2022-Cus. dated 08.09.2022.

2.2 Scrutiny of the export data pertaining to the said exporter revealed that they were evading duty on export of rice by adopting two different methods i.e. **(i)** by claiming wrongful deduction of export duty from the transaction value, and **(ii)** by declaring excess freight amounts.

2.3 The exporter used to negotiate a specific price for sale of their export consignment which was received by them from the overseas buyer as **'consideration'** for sale of rice. Thus the **'consideration/negotiated price'** was **'the actual transaction value'** for their export consignment on which the exporter ought to have paid the 20% export duty. However, to evade duty, the exporter had artificially bifurcated the afore-said negotiated price/total consideration, in two parts i.e. (i) **'price of goods'** and **(ii) 'export duty amount'**. The exporter had declared the reduced value **'price of goods'** as

their transaction value and the other part of the consideration which was equal to the **'export duty amount'** was not included by them in their **'transaction value'.** Instead, the same was claimed as 'deduction' and was declared in the Shipping Bills under the Head "**Deduct/Deduction**". Thus, a part of consideration, equal to the '**export duty amount'**, was not included in the transaction value for payment of export duty causing short payment of duty.

2.4 In several other cases of export of rice on CIF/CF incoterm basis, investigation revealed that the exporter had declared excess freight amounts in comparison to the actual freight amounts paid by them to the shipping lines/freight forwarders. In such shipments, FOB price is deduced from the CIF/CF prices by deducting the actual freight amounts paid by the exporter. By claiming excess freight amounts in the shipping bills, the exporter had wrongly deducted a part of the consideration/transaction value which is equal to the excess freight amounts claimed by them. Thus, a part of consideration, was not included in the transaction value for the payment of export duty in all such export shipments causing short payment of duty.

2.5 From the preliminary scrutiny of the export data, discussed in above paras, it appeared that the exporter had treated the actual transaction value (i.e. actual FOB Value) of their export goods as cum-duty FOB Value and they have declared the lesser transaction value by wrongly claiming abatement of duty from the actual transaction value and by claiming excess freight amounts in the shipping bills. By adopting the above-mentioned modus operandi, the exporter had been evading the payment of duty on the differential value between the actual transaction value of the export goods (i.e. FOB Value) and their declared reduced FOB value.

2.6 Valuation of the goods is covered by Section 14 of the Customs Act, 1962 which provides that 'the value of the … 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 from India **for delivery at the time and place of exportation**. **Further,** Customs Valuation (Determination of Value of Export Goods) Rules, 2007 (CVR, 2007) notified vide [M.F. (D.R.) Notification No. 95/2007-Cus (N.T.), dated-13-09-2007] also provide that value of the export goods shall be its transaction value. Rule 2 (1) (b) of the CVR, 2007 defines the term 'transaction value' as the value of export goods within the meaning of sub-section (1) of section 14 of the Customs Act, 1962. Further rule 3(1) of CVR, 2007 also stipulates that subject to rule 8 (providing for rejection of the declared value), the value of export goods shall be the transaction value. CVR, 2007 came into effect from 10.10.2007.

2.7 This practice of payment of export duty on cum-duty FOB Value was prevalent prior to the year 2009. **CBIC Circular No. 18/2008-Cus. dated 10.11.2008** in this regard stipulated that with effect from 01.01.2009, the practice of computation of export duty shall be changed; that for the purposes of calculation of export duty, the transaction value, that is to say the price actually paid or payable for the goods for delivery at the time and place of exportation under section 14 of Customs Act 1962, shall be the FOB price of such goods at the time and place of exportation.

Initiation of investigation:

3.1 Pursuant to the afore-said intelligence and apparent undervaluation of the export goods, investigation was initiated against various exporters of the said commodity including **M/s Jagat Agrotech Private Limited**, having IEC No. **0813024111,** by issuance of summons under the provisions of section 108 of the Customs Act, 1962. It was a directorship firm having **Sh. Chetan Abhimanu Maheshwari** as its Director.

3.2 Vide summons dated 27.10.2023, 19.01.2024 and 13.01.2025 issued to including **M/s Jagat Agrotech Private Limited** under the provisions of the Customs Act, 1962, documents related to the investigation such as shipping bills, export invoices, freight invoices, bill of lading and Bank Realization Certificates etc. were requested from the exporter.

3.3 In pursuance of the summons issued to **M/s Jagat Agrotech Private Limited**, vide letter dated 14.12.2023 (**RUD-1**), **M/s Jagat Agrotech Private Limited** submitted copies of the export documents such as export invoices, shipping bills, bank realization certificates pertaining to export of rice made by them during the period F.Y. 2022-23 and F.Y. 2023-24 (**RUD-1**).

3.4 Vide email dated 15.07.2024 (RUD-2), **M/s Jagat Agrotech Pvt. Ltd**., submitted the details of payments received in respect of each shipping bill and expenses made towards payments of ocean freight & insurance charges in respect of consignments exported on basis of CF, CI and CIF inco terms. Further, vide email dated 26.01.2025 & 29.01.2025 **(RUD-3),** M/s Jagat **Agrotech Pvt. Ltd**. submitted the copies of the freight invoices in respect of the shipments of rice exported by them on CF, CI and CIF inco-term basis.

4. During investigation, statements dated 14.12.2023 of Sh. Chetan Abhimanu Maheshwari (RUD-4) and Sh. Hareshbhai Jethanand Maheshwari, (RUD-5) Director of M/s Jagat Agrotech Private Limited were recorded u/s 108 of the Customs Act, 1962.

5.1 Vide his statement dated 14.12.2023 (RUD-4), Sh. Chetan Abhimanu Maheshwari, Director of M/s Jagat Agrotech Pvt. Ltd., stated that he started his own trading business of food grains in 2001, as a Proprietorship firm in the name of M/s Jagat Agro which was engaged in the business of wheat cleaning and rice polishing; that he started export of grains in the year 2013 from his proprietorship firm; that in 2015, another firm namely M/s Jagat Agrotech Pvt. Ltd. was incorporated wherein apart from him, his father in law Sh. Prahladbhai Akhomal Rathi, his brother in law Sh. Manoj Praladbhai Rathi and one of his relative Sh. Hareshbhai Jethanand Maheshwari are Directors; that this company was in the business of export of white and parboiled rice; that exports in the name of the said company were started in the year 2015.

5.2 On being asked about his companies and his role in the said companies, he stated that M/s Jagat Agrotech Private Limited was engaged in the business of manufacturing, trading and export of Rice; that Export, sales and purchase related work was handled by him and his brother in law Sh. Manoj Praladbhai Rathi; that accounts related work was handled by his father in law Sh. Prahladbhai Akhomal Rathi; that their manufacturing unit was situated at Plot No. 1375, Naika-Radhu Road, Radhu, Dist. Kheda, (Gujarat) and the same was managed by him and his brother in law Sh. Manoj Praladbhai Rathi; that Sh. Hareshbhai Jethanand Maheshwari was director of the said firm but no work was handled by him; that he did not look after any specific work of the said company; that Sh. Hareshbhai Jethanand Maheshwari was mainly in to the transport

business in Gandhidham; that M/s Jagat Agro was his proprietorship firm wholly managed and controlled by him alone; that both of these firms/companies were situated at the same addresss i.e. 8/2, Sindhi Commercial Market, Kalupur, Ahmedabad-380001, Gujarat.

5.3 One being asked about the procedure of procurement of Rice and its further export; he stated that in respect of Jagat Agro, they procured Rice from many suppliers in UP, Gujarat, Karnataka, Madhya Pradesh and Maharashtra through various brokers; that after that the rice is prepared in their Mill according to the specifications of the overseas buyers; that in respect of M/s. Jagat Agrotech Pvt Ltd. they procured white rice from many suppliers in UP, Gujarat, Karnataka, Madhya Pradesh and Maharashtra through various brokers and the same was exported directly; that they also have a mill in M/s Jagat Agrotech Pvt Ltd.; that they procured paddy mostly from Gujarat and from the paddy Parboiled Rice (IR-64) was manufactured by them according to the specifications of the buyers and the same was exported; that they did not prepare/manufacture white rice in M/s Jagat Agrotech Pvt. Ltd.; that it was purchased and directly exported i.e. they did only trading of white rice in the said firm.

5.4 On being asked about the **process followed by him in the export of the goods from M/s Jagat Agro and M/s Jagat Agrotech Pvt. Ltd. he stated that** in both their companies, they procured a sale contract from foreign buyers; that initially they got sale contracts through some brokers but later they had direct contacts with the buyers thus they started getting contracts directly from the buyers in both their export companies; that once they got the contracts, they procured the rice for export from local markets and mandies and prepared the same according to the specifications of buyers; that they sent the goods to the warehouse of CHA for storage; that thereafter, they booked a vessel through shipping line/vessel charter and once the ship arrived, they filed the shipping bill at the port and after clearance from the customs authorities, the goods were loaded on to the vessel; that when the goods were sold as FOB, the vessel was booked by the buyer and they informed them about the date of arrival of the vessel at the port; that they filed the shipping bills accordingly and loaded the goods onto the vessel after custom clearance; that when the goods were sold on CIF basis, the insurance and freight charges were paid by them; that mostly their sales were on FOB basis and only 5-10% exports are on CFR terms of invoicing; that their major overseas buyers of rice were M/s. Adani Wilmer, Singapore, M/s Falcon Foods, Dubai & M/s ICC Searl, Gini Konkari, West Africa.

5.5 One being asked to **elaborate the term CFR, he stated that** CFR stand for Cost plus Freight shipment i.e. in such shipments they had to arrange the goods and freight upto the port of destination; that the insurance was not arranged by them in such shipments; that most of their goods were sold on FOB basis.

5.6 On being asked to **elaborate the term FOB he stated that i**n FOB shipments they had to arrange the goods and their freight up to the loading of the same at the vessel; that in such shipments the Ocean Freight and insurance both were arranged by the buyer; that all costs and expenses including

clearance charges and expenses uptill the loading of the export goods onto the vessel for export were included in the FOB price of the export goods.

5.7 He was shown a **print out of Section 14 and CBIC Circular No. 18/2008-cus dated 10.11.2008 and print out of incoterms from *wikipedia* and he was asked to give his comments on the same. In response he stated that he had understood the** Section 14 and CBIC Circular No. 18/2008-cus dated 10.11.2008; that he had understood that for payment of export duty, transaction value of the goods has to be arrived at and the transaction value of the export goods was the FOB value thereof i.e. the price of the goods inclusive of all expenses and costs up to the loading of the goods in the vessel after clearance by the customs authority; **that in some invoices they had paid the duty by considering the FOB value as cum duty FOB value instead of the actual FOB value of the export goods causing short payment of duty on export of rice;** that they had adopted the said practice for exports by following and advised by some other exporters of rice; that he was unable to recall the name of such persons; that the afore-said **CBIC Circular No. 18/2008-cus dated 10.11.2008** also provided that the value for charging export duty shall be the FOB value of the export goods and the practice of calculation of the FOB value as cum-duty price had been discontinued by the CBIC with effect from 01.01.2009 as per the said circular; that incoterms also indicated that in FOB terms of invoicing, all costs and expenses till loading of the export goods in to the vessel for export should be borne by the buyer; that FOB meant Free on Board i.e. all charges upto loading of the export goods in the vessel should be included for calculation of the FOB value; that all expenses related to payment of duty were incurred prior to loading of the goods on-board the vessel; that the same (expenses related to payment of duty) would also be included for payment of duty by them.

5.8 He was asked to see the documents of Invoice No. 130 dated 09.03.2023 (corresponding shipping bill no 8376824 dated 10.03.2023) and Invoice No. 131 dated 09.03.2023 (corresponding shipping bill 8382257 dated 10.03.2023) submitted by him vide letter dated 14.12.2023 and explain the process of duty calculation in these two shipping bills. In response he stated that in these two shipping bills they had exported White Rice; that in respect of Invoice No. 130 dated 09.03.2023 (corresponding shipping bill no 8376824 dated 10.03.2023) the contract value was USD 6,20,000 and the FOB value was also USD 6,20,000; that the duty @ 20% of the FOB Value i.e. equal to USD 1,24,000 had been paid on FOB value of USD 6,20,000 in respect of the said export consignment.

5.9 He further stated that in respect of Invoice No. 131 dated 09.03.2023 (corresponding **shipping bill 8382257 dated 10.03.2023**), the price according to the sale contract was USD 460 per MT CFR for export of 1000 MTs of the export cargo (i.e. rice); that however in the invoice, price of USD 398 per MT CFR was mentioned (thus total price of USD 398000 was declared); that they had reduced the invoice price by USD 62 per MT (total USD 62000/- for 1000 MTs of the export cargo) which was equal to the export duty paid by them in respect of the said consignment; that the total invoice value was USD 4,60,000 CFR; that the FOB value was declared as USD 3,10,000/- that the ocean freight was USD 88,000; that they had claimed a deduction of USD 62,000 from the actual FOB

value to reduce the FOB value thereby evading the applicable export duty on the deduction amount claimed by them; that in this invoice they had used and treated the FOB price as cum duty FOB price for the calculation of duty and had thus claimed in-eligible deductions equal to the duty amount thus duty was not paid on the said deduction amounts claimed by them.

5.10 During the course of recording his statement, **Sh. Chetan Abhimanu Maheshwari, Proprietor of M/s Jagat Agrotech Pvt. Ltd. admitted their mistake and stated that he was willing to pay the differential duty on all such export consignments of rice wherein export duty had been paid by them by considering the FOB value as cum-duty FOB price instead of actual and full FOB value of the export goods in respect of both of their companies i.e. M/s Jagat Agro and M/s Jagat Agrotech Pvt. Ltd.; that he also undertook to deposit the differential duty at the earliest.**

5.11 On being asked if they had **used and followed the same procedure for calculation and payment of export duty in respect of the shipments of rice export by them in their another export firm namely M/s Jagat Agrotech Pvt. Ltd. also; he stated that they had** considered the FOB value as cum-duty FOB price instead of full and actual FOB Price for export duty calculation in several consignments exported by them in M/s Jagat Agrotech Pvt. Ltd. also.

5.12 On being asked about the **Shipping Bill numbers, date and other details in which they had paid export duty on the cum-duty price of the White Rice; he stated that a**fter going through their export document pertaining to their export firm **M/s Jagat Agrotech Pvt. Ltd.**, in the following shipping bills export duty had been short paid by them; that by using cum-duty FOB price method, the actual and full FOB value of the goods exported vide theses shipping bills had been wrongly reduced by them; that the amount of difference in the actual FOB price and the reduced FOB price adopted by them for duty payment is given in the table below.

S. no.	SB Number	SB Date	Exporter Name	Invoice Number	Invoice Terms	Difference in the declared and actual FOB Value (USD)
1	8916120	3/29/2023	JAGAT AGROTECH PRIVATE LIMITED	93	CF	62,000
2	8721426	3/24/2023		90	FOB	124,000
3	8860199	3/28/2023		91	FOB	186,000
4	8875520	3/28/2023		92	FOB	62,000
5	9261813	4/13/2023		1	CF	65,720
6	9320224	4/15/2023		3	FOB	41,075
7	9320455	4/15/2023		4	FOB	41,075
8	9466582	4/21/2023		5	FOB	41,075
9	9498809	4/24/2023		6	CF	18,600
10	9559223	4/26/2023		7	FOB	41,075

6.1 Statement dated 14.12.2023 of Sh. Hareshbhai Jethanand Maheshwari**, Director of M/s Jagat Agrotech Private Limited, (RUD-5)**

Vide his **statement dated 14.12.2023,** Sh. Hareshbhai Jethanand Maheshwari**, Director of M/s Jagat Agrotech Private Limited,** stated that he is in the business of transportation of goods in Gandhidham, Gujarat; that he was

inducted as Director of M/s Jagat Agrotech Pvt. Ltd. in the year 2015 at the time of incorporation of the said firm; that he is a relative of Sh. Chetan Abhimanu Maheshwari, Proprietor of M/s Jagat Agro; that he had been shown statement dated 14.12.2023 of Sh. Chetan Abhimanu Maheshwari, Proprietor of M/s Jagat Agro, C-47, Ashwamegh Industrial Estate, Ahmedabad-Rajkot Highway, Ahmedabad, Gujarat -382213 and Director of M/s Jagat Agrotech Private Limited, 8/2, Sindhi Commercial Market, Kalupur, Ahmedabad-380001, Gujarat; that he had gone through the said statement and he confirmed the facts stated by Sh. Chetan Abhimanu Maheshwari, in the said statement in respect of M/s Jagat Agrotech Private Limited.

6.2 Sh. Chetan Abhimanyu Maheshwari, had been managing both the firms. He is the proprietor of M/s Jagat Agro, as well as director of M/s Jagat Agrotech Pvt. Ltd. This show cause notice is only in respect of the exports of rice made by M/s Jagat Agrotech Pvt. Ltd.; the exports of rice made by M/s Jagat Agrotech Pvt. Ltd. would be covered in a separate show cause notice.

7.1 Vide letter dated 31.01.2024 (RUD-6), Sh. Chetan Abhimanyu Maheshwari, Director of M/a Jagat Agrotech Pvt. Ltd., submitted that they have calculated their differential duty payable on account of wrong claim of deduction amount out of FOB value of the exports and submitted two Demand Drafts, for payment of the differential duty, as below:

i. Demand Draft No. 241917 dated 29.01.2024 for **Rs. 71,13,260/-** in favour of Commissioner of Customs, Kandla payable at Kandla Mundra for payment of duty by M/s Jagat Agrotech Pvt. Ltd.
ii. Demand Draft No. 241918 dated 29.01.2024 for **Rs. 40,38,661/-** in favour of Commissioner of Customs, Mundra payable at Mundra for payment of duty by M/s Jagat Agrotech Pvt. Ltd. Deposited at the Mundra Port vide Challan no. 2309 dated 16.02.2024 (RUD-6).

8.1 The export documents and details submitted by the exporter during investigation were analysed and it was revealed that including **M/s Jagat Agrotech Private Limited** had exported rice having description as Indian Non-Basmati Raw Rice/ Indian IR-64 White Rice / Indian Long Grain Rice etc. by classifying the same under CTH 10063090 which were liable to export duty @ 20% *ad valorem* vide CBIC Notification No. 49/2022-Cus. dated 08.09.2022 and 49 /2023-Customs dated the 25th August, 2023. In their export documents (Shipping Bills), they have declared the following three values **(i) Total Value, (ii) Invoice Value and (iii) FOB Value**. **The Total Value** declared by them was inclusive of export duty and indicated the total consideration received by them from the overseas buyer. **Invoice Value** was declared after deducting from the Total Value, an amount equal to the export duty paid by them in respect of their export goods. **FOB Value** was declared after deduction of the ocean freight amounts and insurance amounts from the afore-said Invoice Value. Thus, total amount of deductions of **Rs. 5,57,59,607/-** were wrongly claimed by the exporter from the actual FOB Value in respect of their 10 export shipments as shown below.

8.2 Deduction amounts wrongly claimed by the exporter from the actual FOB Value of exports which were equal to the export duty:

Scrutiny of the export documents and details submitted by the exporter during investigation revealed that the exporter had at the time of filing of shipping bills claimed the deduction of an amount of **Rs. 5,57,59,607/-** in respect of the following 10 shipping bills filed by them. The export duty amounts paid by them in respect of these 10 shipping bills were also at **Rs. 5,57,59,608/-.** Therefore, the amounts claimed as 'deduction/deduct' were equal to the export duty amounts paid by them at the time of filing of these shipping bills. Investigation has revealed that these amounts claimed as 'deduction/deduct' were also recovered by the exporter from the overseas buyer in their bank accounts. The exporter had also confirmed these facts in his submission and statement recorded u/s 108 of the Customs Act, 1962.

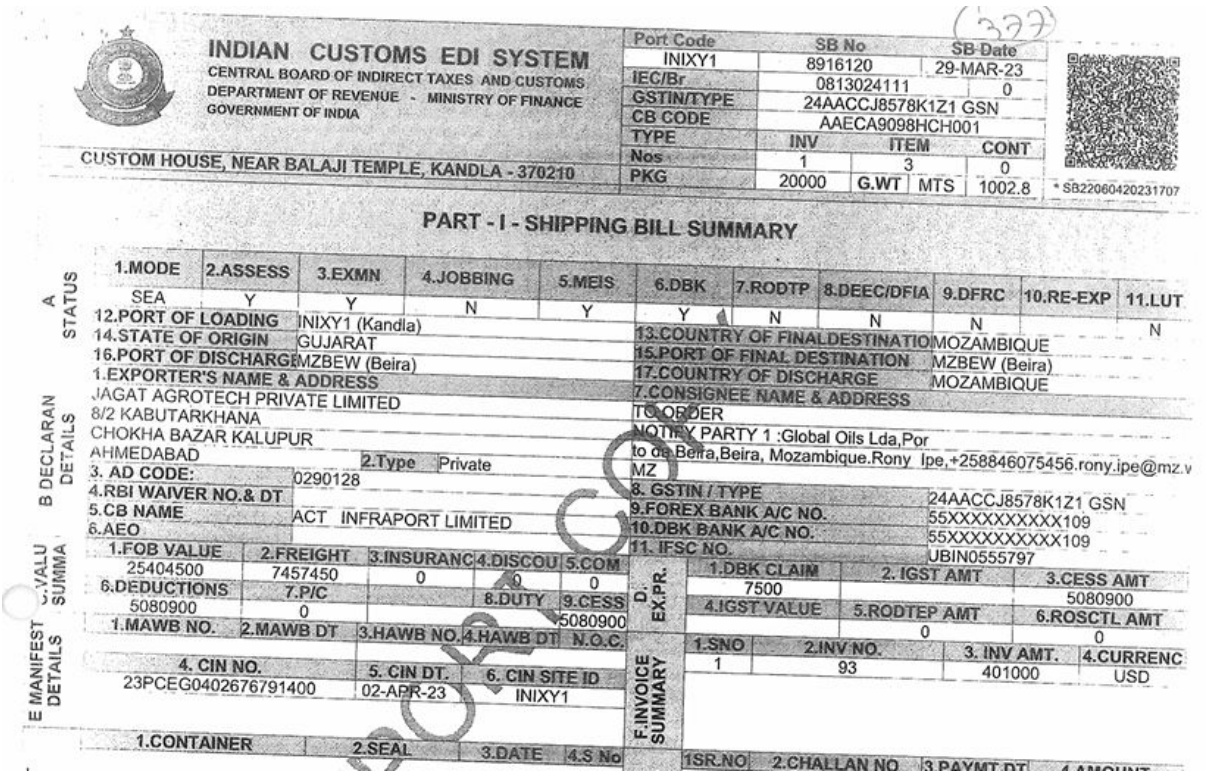
Table: A

S No.	Custom House Code	SB Number	SB Date	Declared FOB Value in Rs.	Export Duty (Cess) Amount paid in Rs.	Deduction Claimed From Total Value in Rs.	Amounts received Through Reimburse-ment Of Taxes in Rs.
1	INIXY1	8721426	24-03-2023	5,08,09,000	1,01,61,800	1,01,61,800	1,01,58,932
2	INIXY1	8860199	28-03-2023	7,62,13,500	1,52,42,700	1,52,42,700	1,52,39,832
3	INIXY1	8875520	28-03-2023	2,54,04,500	50,80,900	50,80,900	50,80,900
4	INIXY1	8916120	29-03-2023	2,54,04,500	50,80,900	50,80,900	50,75,573
5	INMUN1	9261813	13-04-2023	2,66,49,460	53,29,892	53,29,892	53,29,892
6	INMUN1	9320224	15-04-2023	1,66,55,913	33,31,183	33,31,183	33,31,183
7	INMUN1	9320455	15-04-2023	1,66,55,913	33,31,183	33,31,183	33,31,183
8	INMUN1	9466582	21-04-2023	1,67,17,525	33,43,505	33,43,505	33,41,063
9	INMUN1	9498809	24-04-2023	75,70,200	15,14,040	15,14,040	15,09,970
10	INMUN1	9559223	26-04-2023	1,67,17,525	33,43,505	33,43,505	33,41,063
				27,87,98,035	**5,57,59,608**	**5,57,59,607**	**5,57,39,590**

8.2.1 For ease of reference, photo of **Shipping Bill No. 8916120 dated 29-03-2023 (RUD-7)** is pasted below which clearly indicate that the deduction of **Rs. 50,80,900/- (equivalent to USD 62000)** has been claimed in the Shipping Bill which is equal to the cess amount (i.e. Export Duty) of **Rs. 50,80,900/-** paid by them. The said amount has been deducted by the exporter from the actual transaction value (i.e. FOB Value) and export duty has not been paid on the said differential value of **Rs. 50,80,900/-** which is though part of the consideration received by the exporter from the overseas buyer for sale of the consignment. For receipt and processing of the said export duty amount of **Rs. 50,80,900/-**

(equivalent to USD 62000), in their bank account, separate invoices in the name of Reimbursement Invoice has been issued by the exporter to the buyer/bank authorities.

Photo of shipping bill No. 8916120 dated 29-03-2023



INDIAN CUSTOMS EDI SYSTEM
CENTRAL BOARD OF INDIRECT TAXES AND CUSTOMS
DEPARTMENT OF REVENUE - MINISTRY OF FINANCE
GOVERNMENT OF INDIA

CUSTOM HOUSE, NEAR BALAJI TEMPLE, KANDLA - 370210

Port Code	SB No	SB Date
INIXY1	8916120	29-MAR-23

IEC/Br	0813024111		0
GSTIN/TYPE	24AACCJ8578K1Z1 GSN		
CB CODE	AAECA9098HCH001		
TYPE	INV	ITEM	CONT
Nos	1	3	0
PKG	20000	G.WT MTS	1002.8

* SB22060420231707

PART - I - SHIPPING BILL SUMMARY

A STATUS

1.MODE	2.ASSESS	3.EXMN	4.JOBBING	5.MEIS	6.DBK	7.RODTP	8.DEEC/DFIA	9.DFRC	10.RE-EXP	11.LUT
SEA	Y	Y	N	Y	Y	N	N	N		N

B DECLARAN DETAILS

12.PORT OF LOADING	INIXY1 (Kandla)	13.COUNTRY OF FINALDESTINATIO	MOZAMBIQUE
14.STATE OF ORIGIN	GUJARAT	15.PORT OF FINAL DESTINATION	MZBEW (Beira)
16.PORT OF DISCHARGE	MZBEW (Beira)	17.COUNTRY OF DISCHARGE	MOZAMBIQUE
1.EXPORTER'S NAME & ADDRESS		7.CONSIGNEE NAME & ADDRESS	
JAGAT AGROTECH PRIVATE LIMITED		TO ORDER	
8/2 KABUTARKHANA		NOTIFY PARTY 1 :Global Oils Lda,Por	
CHOKHA BAZAR KALUPUR		to da Beira,Beira, Mozambique.Rony Ipe,+258846075456.rony.ipe@mz.v	
AHMEDABAD	2.Type Private	MZ	
3. AD CODE:	0290128	8. GSTIN / TYPE	24AACCJ8578K1Z1 GSN
4.RBI WAIVER NO.& DT		9.FOREX BANK A/C NO.	55XXXXXXXXX109
5.CB NAME	ACT INFRAPORT LIMITED	10.DBK BANK A/C NO.	55XXXXXXXXX109
6.AEO		11. IFSC NO.	UBIN0555797

C.VALU SUMMA

1.FOB VALUE	2.FREIGHT	3.INSURANC	4.DISCOU	5.COM
25404500	7457450	0	0	0
6.DEDUCTIONS	7.P/C		8.DUTY	9.CESS
5080900	0			5080900

D. EX.PR.

1.DBK CLAIM	2. IGST AMT	3.CESS AMT
7500		5080900
4.IGST VALUE	5.RODTEP AMT	6.ROSCTL AMT
	0	0

E MANIFEST DETAILS

1.MAWB NO.	2.MAWB DT	3.HAWB NO.	4.HAWB DT	N.O.C.

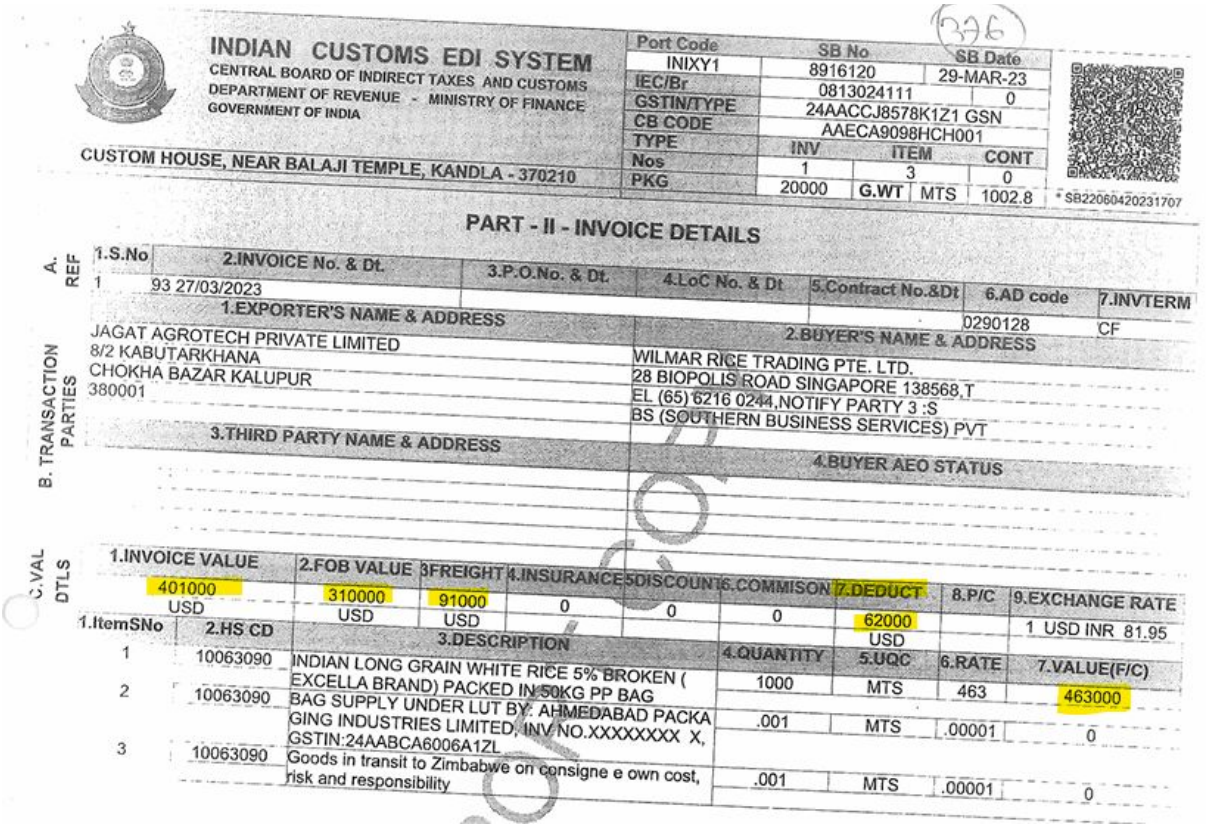
4. CIN NO.	5. CIN DT.	6. CIN SITE ID
23PCEG0402676791400	02-APR-23	INIXY1

F.INVOICE SUMMARY

1.SNO	2.INV NO.	3. INV AMT.	4.CURRENC
1	93	401000	USD

1.CONTAINER	2.SEAL	3.DATE	4.S No

1SR.NO	2.CHALLAN NO	3.PAYMT DT	4.AMOUNT



INDIAN CUSTOMS EDI SYSTEM
CENTRAL BOARD OF INDIRECT TAXES AND CUSTOMS
DEPARTMENT OF REVENUE - MINISTRY OF FINANCE
GOVERNMENT OF INDIA

CUSTOM HOUSE, NEAR BALAJI TEMPLE, KANDLA - 370210

Port Code	SB No	SB Date
INIXY1	8916120	29-MAR-23

IEC/Br	0813024111		0
GSTIN/TYPE	24AACCJ8578K1Z1 GSN		
CB CODE	AAECA9098HCH001		
TYPE	INV	ITEM	CONT
Nos	1	3	0
PKG	20000	G.WT MTS	1002.8

* SB22060420231707

PART - II - INVOICE DETAILS

A. REF

1.S.No	2.INVOICE No. & Dt.	3.P.O.No. & Dt.	4.LoC No. & Dt	5.Contract No.&Dt	6.AD code	7.INVTERM
1	93 27/03/2023				0290128	CF

B. TRANSACTION PARTIES

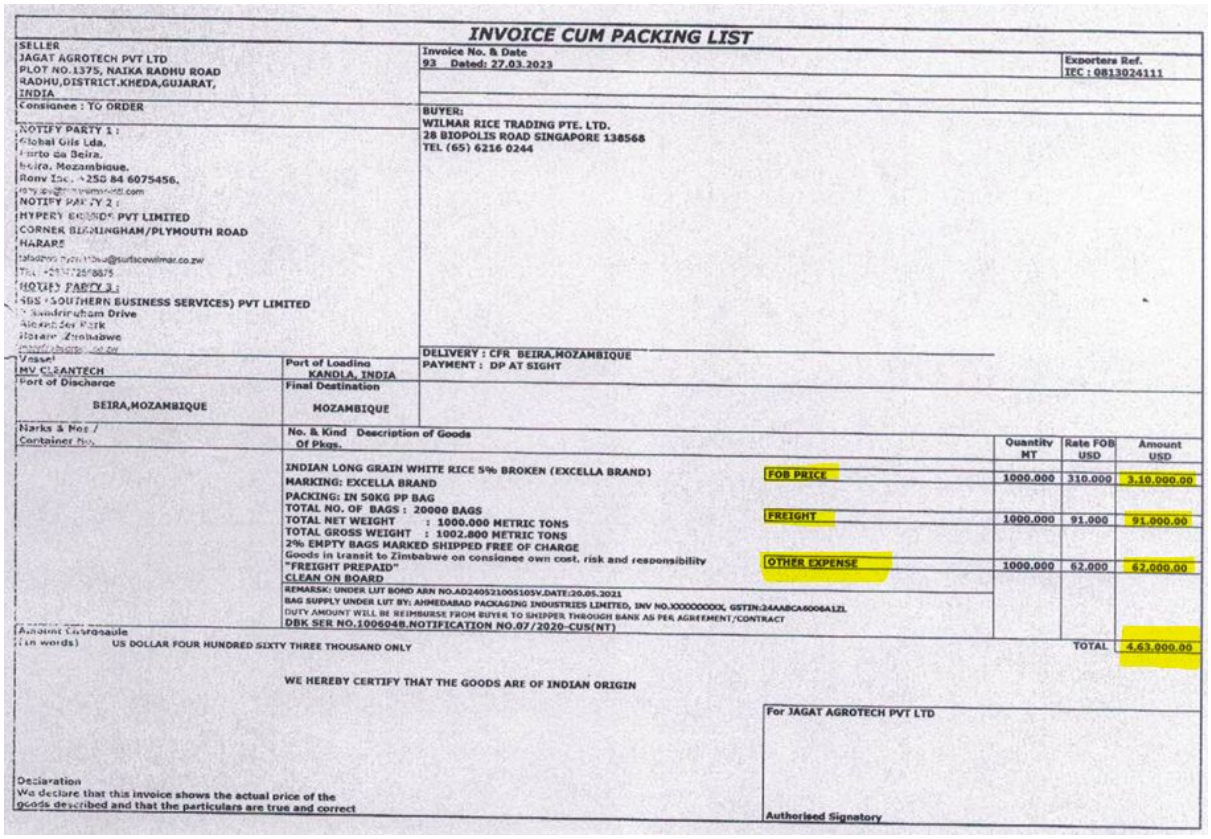
1.EXPORTER'S NAME & ADDRESS	2.BUYER'S NAME & ADDRESS
JAGAT AGROTECH PRIVATE LIMITED	WILMAR RICE TRADING PTE. LTD.
8/2 KABUTARKHANA	28 BIOPOLIS ROAD SINGAPORE 138568,T
CHOKHA BAZAR KALUPUR	EL (65) 6216 0244,NOTIFY PARTY 3 :S
380001	BS (SOUTHERN BUSINESS SERVICES) PVT
3.THIRD PARTY NAME & ADDRESS	4.BUYER AEO STATUS

C.VAL DTLS

1.INVOICE VALUE	2.FOB VALUE	3FREIGHT	4.INSURANCE	5DISCOUN	6.COMMISON	7.DEDUCT	8.P/C	9.EXCHANGE RATE
401000 USD	310000 USD	91000 USD	0	0	0	62000 USD		1 USD INR 81.95

1.ItemSNo	2.HS CD	3.DESCRIPTION	4.QUANTITY	5.UQC	6.RATE	7.VALUE(F/C)
1	10063090	INDIAN LONG GRAIN WHITE RICE 5% BROKEN (EXCELLA BRAND) PACKED IN 50KG PP BAG	1000	MTS	463	463000
2	10063090	BAG SUPPLY UNDER LUT BY: AHMEDABAD PACKA GING INDUSTRIES LIMITED, INV NO.XXXXXXXX X, GSTIN:24AABCA6006A1ZL	.001	MTS	.00001	0
3	10063090	Goods in transit to Zimbabwe on consigne e own cost, risk and responsibility	.001	MTS	.00001	0

Commercial Invoice cum Packing List No. 93 dated 27-03-2023



INVOICE CUM PACKING LIST

SELLER
JAGAT AGROTECH PVT LTD
PLOT NO.1375, NAIKA RADHU ROAD
RADHU,DISTRICT.KHEDA,GUJARAT,
INDIA

Invoice No. & Date
93 Dated: 27.03.2023

Exporters Ref.
IEC : 0813024111

Consignee : TO ORDER

NOTIFY PARTY 1 :
Global Gits Lda,
Porto da Beira,
Beira, Mozambique.
Rony Isc... +258 84 6075456.

NOTIFY PARTY 2 :
HYPERY EQUIND* PVT LIMITED
CORNER BIRMINGHAM/PLYMOUTH ROAD
HARARE

NOTIFY PARTY 3 :
SBS (SOUTHERN BUSINESS SERVICES) PVT LIMITED
Sandringham Drive
Alexandra Park
Harare Zimbabwe

BUYER:
WILMAR RICE TRADING PTE. LTD.
28 BIOPOLIS ROAD SINGAPORE 138568
TEL (65) 6216 0244

DELIVERY : CFR BEIRA,MOZAMBIQUE
PAYMENT : DP AT SIGHT

Vessel	Port of Loading	
MV CLEANTECH	KANDLA, INDIA	
Port of Discharge	Final Destination	
BEIRA,MOZAMBIQUE	MOZAMBIQUE	

Marks & Nos / Container Nos.	No. & Kind Of Pkgs.	Description of Goods		Quantity MT	Rate FOB USD	Amount USD
		INDIAN LONG GRAIN WHITE RICE 5% BROKEN (EXCELLA BRAND)	FOB PRICE	1000.000	310.000	3,10,000.00
		MARKING: EXCELLA BRAND PACKING: IN 50KG PP BAG TOTAL NO. OF BAGS : 20000 BAGS TOTAL NET WEIGHT : 1000.000 METRIC TONS TOTAL GROSS WEIGHT : 1002.800 METRIC TONS 2% EMPTY BAGS MARKED SHIPPED FREE OF CHARGE	FREIGHT	1000.000	91.000	91,000.00
		Goods in transit to Zimbabwe on consignee own cost, risk and responsibility "FREIGHT PREPAID" CLEAN ON BOARD	OTHER EXPENSE	1000.000	62.000	62,000.00
		REMARKS: UNDER LUT BOND ARN NO.AD240521005105V.DATE:20.05.2021 BAG SUPPLY UNDER LUT BY: AHMEDABAD PACKAGING INDUSTRIES LIMITED, INV NO.XXXXXXXXX, GSTIN:24AABCA6006A1ZL DUTY AMOUNT WILL BE REIMBURSE FROM BUYER TO SHIPPER THROUGH BANK AS PER AGREEMENT/CONTRACT DBK SER NO.1006048.NOTIFICATION NO.07/2020-CUS(NT)				
Amount Chargeable (in words)	US DOLLAR FOUR HUNDRED SIXTY THREE THOUSAND ONLY				TOTAL	4,63,000.00

WE HEREBY CERTIFY THAT THE GOODS ARE OF INDIAN ORIGIN

For JAGAT AGROTECH PVT LTD

Authorised Signatory

Declaration
We declare that this invoice shows the actual price of the goods described and that the particulars are true and correct

Commercial Invoice No. 93 Part-A and Part-B both dated 27-03-2023 submited to the buyer.

COMMERCIAL INVOICE PART-A

SELLER JAGAT AGROTECH PVT LTD PLOT NO.1375, NAIKA RADHU ROAD RADHU,DISTRICT.KHEDA,GUJARAT, INDIA	Invoice No. & Date 93 Dated: 27.03.2023 Exporters Ref. IEC : 0813024111
Consignee : TO ORDER	BUYER: WILMAR RICE TRADING PTE. LTD. 28 BIOPOLIS ROAD SINGAPORE 138568 TEL (65) 6216 0244
NOTIFY PARTY 1 : Global Oils Ltda. Porto da Beira. Beira. Mozambique. Rony Ipe. +258 84 6075456. rony.ipe@mz.wilmar-intl.com NOTIFY PARTY 2 : HYPERY BRANDS PVT LIMITED CORNER BIRMINGHAM/PLYMOUTH ROAD HARARE tafadzwa.nyandebvu@surfacewilmar.co.zw TEL: +263772556875 NOTIFY PARTY 3 : SBS (SOUTHERN BUSINESS SERVICES) PVT LIMITED 2 Sandringham Drive Alexander Park Harare ,Zimbabwe mary@sbsgroup.co.zw	DELIVERY : CFR BEIRA,MOZAMBIQUE PAYMENT : DP AT SIGHT
Vessel MV CLEANTECH Port of Discharge BEIRA,MOZAMBIQUE	Port of Loading KANDLA, INDIA Final Destination MOZAMBIQUE

Marks & Nos./ Container No.	No. & Kind Description of Goods Of Pkgs.	Quantity MT	Rate FOB USD	Amount USD
	INDIAN LONG GRAIN WHITE RICE 5% BROKEN (EXCELLA BRAND) FOB PRICE MARKING: EXCELLA BRAND PACKING: IN 50KG PP BAG TOTAL NO. OF BAGS : 20000 BAGS TOTAL NET WEIGHT : 1000.000 METRIC TONS TOTAL GROSS WEIGHT : 1002.800 METRIC TONS 2% EMPTY BAGS MARKED SHIPPED FREE OF CHARGE Goods in transit to Zimbabwe on consignee own cost, risk and responsibility "FREIGHT PREPAID" CLEAN ON BOARD REMARKS: UNDER LUT BOND ARN NO.AD240521005105V,DATE:20.05.2021 BAG SUPPLY UNDER LUT BY: AHMEDABAD PACKAGING INDUSTRIES LIMITED, INV NO.XXXXXXXXX, GSTIN:24AABCA6006A1ZL DUTY AMOUNT WILL BE REIMBURSE FROM BUYER TO SHIPPER THROUGH BANK AS PER AGREEMENT/CONTRACT DBK SER NO.1006048,NOTIFICATION NO.07/2020-CUS(NT)	1000.000	401.000	4,01,000.00
			TOTAL	4,01,000.00

Amount Chargeable
(In words) US DOLLAR FOUR HUNDRED ONE THOUSAND ONLY

WE HEREBY CERTIFY THAT THE GOODS ARE OF INDIAN ORIGIN

For JAGAT AGROTECH PVT LTD.
FOR, JAGAT AGROTECH PVT. LTD.
Chetan
Authorised Signatory
DIRECTOR

Declaration
We declare that this invoice shows the actual price of the goods described and that the particulars are true and correct

REIMBURSEMENT INVOICE PART-B

SELLER JAGAT AGROTECH PVT LTD PLOT NO.1375, NAIKA RADHU ROAD RADHU,DISTRICT.KHEDA,GUJARAT, INDIA	Invoice No. & Date 93 Dated: 27.03.2023 Exporters Ref. IEC : 0813024111
Consignee : TO ORDER	BUYER: WILMAR RICE TRADING PTE. LTD. 28 BIOPOLIS ROAD SINGAPORE 138568 TEL (65) 6216 0244
NOTIFY PARTY 1 : Global Oils Ltda. Porto da Beira. Beira. Mozambique. Rony Ipe. +258 84 6075456. rony.ipe@mz.wilmar-intl.com NOTIFY PARTY 2 : HYPERY BRANDS PVT LIMITED CORNER BIRMINGHAM/PLYMOUTH ROAD HARARE tafadzwa.nyandebvu@surfacewilmar.co.zw TEL: +263772556875 NOTIFY PARTY 3 : SBS (SOUTHERN BUSINESS SERVICES) PVT LIMITED 2 Sandringham Drive Alexander Park Harare ,Zimbabwe mary@sbsgroup.co.zw	DELIVERY : CFR BEIRA,MOZAMBIQUE PAYMENT : DP AT SIGHT
Vessel MV CLEANTECH Port of Discharge BEIRA,MOZAMBIQUE	Port of Loading KANDLA, INDIA Final Destination MOZAMBIQUE

Marks & Nos./ Container No.	No. & Kind Description of Goods Of Pkgs.	Quantity MT	Rate FOB USD	Amount USD
	REIMBURSEMENT AMOUNT AS PER REQUIRED FROM BUYER MARKING: EXCELLA BRAND PACKING: IN 50KG PP BAG TOTAL NO. OF BAGS : 20000 BAGS TOTAL NET WEIGHT : 1000.000 METRIC TONS TOTAL GROSS WEIGHT : 1002.800 METRIC TONS 2% EMPTY BAGS MARKED SHIPPED FREE OF CHARGE Goods in transit to Zimbabwe on consignee own cost, risk and responsibility "FREIGHT PREPAID" CLEAN ON BOARD THIS INVOICE IS GENRATED AS PER BUYER REQUIREMENT AND PAYMENT WILL BE REIMBURSE SEPRATELY	1000.000	62.000	62,000.00
			TOTAL	62,000.00
			TOTAL PART A+B	4,63,000

Amount Chargeable
(In words) US DOLLAR SIXTY TWO THOUSAND ONLY

TOTAL-US DOLLAR FOUR HUNDRED SIXTY THREE THOUSAND ONLY
WE HEREBY CERTIFY THAT THE GOODS ARE OF INDIAN ORIGIN

For JAGAT AGROTECH PVT LTD
FOR, JAGAT AGROTECH PVT. LTD.
Chetan
Authorised Signatory

Declaration
We declare that this invoice shows the actual price of the goods described and that the particulars are true and correct

Details of Payment received from the overseas buyer:

UMFB DRIVE IN ROAD
SHAILY COMPLEX NEAR SURDHARA CIRCLE
SAL HOSPITAL ROAD, OFF DRIVE ROAD
AHMEDABAD

27-04-2023

To	Other Party
JAGAT AGROTECH PVT LTD PLOT NO 1375 NAIKA RADHU ROAD RADHU DIST KHEDA GUJARAT , INDIA	WILMAR RICE TRADING PTE LTD SINGAPORE SINGAPORE

CUSTOMER ADVICE - TT

Remittance No. : 31280IR00051823

Remittance Amount: USD 4,62,935.00
Lodge Date :

EventRate Code : TTB
EventRate : 1
Event : REALISATION
Invoice Number : NA
Event Amount : USD 4,62,935.00
Event Date : 26-04-2023
Value Date: 24-04-2023

Details are as follows :

FOR : Office Acct	Real. Amount	:	USD	4,62,935.00 D
FOR : 312802110000092	Credited	:	USD	4,62,935.00 C
EXCH ON FTT FDD FCHQ PURCHASED		:	INR	1,500.00
FOR : 557905010000109	Debited	:	INR	1,770.00 D

DIRECTORATE GENERAL OF FOREIGN TRADE

STATEMENT OF BANK REALISATION

1	Firm's Name	JAGAT AGROTECH PRIVATE LIMITED
2	Address	8/2 KABUTARKHANACHOKHA BAZAR KALUPURAHMEDABAD AHMADABAD GUJARAT
3	IEC	0813024111
4	Shipping Bill No	8916120
5	Shipping Bill Date	2023-03-29
6	Shipping Bill Port	INIXY1
7	Bank's Name	Union Bank of India
8	Bank's File no and Uploaded Date	UBIN0580252040520230012023-05-04 17:53:58
9	Bill ID no	31280ECOS050323
10	Bank Realisation Certificate No	UBIN0531286003006574 Dated 2023-05-04
11	Date of realisation of money by bank	2023-05-03
12	Realised value in Foreign Currency	401000.000
13	Currency of realisation	USD
14	Date &time of printing	2023-11-15 08:26:02 AM

8.3 For reimbursement of the export duty from the overseas buyer, the exporter had declared RBI Accounting Purpose Code No. P1306 which is for refund of taxes, however, the following discussion indicate that the said purpose code is not meant for the receipt of export duty and export proceeds -

The exporter has claimed that the deduction/ deduct amount claimed by them in the shipping bill have been received by them from the overseas buyers in the form of reimbursement of taxes. They have further informed that the said transactions have been made under the purpose code P1306.

RBI purpose codes are unique identifiers assigned to various international transactions, enabling banks and financial institutions to classify and process remittances accurately. RBI has notified purpose codes for reporting forex transactions for Payment and Receipt purposes.

The Purpose codes for reporting forex transactions (for the purpose of *Receipt of amounts)* are further categorized into 16 different 'Purpose Group Name' which includes Exports (of Goods), Transportation, Travel, Financial Services, Royalties & License Fees, Transfers among others.

The following purpose codes pertaining to Export (of Goods) refers to the receipt of forex in respect of exports made from India.

Gr. No.	Purpose Group Name	Purpose Code	Description
01	Exports (of Goods)	P0101	**Value of export bills negotiated / purchased/discounted etc**. (covered under GR/PP/SOFTEX/EC copy of shipping bills etc.)
		P0102	**Realisation of export bills** (in respect of goods) **sent on collection** (full invoice value)
		P0103	**Advance receipts** against export contracts, which will be covered later by GR/PP/SOFTEX/SDF
		P0104	Receipts against **export of goods not covered** by the GR/PP/SOFTEX/EC copy of shipping bill etc.
		P0105	**Export bills** (in respect of goods) **sent on collection.**
		P0106	**Conversion of overdue export bills** from NPD to collection mode
		P0107	**Realisation of NPD export bills (full value of bill to be reported)**

Further, the purpose code P1306 referred by the exporter for reimbursement of taxes (i.e. export duty) falls under the group 'Transfer'.

Gr. No.	Purpose Group Name	Purpose Code	Description
13	Transfers	P1301	Inward **remittance** from Indian non-residents **towards family maintenance and savings**
		P1302	**Personal gifts and donations**
		P1303	**Donations to religious and charitable institutions in India**
		P1304	**Grants and donations to governments and charitable institutions established by the governments**
		P1306	**Receipts / Refund of taxes**

From the above, it is evident that the purpose codes under the group 'Transfer' pertains to forex transactions of personal nature such as personal gifts, family maintenance, donations etc. and the accounting purpose code P1306 falling under the said category is clearly not associated with the payments received in respect of exported goods. Thus, **the exporter had used wrong purpose for receipt of the export duty amounts from the buyers**. Thus, the exporter had mis-represented the facts before the bank authorities also to process the receipt of export duty amounts from the overseas buyer. These amounts are not reflected in the bank realisation certificates obtained by the exporter from the bank.

8.4 Excess Ocean freight amounts wrongly declared in the Shipping Bills:

In addition to the shipments discussed in above para, in respect of the following **7** shipments of rice, the exporter had **declared higher amounts of ocean freight** in comparison to the actual ocean freight amounts paid by them, thus causing short payment of duty on the differential ocean freight amounts in respect of these 7 shipments also. The total amount of excess freight declared by the exporter in respect of these shipments stood at **Rs. 66,30,324/-.** Vide email dated 26/29-01-2025 (RUD-3), the exporter had submitted copies of the freight invoices indicating the actual freight amounts paid by them to the Freight forwarders/Shipping line, which clearly indicated that in these **7** shipments, they have declared excess ocean freight amounts in the shipping bills filed by them.

Table-B

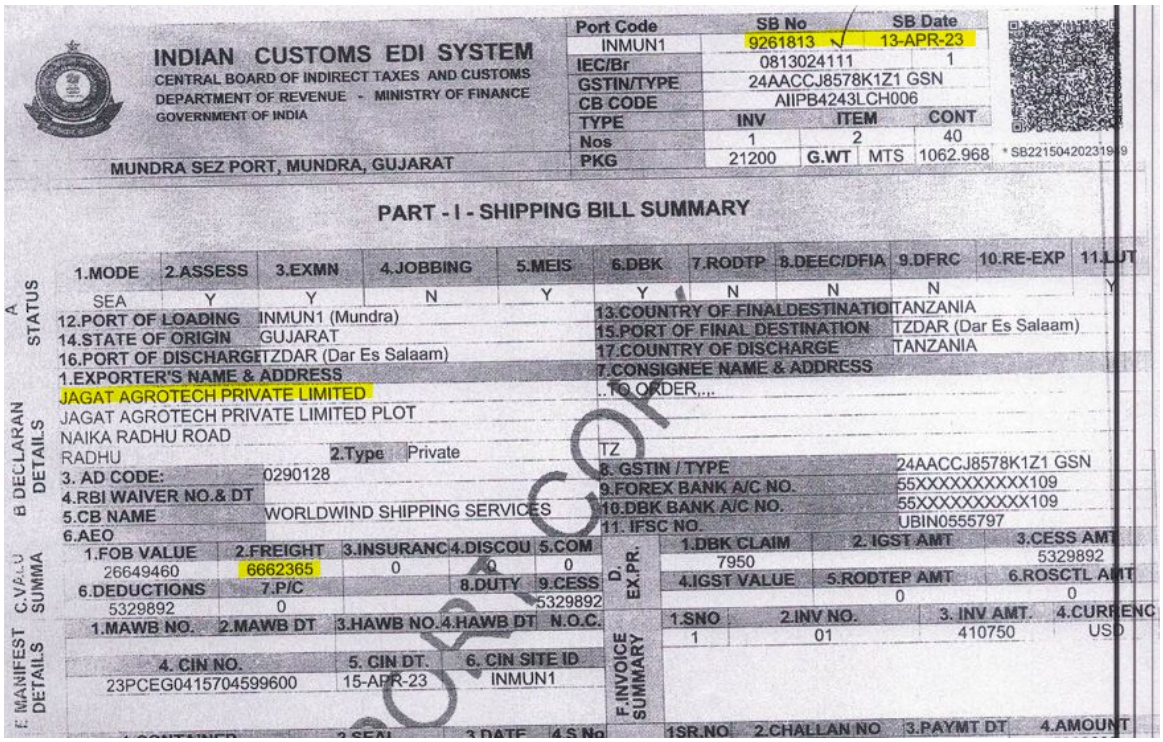
S No.	CUSTOM HOUSE CODE	SB NUMBER	SB DATE	INVOICE NUMBER	INVOICE TERM	Declared Freight Amount in INR	Actual Freight Paid from Freight Invoice in INR	Freight Difference in INR
1	INIXY1	5182528	01-11-2022	44	CF	2,30,16,000	2,24,68,548	5,47,452
2	INIXY1	5449457	14-11-2022	51	CF	1,16,58,200	1,15,76,100	82,100
3	INMUN1	9261813	13-04-2023	1	CF	66,62,365	53,29,892	13,32,473

4	INMUN1	9498809	24-04-2023	6	CF	19,04,760	17,46,942	1,57,818
5	INMUN1	4232438	27-09-2023	26	CIF	25,24,964	20,34,639	4,90,325
6	INMUN1	8982518	08-04-2024	1	CF	25,77,120	13,62,585	12,14,535
7	INMUN1	9105691	13-04-2024	2	CF	51,54,240	23,48,619	28,05,621
						5,34,97,649	**4,68,67,325**	**66,30,324**

In respect of these shipments also, the exporter had not declared the true facts, before the customs authorities at the port of export at the time of effecting exports. They have **declared the higher ocean freight amounts in their export documents** such as shipping bills filed by them, in comparison to the actual freight amounts paid by them to the freight forwarders/shipping lines. It is a fact on record that the exporter had recovered the higher freight amounts from the overseas buyers of the export goods in comparison to the amounts paid by them to the freight forwarders & shipping lines in respect of their export shipments. These facts have been confirmed by the exporter in the details of their export shipments and actual freight payment invoices submitted by them under the provisions of section 108 of the Customs Act, 1962.

8.4.1 For ready reference, copy of Shipping Bill Number **9261813 dated 13.04.2023 (RUD-8)** is pasted below. As per the shipping bill, the ocean freight amount declared in respect of the said shipment is **Rs.66,62,365/-** whereas during investigation, the exporter had submitted the actual freight amount paid by them in respect of the aforesaid shipping bill which stood at **Rs.53,29,892/-.** Thus, excess freight amount declared in respect of the aforesaid shipment works out to be at **Rs.13,32,473/-.** The said excess freight amount has also been recovered by the exporter from the overseas buyer of the export goods but the exporter had not paid duty on **the said excess freight amount** which **is part and parcel of the actual assessable value** of the export goods.

Photo of shipping bill No. 7478312 dated 02.02.2023 indicating excess freight amounts declared



INDIAN CUSTOMS EDI SYSTEM
CENTRAL BOARD OF INDIRECT TAXES AND CUSTOMS
DEPARTMENT OF REVENUE - MINISTRY OF FINANCE
GOVERNMENT OF INDIA

MUNDRA SEZ PORT, MUNDRA, GUJARAT

Port Code	SB No	SB Date
INMUN1	9261813	13-APR-23

IEC/Br	0813024111			1
GSTIN/TYPE	24AACCJ8578K1Z1 GSN			
CB CODE	AIIPB4243LCH006			
TYPE	INV	ITEM		CONT
Nos	1	2		40
PKG	21200	G.WT	MTS	1062.968

* SB2215042023194

PART - I - SHIPPING BILL SUMMARY

A. STATUS

1.MODE	2.ASSESS	3.EXMN	4.JOBBING	5.MEIS	6.DBK	7.RODTP	8.DEEC/DFIA	9.DFRC	10.RE-EXP	11.LUT
SEA	Y	Y	N	Y	Y	N	N	N		Y

12.PORT OF LOADING	INMUN1 (Mundra)	13.COUNTRY OF FINALDESTINATIO	TANZANIA
14.STATE OF ORIGIN	GUJARAT	15.PORT OF FINAL DESTINATION	TZDAR (Dar Es Salaam)
16.PORT OF DISCHARGE	TZDAR (Dar Es Salaam)	17.COUNTRY OF DISCHARGE	TANZANIA

B. DECLARAN DETAILS

1.EXPORTER'S NAME & ADDRESS		7.CONSIGNEE NAME & ADDRESS	
JAGAT AGROTECH PRIVATE LIMITED		TO ORDER,,,,	
JAGAT AGROTECH PRIVATE LIMITED PLOT			
NAIKA RADHU ROAD			
RADHU	2.Type Private	TZ	
3. AD CODE:	0290128	8. GSTIN / TYPE	24AACCJ8578K1Z1 GSN
4.RBI WAIVER NO.& DT		9.FOREX BANK A/C NO.	55XXXXXXXXX109
5.CB NAME	WORLDWIND SHIPPING SERVICES	10.DBK BANK A/C NO.	55XXXXXXXXX109
6.AEO		11. IFSC NO.	UBIN0555797

C.VALU SUMMA

1.FOB VALUE	2.FREIGHT	3.INSURANC	4.DISCOU	5.COM
26649460	6662365	0	0	0

6.DEDUCTIONS	7.P/C	8.DUTY	9.CESS
5329892	0		5329892

D. EX.PR.

1.DBK CLAIM	2. IGST AMT	3.CESS AMT
7950		5329892

4.IGST VALUE	5.RODTEP AMT	6.ROSCTL AMT
	0	0

E. MANIFEST DETAILS

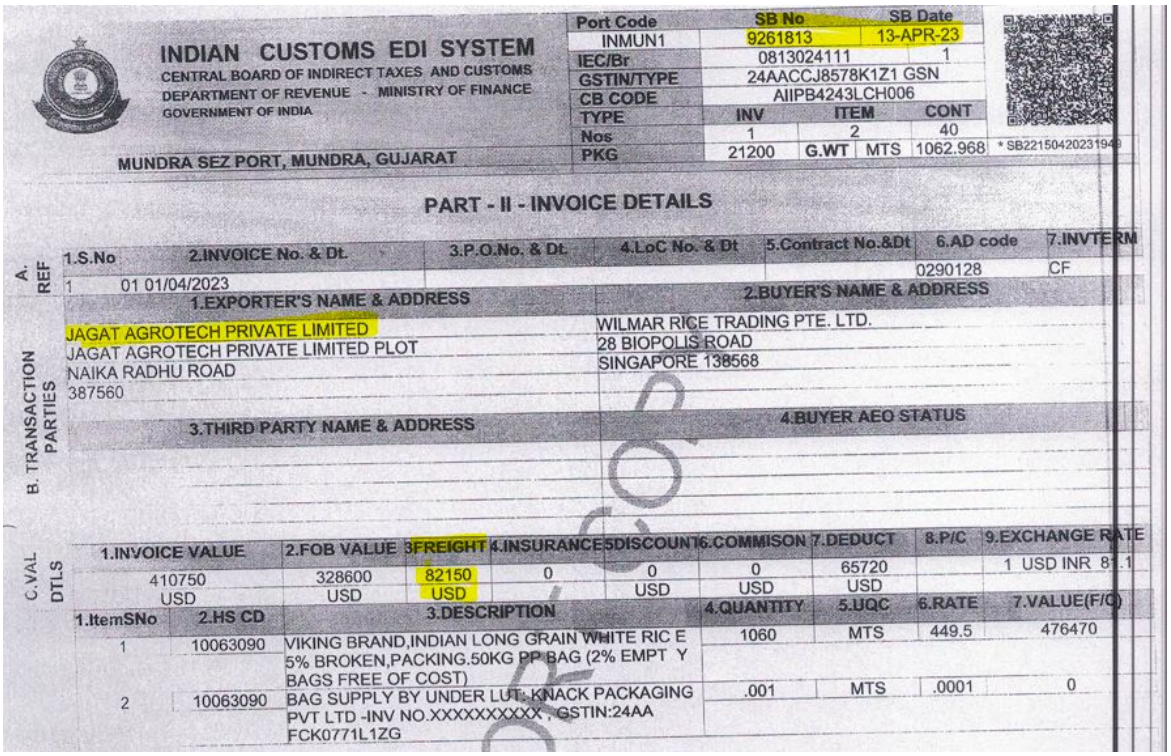
1.MAWB NO.	2.MAWB DT	3.HAWB NO.	4.HAWB DT	N.O.C.

4. CIN NO.	5. CIN DT.	6. CIN SITE ID
23PCEG0415704599600	15-APR-23	INMUN1

F.INVOICE SUMMARY

1.SNO	2.INV NO.	3. INV AMT.	4.CURRENC
1	01	410750	USD

1SR.NO.	2.CHALLAN NO	3.PAYMT DT	4.AMOUNT



INDIAN CUSTOMS EDI SYSTEM
CENTRAL BOARD OF INDIRECT TAXES AND CUSTOMS
DEPARTMENT OF REVENUE - MINISTRY OF FINANCE
GOVERNMENT OF INDIA

MUNDRA SEZ PORT, MUNDRA, GUJARAT

Port Code	SB No	SB Date
INMUN1	9261813	13-APR-23

IEC/Br	0813024111			1
GSTIN/TYPE	24AACCJ8578K1Z1 GSN			
CB CODE	AIIPB4243LCH006			
TYPE	INV	ITEM		CONT
Nos	1	2		40
PKG	21200	G.WT	MTS	1062.968

* SB2215042023194

PART - II - INVOICE DETAILS

A. REF

1.S.No	2.INVOICE No. & Dt.	3.P.O.No. & Dt.	4.LoC No. & Dt	5.Contract No.&Dt	6.AD code	7.INVTERM
1	01 01/04/2023				0290128	CF

B. TRANSACTION PARTIES

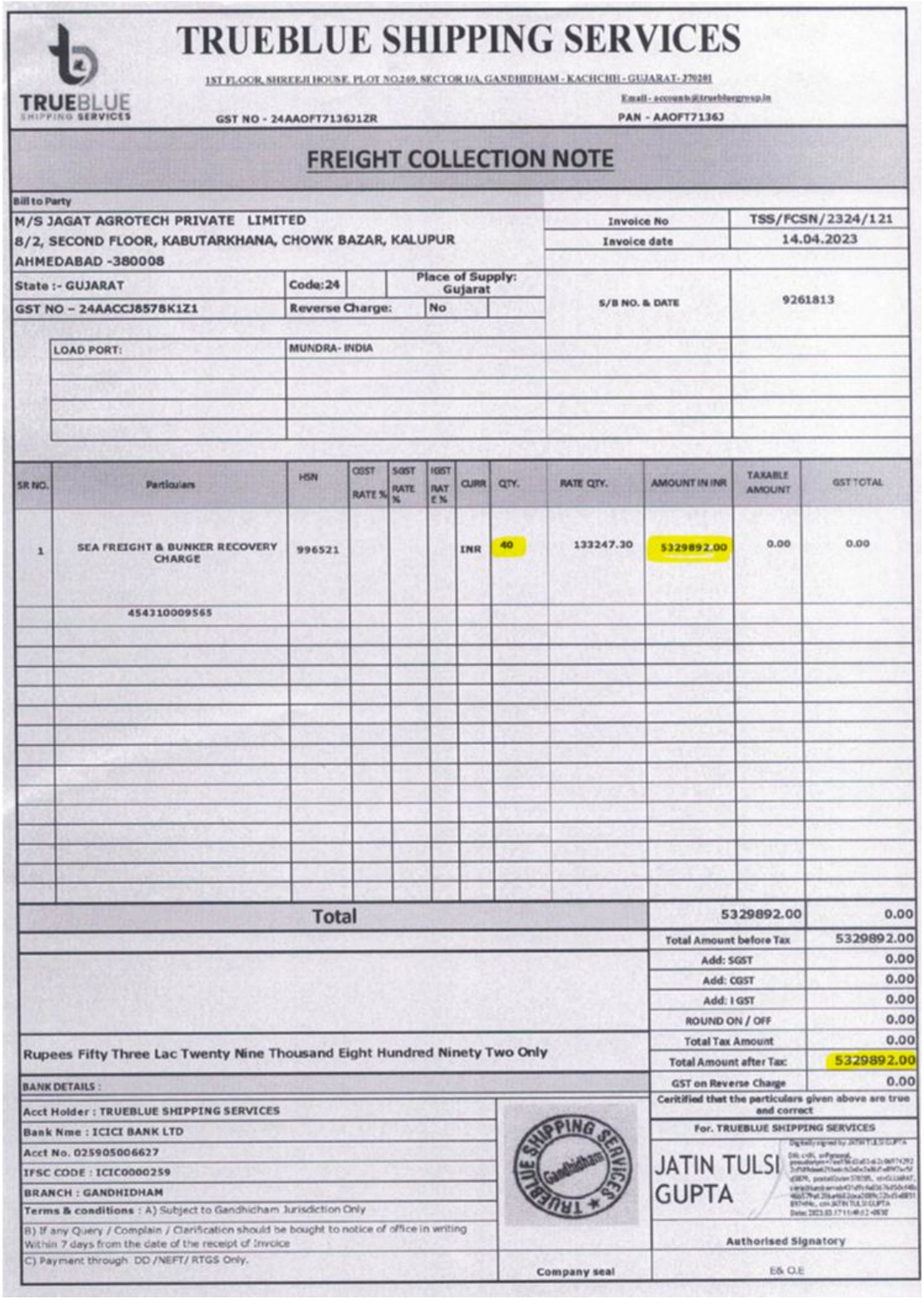
1.EXPORTER'S NAME & ADDRESS	2.BUYER'S NAME & ADDRESS
JAGAT AGROTECH PRIVATE LIMITED	WILMAR RICE TRADING PTE. LTD.
JAGAT AGROTECH PRIVATE LIMITED PLOT	28 BIOPOLIS ROAD
NAIKA RADHU ROAD	SINGAPORE 138568
387560	
3.THIRD PARTY NAME & ADDRESS	4.BUYER AEO STATUS

C. VAL DTLS

1.INVOICE VALUE	2.FOB VALUE	3.FREIGHT	4.INSURANCE	5.DISCOUNT	6.COMMISON	7.DEDUCT	8.P/C	9.EXCHANGE RATE
410750 USD	328600 USD	82150 USD	0	0 USD	0 USD	65720 USD		1 USD INR 81.1

1.ItemSNo	2.HS CD	3.DESCRIPTION	4.QUANTITY	5.UQC	6.RATE	7.VALUE(F/C)
1	10063090	VIKING BRAND,INDIAN LONG GRAIN WHITE RIC E 5% BROKEN,PACKING.50KG PP BAG (2% EMPT Y BAGS FREE OF COST)	1060	MTS	449.5	476470
2	10063090	BAG SUPPLY BY UNDER LUT: KNACK PACKAGING PVT LTD -INV NO.XXXXXXXXXX , GSTIN:24AA FCK0771L1ZG	.001	MTS	.0001	0

Freight Invoice



TRUEBLUE SHIPPING SERVICES

1ST FLOOR, SHREEJI HOUSE, PLOT NO.269, SECTOR 1/A, GANDHIDHAM - KACHCHH - GUJARAT- 370201

Email - accounts@trueblue group.in

GST NO - 24AAOFT7136J1ZR PAN - AAOFT7136J

FREIGHT COLLECTION NOTE

Bill to Party

M/S JAGAT AGROTECH PRIVATE LIMITED
8/2, SECOND FLOOR, KABUTARKHANA, CHOWK BAZAR, KALUPUR
AHMEDABAD -380008

State :- GUJARAT | Code:24 | Place of Supply: Gujarat

GST NO – 24AACCJ8578K1Z1 | Reverse Charge: | No

Invoice No	TSS/FCSN/2324/121
Invoice date	14.04.2023
S/B NO. & DATE	9261813

LOAD PORT:	MUNDRA- INDIA

SR NO.	Particulars	HSN	CGST RATE %	SGST RATE %	IGST RATE %	CURR	QTY.	RATE QTY.	AMOUNT IN INR	TAXABLE AMOUNT	GST TOTAL
1	SEA FREIGHT & BUNKER RECOVERY CHARGE	996521				INR	40	133247.30	5329892.00	0.00	0.00
	454310009565										

Total	5329892.00 / 0.00
Total Amount before Tax	5329892.00
Add: SGST	0.00
Add: CGST	0.00
Add: I GST	0.00
ROUND ON / OFF	0.00
Total Tax Amount	0.00
Total Amount after Tax	5329892.00
GST on Reverse Charge	0.00

Rupees Fifty Three Lac Twenty Nine Thousand Eight Hundred Ninety Two Only

BANK DETAILS :

Acct Holder : TRUEBLUE SHIPPING SERVICES
Bank Nme : ICICI BANK LTD
Acct No. 025905006627
IFSC CODE : ICIC0000259
BRANCH : GANDHIDHAM

Terms & conditions : A) Subject to Gandhidham Jurisdiction Only
B) If any Query / Complain / Clarification should be bought to notice of office in writing Within 7 days from the date of the receipt of Invoice
C) Payment through DD /NEFT/ RTGS Only.

Company seal

Certified that the particulars given above are true and correct

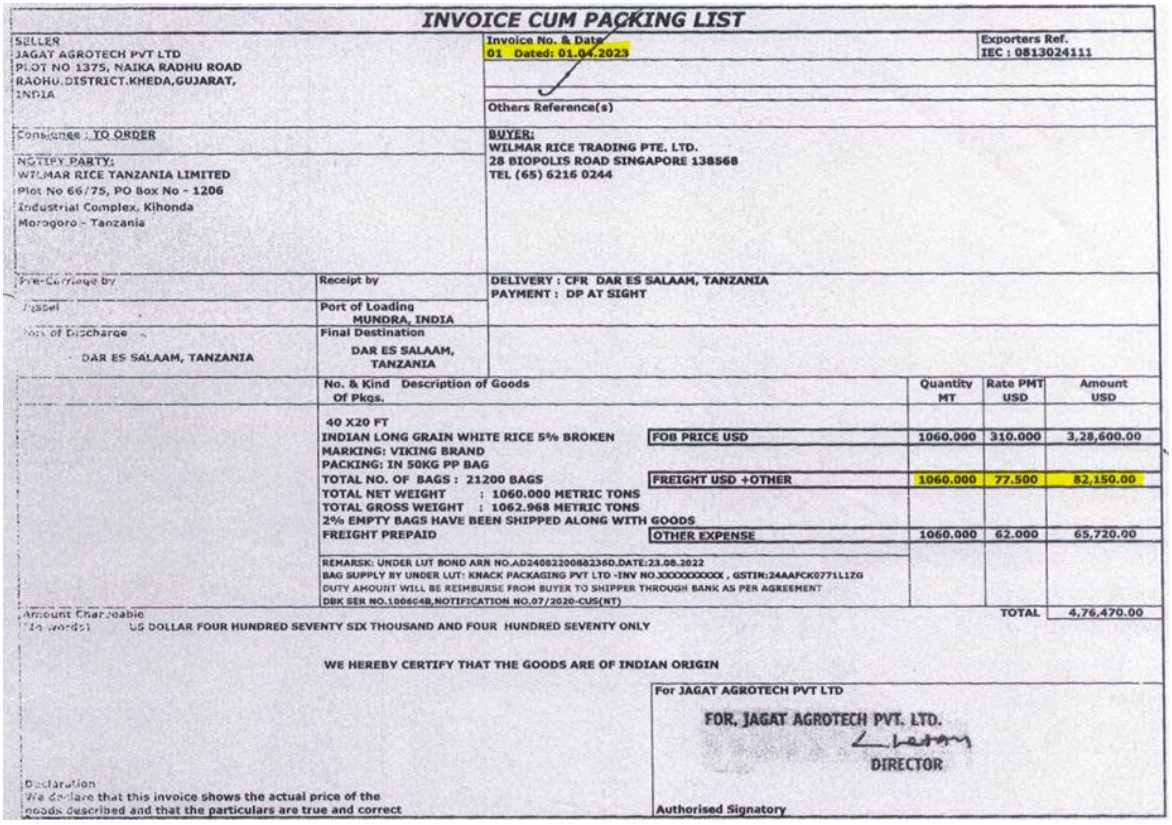
For. TRUEBLUE SHIPPING SERVICES

JATIN TULSI GUPTA

Authorised Signatory

E& O.E

Invoice No. 01 dated 01.04.2023



INVOICE CUM PACKING LIST

SELLER
JAGAT AGROTECH PVT LTD
PLOT NO 1375, NAIKA RADHU ROAD
RADHU,DISTRICT.KHEDA,GUJARAT,
INDIA

Invoice No. & Date
01 Dated: 01.04.2023

Exporters Ref.
IEC : 0813024111

Others Reference(s)

Consignee : TO ORDER

BUYER:
WILMAR RICE TRADING PTE. LTD.
28 BIOPOLIS ROAD SINGAPORE 138568
TEL (65) 6216 0244

NOTIFY PARTY:
WILMAR RICE TANZANIA LIMITED
Plot No 66/75, PO Box No - 1206
Industrial Complex, Kihonda
Morogoro - Tanzania

Pre-Carriage by

Receipt by

DELIVERY : CFR DAR ES SALAAM, TANZANIA
PAYMENT : DP AT SIGHT

Vessel

Port of Loading
MUNDRA, INDIA

Port of Discharge
DAR ES SALAAM, TANZANIA

Final Destination
DAR ES SALAAM, TANZANIA

No. & Kind Of Pkgs.	Description of Goods		Quantity MT	Rate PMT USD	Amount USD
	40 X20 FT				
	INDIAN LONG GRAIN WHITE RICE 5% BROKEN	FOB PRICE USD	1060.000	310.000	3,28,600.00
	MARKING: VIKING BRAND				
	PACKING: IN 50KG PP BAG				
	TOTAL NO. OF BAGS : 21200 BAGS	FREIGHT USD +OTHER	1060.000	77.500	82,150.00
	TOTAL NET WEIGHT : 1060.000 METRIC TONS				
	TOTAL GROSS WEIGHT : 1062.968 METRIC TONS				
	2% EMPTY BAGS HAVE BEEN SHIPPED ALONG WITH GOODS				
	FREIGHT PREPAID	OTHER EXPENSE	1060.000	62.000	65,720.00
	REMARSK: UNDER LUT BOND ARN NO.AD2408220088236D,DATE:23.08.2022				
	BAG SUPPLY BY UNDER LUT: KNACK PACKAGING PVT LTD -INV NO.XXXXXXXXXX , GSTIN:24AAFCK0771L1ZG				
	DUTY AMOUNT WILL BE REIMBURSE FROM BUYER TO SHIPPER THROUGH BANK AS PER AGREEMENT				
	DBK SER NO.100604B,NOTIFICATION NO.07/2020-CUS(NT)			TOTAL	4,76,470.00

Amount Chargeable
(in words) US DOLLAR FOUR HUNDRED SEVENTY SIX THOUSAND AND FOUR HUNDRED SEVENTY ONLY

WE HEREBY CERTIFY THAT THE GOODS ARE OF INDIAN ORIGIN

For JAGAT AGROTECH PVT LTD
FOR, JAGAT AGROTECH PVT. LTD.
DIRECTOR

Declaration
We declare that this invoice shows the actual price of the goods described and that the particulars are true and correct

Authorised Signatory

9. The aforesaid **deduction amounts** claimed by the exporter, as detailed in **Table A** above and the **excess freight amounts declared** by them in their export documents in respect of the shipments as detailed in **Tables B** above, were not included in the declared FOB Value of goods in respect of these shipments, as discussed in para 8 above. Investigation has revealed that these **deduction amounts** have also been claimed and/or recovered by them from the overseas buyer of the export goods in their bank accounts. Therefore, the deduction amounts taken by the exporter from the overseas buyer in any manner whether or not by declaring the same in the export documents or by mis-declaration of freight amounts in the export documents **appears to be forming part of the consideration received by the exporter** for delivery of the export goods on board the vessel after clearance of the shipments through the customs authorities at the port of export. Thus, these excess freight amounts and deduction amounts claimed by the exporter at the time of filing shipping bills, as discussed in above paras, also appear **liable to be included in the FOB Value for the purpose of calculation of the export duty**.

10. Legal Provisions:

10.1 Statutory provisions of the Customs Act, 1962 relevant to this case are enclosed as **Annexure-A** to this investigation report and the same are briefly discussed below:

10.2 The provisions of section 2(18), section 14 & section 16 of the Customs Act, 1962, Customs Valuation (Determination of Value of Export Goods) Rules, 2007, CBIC Circular No. 18/2008-Cus. dated 10.11.2008 are relevant for understanding various aspects of valuation of the export goods in the context of present case:

a) The term ‘export’ has been defined in "Section 2(18) of the Customs Act, 1962 as "export", with its grammatical variations and cognate expressions, means taking out of India to a place outside India."

b) Section **14 of the Customs Act 1962, stipulates that ‘f**or 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 .....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 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.

c) In this provision the terms **"the price actually paid or payable for the goods" and "when sold for export from India for delivery at the time and place of exportation"** in the context of present case are very significant. For the process of export to be complete, the goods need to be taken out of India to a place outside India. This event can take place only after goods cross Indian borders. This is more so because the price has to be taken for sale of export goods when sold for export from India 'for delivery at the time and place of exportation'. The wording **"for the delivery-at the time and place for exportation"** has to be legally construed as "for delivery at the time and place of exportation on board the foreign going vessel". Thus, the time and place of delivery of the export goods will be when the goods are on-board the foreign going vessel which takes place after the goods are given a Let Export Order (LEO) by the jurisdictional Customs officer after examining the compliance to Customs law. By implication, all elements of cost that are required to be incurred to bring the goods 'for delivery at the time and place of exportation' to the foreign going vessel will have to be added to invoice price to arrive at a correct transaction value of export goods as per section 14 notwithstanding the manner as to how the financial transaction is organized by the exporter and the overseas buyer. It is amply clear that without incurring associated expenses the export goods cannot be simply brought to the place of exportation at the time of export. Thus, in the impugned case, the price payable for the export goods for delivery at the time and place of exportation can be arrived at only after inclusion of associated costs including the amounts equal to the export duty which have been recovered by the exporters from the overseas buyers of the export goods.

d) "FOB value" means the price actually paid or payable to the exporter for goods when the goods are loaded onto the carrier at the named port of exportation including the cost of the goods and all costs necessary to bring the goods onto the carrier at included in the term ‘FOB Value’. The valuation shall be made in accordance with the World Trade Organisation (WTO) Agreement on Implementation of rule VII of General Agreement on Tariffs and Trade (GATT), 1994. There cannot be an exception to the well laid down principles of valuation.

e) This method of calculation of ‘FOB Value’ is prescribed in various trade facilitation agreements such as ‘Asean India Free Trade Agreement (AIFTA)’ in a very clear manner as follows. FOB value shall be calculated in the following manner, namely:

(a) FOB Value = ex-factory price + other costs

(b) Other costs in the calculation of the FOB value shall refer to the costs incurred **in placing the goods in the ship** for export, **including but not limited to**, domestic transport costs, storage and warehousing, **port handling**, brokerage fees, service charges, et cetera.

f) This in fact lays down the foundation for arriving at the assessable value of the export goods whereby various elements of costs, including the export duty, notwithstanding it is being paid to the exporter directly by the foreign buyer or otherwise, are required to be added to the invoice price. Costing exercise of addition of other cost elements in FOB Value is not limited to transit transportation cost, storage & warehousing alone. Without payment of export duty, let export order cannot be issued by the jurisdictional customs office and the goods cannot be loaded on the foreign going vessel to take them out of India. On this background it is observed that value of the export goods on which duty has been paid by the exporter of rice does not reflect an FOB value i.e. a price payable for delivery of goods at the time and place of exportation which is a basis for export assessment.

g) This practice of payment of export duty by considering the FOB Value as cum-duty FOB Value was prevalent prior to the year 2009. **CBIC Circular No. 18/2008-Cus. dated 10.11.2008** in this regard instructed that the existing practice of computation of the export duty by taking FOB price as the cum-duty price may be continued till 31.12.2008 and all the pending cases may be finalized accordingly. It was also clarified that with effect from 01.01.2009, the practice of computation of export duty shall be changed; that for the purposes of calculation of export duty, the transaction value, that is to say the price actually paid or payable for the goods for delivery at the time and place of exportation under section 14 of Customs Act 1962, shall be the FOB price of such goods at the time and place of exportation.

h) In order to bring in uniformity, transparency and consistency in assessment of export of Iron Ore, CBIC vide Circular No. 12/2014 – Customs dated 17.11.2014 directed the field formations *interalia* to monitoring the receipt of Bank Realisation Certificates for the purposes of comparison with the final invoices submitted by the exporter to satisfy the accuracy of the assessed values. It also indicates that the total consideration received by the exporter from the buyer for sale of the export goods have to be considered for assessment of the export goods. In shipments exported on FOB incoterm basis, duty has to be calculated on the total considerations received by the exporter from the buyer whether or not they are included in the BRC. For shipments exported on CIF/CF/CI inco-term basis, FOB Value has to be deduced from the CIF/CF/CI value by deducting the actual freight amounts and/or insurance premium amounts paid by the exporter as the case may be.

i) Relevance of time of export is further proved as Section 16 of the Customs Act, 1962 which provides for the date for determination of rate of duty and tariff valuation of export goods, stipulate that the rate of duty and tariff valuation, if any, applicable to any export goods, shall be the rate and valuation in force,- (a) in the case of goods entered for export under section 50, on the date on which the proper officer makes an order permitting clearance and loading of the goods for exportation under section 51; (b) in the case of any other goods, on the date of

payment of duty. The afore-said statutory provision also indicate that time of export is relevant for valuation of the export goods.

From the above, it is evident that from 01.01.2009 onwards, the transaction value shall be the FOB Value of the export goods and the FOB value shall not be treated as the Cum-duty price of the export goods. The above practice has to be followed for all export commodities irrespective of the description of the export goods.

11. The investigation into undervaluation of rice shipments exported by **M/s Jagat Agrotech Private Limited** vide above mentioned Shipping Bills as discussed in **Tables A & B** above, revealed deliberate mis-statement and suppression of facts on part of the exporter, who was actively involved in mis-declaration of the FOB value of export goods, with an intention to evade appropriate export duty leviable on *ad valorem* basis on such goods. As discussed in above paras, the exporter had mis-declared the ocean freight amounts whereas they were very well aware of the actual freight amounts paid by them in respect of these shipments exported vide Shipping Bills mentioned in **Table B** above. In respect of the goods exported by them through shipping bills as discussed in **Table A** above, the exporter had wrongly claimed the deduction in the shipping bills for export duty amounts and the exporter had claimed duty amounts by raising separate reimbursement invoices to the buyer but have not declared the same in the shipping bills and export invoices submitted to the customs authorities and thus have mis-declared the actual transaction value. Thus, the exporter had not declared the actual FOB Values in the shipping bills thereby intentionally evading the applicable duties of customs on such undue deduction amounts/excess freight amounts.

12.1 As discussed in above paras, the valuation of export goods under the Customs Act, 1962, is governed by the provisions of Section 14 ibid, read with the Customs Valuation (Determination of Value of Export Goods) Rules, 2007 [hereinafter referred as 'CVR (E), 2007']. As per the provisions of Section 14 of the Customs Act, 1962, **the value of 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 from India for delivery at the time and place of exportation (i.e., the FOB price) when price is the sole consideration**. As such, the sum total of price paid by the overseas buyer for delivery at the time and place of exportation would be the 'transaction value' of such goods.

12.2 Further, for the purpose of charging export duty, the value to be considered is the FOB price. This is so because, the terms "*for export from India for delivery at the time and place of exportation"* appearing in Section 14 of the Customs Act, 1962, means to FOB (Free On Board) value only. This has been clarified also by the Central Board of Excise and Customs (CBEC) vide Circular No. 18/2008, dated 10.11.2008, wherein it stated that in case of export shipments, *for the purposes of calculation of export duty, the transaction value, that is to say the price actually paid or payable for the goods for delivery at the time and place of exportation under section 14 of Customs Act 1962, shall be the FOB price of such goods at the time and place of exportation.*

12.3 In this case the value of the export goods shall be the transaction value thereof when the price is the sole consideration. As such, **for determination of the transaction value of the export goods, the sole consideration received by the exporter from the buyer should be taken in to account**, then it should be seen as to which prices are compulsory for delivery of the

export goods on board the vessel. In this case, the exporter is insisting that the export duty is on reimbursement basis from the overseas buyer of the export goods. By doing so, the exporter is separately receiving a part of the export proceeds from the overseas buyer and not including the same in the assessable value of the export goods. It can be stated that the seller has imposed a condition on the buyer of the export goods which states that if the buyer does not pay him a fixed amount (equal to the 20% export duty on their declared lesser FOB value), they would not sell the export goods to the overseas buyer and would not deliver the same at the time and place of exportation. Thus, all such agreements wherein the seller had imposed a condition on the buyer by which buyer has to pay a part of the payment separately in the bank accounts of the seller on account of sale of the export goods, such payments are necessarily part of the consideration received by the seller for sale of the export goods. Likewise, the excess ocean freight amounts declared by the exporter are also part of the consideration received by the exporter from the buyer for sale of the export goods as such excess ocean freight amounts have not be paid by them to the shipping lines/freight forwarders for the transportation of the export goods. All such amounts which are equal to the export duty amounts claimed/recovered from the buyer and excess ocean freight amounts declared in the shipping bills are liable to be added in their declared FOB Values for determination of their actual FOB Value for calculation of applicable export duties thereon.

13.1 The **method of calculation of FOB Value** has been provided at the website of various reputed platforms such as 'Freightos', which also support the contention of DRI that export duty is also includible in the FOB Value if the same has been recovered by the seller from the buyer.

> ***The description of the said platform as available on their website under the heading 'About Freightos' states that***
>
> *Freightos® (NASDAQ: CRGO) is the leading, vendor-neutral booking and payment platform for international freight, improving world trade. WebCargo® by Freightos and 7LFreight by WebCargo form the largest global air cargo booking platform, connecting airlines and freight forwarders. Over ten thousand freight forwarder offices, including the top twenty global forwarders, place thousands of eBookings a day on the platform with over fifty airlines. These airlines represent over 2/3rds of global air cargo capacity. Alongside ebookings, freight forwarders use WebCargo and 7LFreight to automate rate management, procurement, pricing and sales of freight services, across all modes, resulting in more efficient and more transparent freight services. More information is available at freightos.com/investors*.
>
> The website of freightos https://www.freightos.com/freight-resources/fob-calculator was visited which provide FOB calculator tools for the ease of international freigth industory. As per the said website, *FOB (Free on Board) Calculator is a tool used in international trade to determine the total cost of goods when they are shipped from the seller's location to the buyer's destination.* ***The FOB price includes the cost of the goods, as well as various expenses incurred until the goods are loaded onto the vessel,*** *such as packaging, loading, and inland transportation to the port of departure. It does not include the freight charges for transporting the goods from the port of departure to the port of destination or any other charges* ***or taxes beyond the point of loading****.*

From the above details available on their website, **it is evident that all taxes before the point of loading of the export goods on board the vessel are included in the term 'FOB'**. In the case of export of goods, loading of the export goods starts after issuance of the 'Let Export Order (LEO)' by the proper officer of the Customs. LEO is issued after payment of the export duty. As the export duty is leviable before the point of loading of the export goods on to the vessel the same is includible in the FOB Value of the export goods.

13.2 The above contention of DRI is also supported by the **Incoterms** which are widely used in the international transactions. **Incoterm or International Commercial Terms** which are a series of pre-defined commercial terms published by the International Chamber of Commerce (ICC) relating to international commercial law. **These incoterms define the responsibility of the importers and exporters in the arrangement of shipments and transfer of liability involved at various stages of transaction.** They are widely used in the international commercial transactions and procurement processes. These incoterms rules are accepted by governments, legal authorities worldwide for the interpretation of most commonly used terms in the international trade. They are intended to reduce or remove altogether uncertainties arising from the differing interpretations of the rules in different countries. **As per Wikipedia*, the Incoterms 2020 is the ninth set of international contract terms published by the International Chamber of Commerce with the first set published in 1936* (RUD-9). As per Incoterms 2020 published by ICC, the term 'FOB' has been defined as under -**

FOB – Free on Board (named port of shipment)

*Under FOB terms **the seller bears all costs and risks up to the point the goods are loaded on board the vessel**. The seller's responsibility does not end at that point unless the goods are "appropriated to the contract" that is, they are "clearly set aside or otherwise identified as the contract goods".[20] Therefore, FOB contract requires a seller to deliver goods on board a vessel that is to be designated by the buyer in a manner customary at the particular port. **In this case, the seller must also arrange for export clearance.** On the other hand, the buyer pays cost of marine freight transportation, bill of lading fees, insurance, unloading and transportation cost from the arrival port to destination.*

As per the allocation of costs to buyer/seller according to incoterms 2020, in FOB terms, all costs related to loading of the export goods at origin, **export custom declaration**, carriage to the port of export, unloading of truck in port of export, loading on vessel/airplane in the port of export have to be borne by the seller of the goods and other expenses such as carriage to the port of import, insurance, unloading in port of import, loading on truck in port of import, carriage to the place of destination, import custom clearance, import duties and taxes and unloading at destination have to be borne by the buyer of the goods. Thus, all cost until the loading of the export cargo on board the foreign going vessel have to be borne by the seller of the export goods which also include export customs declaration and cost related to it. Thus, it is evident that the export duty is includible in the FOB Value and the same have to be borne by the seller and it cannot be recovered by the seller from the overseas buyer. If the same is

recovered, it becomes part of the consideration for sale of the export goods and thus becomes liable to be included in the FOB Value of the export goods.

14. Rejection & Redetermination of the Transaction Value:

12.1 As discussed in the above paragraphs, valuation of export goods under the Customs Act, 1962, is governed by the provisions of Section 14, ibid, read with the Customs Valuation (Determination of Value of Export Goods) Rules, 2007 [here-in-after referred as the CVR (E), 2007]. The export proceeds receivable in full consequent to negotiation and finalization of sale price between the exporter from India and their overseas buyer form 'transaction value' of such goods. The export Customs duty is leviable on the actual sale price at which the goods were sold. Where such sale price has been mis-declared and under-stated by the exporter, the actual sale price, i.e. the Transaction Value, needs to be taken into account for the purpose of valuation of the impugned export goods.

14.2 In respect of the shipments of rice covered by the Shipping Bills as shown in the Tables **A & B** above, it appears that **M/s Jagat Agrotech Private Limited** negotiated and finalized one price with their overseas buyer but in the contracts, the said price was intentionally bifurcated in two parts. The amount of duty payable by the exporter was deducted from the transaction value. In the shipping bills filed by the exporter, such undervalued and mis-declared transaction value was shown, which was lesser than the price that was actually finalized with the overseas buyer as consideration for the export goods. A part of the consideration was intentionally excluded from the transaction value of the export goods by adopting three different modus operandi as discussed in para 8 above. The difference between the actual price finalized with the overseas buyer and the price shown in the export documents were recovered/claimed by the exporter from the buyer separately by an arrangement of the buyer and the seller in this regard. The exporter and buyer may enter into any contract (oral or written), they may sell and purchase the export goods on any terms (such as FOB, CIF, CF, CI or ex-works basis) but for the purposes of calculation of the export duty, the transaction value in terms with the provisions of Section 14 of the Customs Act, 1962 has to be derived and such transaction value is the FOB Value of the export goods as discussed in above paras and for the purpose of calculation of the FOB Value of the export goods, **abatement of the export duty is not available as per Section 14 of the Customs Act, 1962 read with CBIC Circular No. 18/2008-Customs dated 10.11.2008.**

14.3 The receipt of these deduction amounts from the overseas buyers was apparently never disclosed to the concerned Customs authorities. The said amounts were received from the overseas buyer, as reimbursement of taxes/duties under **wrong RBI Purpose code P1306** which is not meant for receipt of the export duty. The reduced FOB Value declared in the export documents was presented as the true Transaction Value being paid for the export goods by the overseas buyer as the deduction amount was not reflected in the Bank Realization Certificate (BRC) in respect of these export shipment. The deduction amount was recovered separately in their bank account as reimbursement of taxes. Hence, it appears that the value declared by **M/s Jagat Agrotech Private Limited** to the concerned Customs authorities as the Transaction Value of the export cargo in respect of shipments of rice covered by the Shipping Bills as shown in the Tables **A & B** above, is liable to be rejected under Rule 8 of the CVR(E), 2007 and the impugned export goods are liable to be valued at their actual Transaction Value as established by the present

investigation, in accordance with the provisions of Section 14 of the Customs Act, 1962, read with Rule 3 of the CVR(E), 2007.

14.4 The amount wrongly excluded from the FOB price was indeed part of the consideration negotiated and finalized between the exporter **M/s Jagat Agrotech Private Limited** and their respective overseas buyers and the said amount which was excluded from the FOB Value was duly claimed /received by the exporter from the overseas buyer in their bank account. Therefore, the differential value (equal to the deduction amount/excess freight amount) as shown in the Tables **A & B** above appear to be includible in the declared value (FOB Value) of the respective export shipments to arrive at the correct transaction value at which the said goods were sold for export from India for delivery at the time and place of exportation and export Customs duty as per the prevailing rate needs to be charged on the said value. **M/s Jagat Agrotech Private Limited** appears to be liable to pay the resultant differential duty in addition to the duty already paid by them.

14.5 In view of the above, in accordance with the provisions of Section 14 of the Customs Act, 1962, the amount of differential customs duty in respect of the Shipping Bills as mentioned in the Tables **A & B** at Para 8 above, wherein a part of export proceeds was apparently not declared to the concerned Customs authorities, and the same was not included in the declared transaction value has to be worked out on the basis of actual Transaction Value of the export goods revealed during the investigation.

15. Calculation of Differential Duty:

15.1 As discussed in above paras, the exporter had undervalued their export shipments of rice. For this two modus operandi were adopted by the exporter. In some of their export shipments mentioned at **Table A in para 8 above**, the FOB price were undervalued by an amount equal to the amount of export duty paid by them at the time of export. In such shipping bills, actual transaction value of the export goods has to be re-determined by adding the amount of export duty which was wrongly claimed as deduction in the shipping bills. These deduction amounts are liable to be included in the actual assessable value of the export goods and differential duty of **Rs.1,11,51,920/-** is liable to be recovered from the exporter in respect of these deduction amounts as summarized below. The detailed calculation of differential duty is shown in **Annexure- I** to this investigation report.

Table-C

Port of Export	No of SBs	Declared FOB Value in Rs.	Cess Amount Paid in Rs.	Deduction amounts claimed from FOB in Rs.	Re-determined FOB value (after adding the Deduction amount) in Rs.	Duty payable on re-determined FOB in Rs.	Differential duty due to wrongful deductions claimed amounts (in Rs.)
JAGAT AGROTECH PRIVATE LIMITED							
INIXY1	4	17,78,31,500	3,55,66,300	3,55,66,300	21,33,97,800	4,26,79,560	71,13,260
INMUN1	6	10,09,66,535	2,01,93,308	2,01,93,307	12,11,59,842	2,42,31,968	40,38,660
Total	**10**	**27,87,98,035**	**5,57,59,608**	**5,57,59,607**	**33,45,57,642**	**6,69,11,528**	**1,11,51,920**

15.2 Apart from the above, in several shipments of rice, as detailed in **Table B in para 8 above**, the exporter had declared excess freight amounts in comparison to the actual freight amounts paid by them to the freight forwarders/shipping lines for transportation of the export goods to the country of destination. Only the ocean freight amounts actually paid by the exporter are eligible for deduction from the CIF/CF value for calculation of the FOB Value of the export goods. Therefore, the excess freight amounts declared by the exporter are not eligible/allowed for deduction as per the provisions of Section 14 of the Customs Act, 1962. These excess freight amounts claimed by the exporter are also liable to be included in the actual assessable value of the export goods and as summarized below, differential duty amount of **Rs. 13,26,065/-** is liable to be recovered from the exporter in respect of these excess freight amounts also. The detailed calculation of differential duty is shown in **Annexure- II** to this investigation report.

Table – D

Port of Export	No of SBs	Declared FOB value in Rs.	Cess Amount Paid in Rs.	Excess Freight Amounts declared (in INR)	Redetermined FOB value (by adding freight diff.) in INR	Duty payable on re-determined FOB in Rs.	Differential Cess Amount due to excess claim of freight (INR)
JAGAT AGROTECH PRIVATE LIMITED							
INIXY1	2	7,37,85,800	1,47,57,160	6,29,552	7,44,15,352	1,48,83,070	1,25,910
INMUN1	5	8,33,33,400	1,66,66,680	60,00,772	8,93,34,172	1,78,66,834	12,00,154
Total	**7**	**15,71,19,200**	**3,14,23,840**	**66,30,324**	**16,37,49,524**	**3,27,49,905**	**13,26,065**

15.3 In view of the above-mentioned two modus operandi followed by the exporter for evasion of export duty, their re-determined assessable value in respect of total 15 export shipments have been calculated as shown in below table. Accordingly, the differential duty payable by the exporter **M/s Jagat Agrotech Private Limited** works out to be at **Rs. 1,24,77,985/-** as shown in below Table. The detailed calculation of the differential duty amounts has been shown in **Annexure I & II** to this investigation report. The port wise summary of differential duty payable by **M/s Jagat Agrotech Private Limited** is as under:

Table-E

	No of SBs	Declared FOB Value in Rs.	Deduction claimed from FOB in Rs.	Differential duty due to deduction in Rs.	Excess Freight Declared in S/Bs (in Rs.)	Differential duty due to excess freight (in Rs.)	Total differential duty in Rs.
JAGAT AGROTECH PRIVATE LIMITED							
INIXY1	6	25,16,17,300	3,55,66,300	71,13,260	6,29,552	1,25,910	72,39,170
INMUN1	9	15,00,80,275	2,01,93,307	40,38,660	60,00,772	12,00,153	52,38,815
Total	**15**	**40,16,97,575**	**5,57,59,607**	**1,11,51,920**	**66,30,324**	**13,26,064**	**1,24,77,985**

16. Obligation under Self-assessment and Reasons for raising duty demand by invoking extended period:

16.1 The exporter had subscribed to a declaration as to the truthfulness of the contents of the Shipping Bill in terms of Section 50(2) of the Customs Act, 1962, in all their export declarations. Further, consequent upon the amendment to Section 17 of the Customs Act, 1962 vide Finance Act, 2011, '***Self-Assessment***' had been introduced in Customs. Section 17 of the Customs Act, 1962, effective from 08.04.2011, provides for self-assessment of duty on export goods by the exporter himself by filing a Shipping Bill, in electronic form. Section 50 of the Customs Act, 1962 makes it mandatory for the exporter to make an entry for the export goods by presenting a Shipping Bill electronically to the proper officer. As per Regulation 4 of the Shipping Bill (Electronic Integrated Declaration and Paperless Processing) Regulation, 2019 (issued under Section 157 read with Section 50 of the Customs Act, 1962), the Shipping Bill shall be deemed to have been filed and self-assessment of duty completed when, after entry of the electronic declaration (which was defined as particulars relating to the export goods that are entered in the Indian Customs Electronic Data Interchange System) in the Indian Customs Electronic Data Interchange System either through ICEGATE or by way of data entry through the service centre, a Shipping Bill number was generated by the Indian Customs Electronic Data Interchange System for the said declaration. Thus, under the scheme of self-assessment, it was the exporter who must doubly ensure that he declared the correct classification / CTH of the export goods, the applicable rate of duty, value, the benefit of exemption notification claimed, if any, in respect of the export goods while presenting the Shipping Bill. Thus, with the introduction of self-assessment by amendment to Section 17, w.e.f. 08.04.2011, it was the added and enhanced responsibility of the exporter to declare the correct description, value, Notification, etc. and to correctly classify, determine and pay the duty applicable in respect of the export goods.

16.2 In view of the discussion supra, it is evident that the Director of the export firm M/s Jagat Agrotech Pvt. Ltd., were well aware about the actual value of the export goods. They have knowingly got indulged in preparation and planning of forged / manipulated export documents, which they used to forward to the Customs broker in relation to Customs clearance of the said export goods at the time of exportation by way of wilful mis-declaration and intentional suppression of these facts in the Shipping Bills filed by them and thus they appear to have evaded the applicable Customs duty on export of rice.

16.3 In the event of short levy of Customs duty by reason of collusion, any wilful mis-statement or suppression of facts by the exporter or the agent or employees of the exporter, such duty can be recovered by invoking extended period of five years as provided in **Section 28(4) of the Customs Act, 1962**. In this case, it appears that the exporter has knowingly and deliberately mis-declared the transaction value (i.e. FOB Value) of the export goods. Hence, the extended period of five years is rightly invokable in this case to recover the differential duty as detailed in **Annexure –I and Annexure –II** of this Investigation Report. Further, **M/s Jagat Agrotech Private Limited** is also liable to pay interest on their said differential duty liability as per the provisions of Section 28 AA of the Customs Act, 1962, at applicable rate.

17. From the scrutiny of the documents gathered/submitted during investigation by the exporter M/s Jagat Agrotech Pvt. Ltd., scrutiny of the export data and statements of Sh. Chetan Abhimanu Maheshwari, and Sh. Hareshbhai

Jethanand Maheshwari both Directors of M/s Jagat Agrotech Private Limited who was involved in export of rice from various ports of India, it appears that—

i. **Sh. Chetan Abhimanu Maheshwari, Director of M/s Jagat Agrotech Private Limited** was the key person who on behalf of **M/s Jagat Agrotech Private Limited** negotiated and finalized the sale price of rice, exported by **M/s Jagat Agrotech Private Limited** to various overseas buyers, vide 15 Shipping Bill as detailed in Tables **A & B in para 8** above.

ii. The declared FOB value in respect of shipping bills listed in Tables **A & B** did not reflect the correct transaction value of the export goods;

iii. As discussed in above paras, the actual transaction value (i.e. FOB Value) was not declared by them in their export documents. They have undervalued and mis-declared their transaction value with intent to evade applicable duty of customs which is leviable @ 20% *ad valorem* on the actual transaction value of the export goods in following manners:

- In respect of Shipping bills listed in Table **A** above, the FOB Value was undervalued by them by an amount equal to the amount of export duty paid on export of rice and the said amount was wrongly claimed as deduction in the shipping bills and the said amount was recovered from the overseas buyer on the basis of separate reimbursement invoices raised to the buyer.

- In respect of the shipping bills listed in Table **B**, the declared FOB Value was further undervalued by an amount equal to the excess freight amounts declared by the exporter in the shipping bills which were over and above the actual freight amounts paid by them. The ocean freight amounts actually paid by the exporter are eligible deductions from the CIF Value. By declaring the excess freight amounts, exporter had wrongly claimed excess deductions of freight amounts which are not eligible. Thus, exporter had out rightly mis-declared the actual transaction value at the time of export.

Thus, the declared FOB value in respect of all these shipments did not reflect the correct transaction value of the goods for delivery of the export goods at the time and place of exportation (i.e. on board the foreign going vessel after clearance from the customs authorities at the port of export).

iv. The FOB value of export goods in all these cases was mis-declared by **M/s Jagat Agrotech Private Limited** to the Customs authorities in the shipping bills filed by them which was supported by their export invoices for lower value, resulting in suppression and mis-declaration of actual transaction value at the time of assessment of the export goods. As such, the value of export goods in respect of all these Shipping Bills was mis-represented to be lower than the actual transaction value, thereby causing evasion of export duty leviable on rice shipments exported by them;

v. The value of export goods pertaining to each of these Shipping Bills are liable to be rejected and reassessed as per their actual transaction value as ascertained during investigation, by taking into account the amount

which was excluded from the declared value at the time of assessment, as brought out in above paras;

vi. The balance amount not included in the declared FOB Value and wilfully suppressed by not declaring to Customs with an intention to misrepresent the transaction value of the export goods, is liable to be assessed to duty at the applicable rate as detailed in **'Annexure –I and Annexure –II'** of this Investigation Report and the same is recoverable along with interest at applicable rate;

vii. The act of undervaluation and mis-declaration of actual transaction value in respect of Shipping Bills listed in Tables **A & B** by **M/s Jagat Agrotech Private Limited** has rendered the export goods liable to confiscation under the provisions of Section 113 (i) of the Customs Act, 1962 and consequently, **M/s Jagat Agrotech Private Limited** has rendered themselves liable to a Penalty under the provisions of Section 114A and Section 114AA of the Customs Act, 1962;

viii. **Sh. Chetan Abhimanu Maheshwari, Director of M/s Jagat Agrotech Private Limited**, appears to be the person who knowingly or intentionally either made, signed and used or caused to be made, signed and used, the custom purpose export invoices, exporter and banking purpose export invoices and Shipping Bills for export of rice by **M/s Jagat Agrotech Private Limited**, which were incorrect as regards to the value of export goods for payment of export duty. The goods covered under Shipping Bills listed in Tables **A & B** above, contained the declarations made by **M/s Jagat Agrotech Private Limited** which were false and incorrect in material particulars relating to the value of the impugned goods. The contracts with the buyer for sale and export of rice as well as the export documents submitted to Customs were finalized/signed in the overall supervision of **Sh. Chetan Abhimanu Maheshwari** who was handling the day to day business of the export firm. This fact has been admitted by **Sh. Chetan Abhimanu Maheshwari** in his statement recorded u/s 108 of the Customs Act, 1962. In view of this, it appears that **Sh. Chetan Abhimanu Maheshwari** is the key person who has orchestrated the entire scheme of mis-declaration of value of the export goods, with an intention to evade customs (export) duty. **Sh. Chetan Abhimanu Maheshwari** is, therefore, responsible for wilful acts of mis-statement and suppression of facts in respect of export of rice by **M/s Jagat Agrotech Private Limited**. The act of **Sh. Chetan Abhimanu Maheshwari** regarding under valuation and mis-declaration of actual transaction value in respect of Shipping Bills filed by **M/s Jagat Agrotech Private Limited** has rendered the export goods liable to confiscation under the provisions of Section 113 (i) of the Customs Act, 1962. As such, **Sh. Chetan Abhimanu Maheshwari** has rendered himself liable to penal action under the provisions of Section 114 (ii) and 114AA of the Customs Act, 1962;

18. CBIC vide Notification No. 28/2022-Customs (N.T.) dated 31.03.2022 had stipulated that in cases of multiple jurisdictions as referred in Section 110AA of the Customs Act, the report in writing, after causing the inquiry, investigation or audit as the case may be, shall be transferred to officers described in column (3) of the said Notification along with the relevant documents. For cases involving short levy, non-levy, short payment or non-payment of duty, as provided in

Section 110AA (a) (ii), the functions of the proper officer for exercise of powers under Section 28 of the Customs Act, 1962 have been assigned to the jurisdictional Pr. Commissioner/ Commissioner of Customs in whose jurisdiction highest amount of duty is involved. Since, in the present case, exports have been made from two (02) different ports, as mentioned in **Table E in para 15.3 above**, however the highest amount of differential export duty is in respect of Kandla Port, Gujarat. Hence, Kandla Port, Gujarat, being the port involving highest revenue, this Show Cause Notice is being made answerable to Principal Commissioner/ Commissioner of Customs, Kandla Port, Gujarat, for the purpose of issuance as well as adjudication of Show Cause Notice under Section 110AA read with Notification No. 28/2022-Customs (N.T) dated 31.03.2022.

19.1 Now therefore, **M/s Jagat Agrotech Private Limited** having its registered office at 8/2, Sindhi Commercial Market, Kalupur, Ahmedabad-380001, Gujarat (bearing Importer Exporter Code No. 0813024111), are hereby called upon to show cause within 30(thirty) days of receipt of this Notice, in writing, to the Adjudicating Authority i.e., the Principal Commissioner/ Commissioner of Customs, Kandla, Kandla Custom House, Near Balaji Temple, 370210 (INIXY1), as to why—

i. The declared assessable value of **Rs. 40,16,97,575/-** in respect of 15 shipments of rice exported vide Shipping Bills detailed in **'Annexure-I & II'**, should not be rejected in terms of Rule 8 of the Customs Valuation (Determination of Value of Export Goods) Rules, 2007, read with Rule 3 (1) ibid and Section 14 (1) of the Customs Act, 1962;

ii. The actual assessable value in respect of Shipping Bills detailed in **'Annexure-I & II'**, should not be re-determined at **Rs. 46,40,87,506 /-** under the provisions of Section 14 (1) of the Customs Act, 1962, read with Rule 3 (1) of the Customs Valuation (Determination of Value of Export Goods) Rules, 2007 by taking into account – **(a)** the amounts claimed as deduction in the shipping bills, which were equivalent to amount of export duty paid by them; **(b)** excess ocean freight amounts claimed by them which were recovered by them from the buyers as discussed in **Para 8 & 15** of this Investigation Report;

iii. The differential (export) duty amounting to **Rs. 1,24,77,985/-** payable, as calculated and shown in '**Annexure-I and II'** to this Investigation Report, in respect of Shipping Bill filed by them at two different ports, should not be demanded and recovered from them, by invoking the extended period of limitation available under the provisions of Section 28 (4) of the Customs Act, 1962;

iv. The interest on the afore-said total differential duty amount of **Rs. 1,24,77,985/-** should not be demanded and recovered from them under the provisions of Section 28AA of the Customs Act, 1962;

v. The voluntary deposit of **Rs. 1,11,51,921/-** made during investigation should not be appropriated against their aforesaid differential duty liability;

vi. The shipments of rice exported vide Shipping Bills detailed in **'Annexure-I & II'** to this Notice having re-determined assessable value of **Rs. 46,40,87,506/-**, should not be held liable to confiscation under the provisions of Section 113 (i) of the Customs Act, 1962;

vii. Penalty under the provisions of section 114A and Section 114AA should not be imposed upon them.

19.2 Now therefore, Sh. Chetan Abhimanu Maheshwari, Director of M/s Jagat Agrotech Pvt Ltd. (having Importer Exporter Code No. 0813024111), Resident of - 20, Sahkar-2, Jagabhai Park, Rambaug, Maninagar, Ahmedabad-380008, Gujarat is hereby called upon to show cause within 30 (thirty) days of receipt of this Notice, in writing, to the Adjudicating Authority i.e., the Principal Commissioner/ Commissioner of Customs, Kandla, Kandla Custom House, Near Balaji Temple, 370210 (INIXY1), as to why penalty under the provisions of section 114 (ii) and Section 114AA of the Customs Act, 1962 should not be imposed upon them for their acts and omissions in evasion of Customs Duty amounting to Rs. 1,24,77,985/- on export of rice through his export firm.

20. The noticees are further called upon to intimate in writing as to whether they wish to be heard in person by the adjudicating authority before the case is adjudicated within 30 days from the date of receipt of this show cause notice. If no reply of this notice is received and / or they fail to appear before the adjudicating authority, when the case is posted for hearing, the case will be decided ex-parte on the basis of the evidences available on record without any further notice to them.

21. The original copies of the relied upon documents, if required, can be inspected by the noticee / noticees in the office of the Principal Director General, Directorate of Revenue Intelligence, 7th Floor, 'D' Block, I. P. Bhavan, I.P. Estate, New Delhi during office hours on any working day with prior appointment.

22. This Show Cause Notice is issued without prejudice to any other action that may be taken against the noticee / noticees mentioned hereinabove or any other persons / firms connected with the case under the Customs Act, 1962 or any other law for the time being in force.

23. Documents relied upon are detailed in **Annexure -'R'** attached to this Show Cause Notice. Scanned copy of the Relied Upon documents is also attached with this Show Cause Notice.

24. The Non-RUDs may also be collected, if required, by the notice/ noticees from the office of the Principal Director General, Directorate of Revenue Intelligence, 7th Floor, 'D' Block, Indraprastha Bhavan, I.P. Estate, New Delhi during office hours on any working day with prior appointment within 30 days of receipt of this notice.

25. A copy of the Show Cause Notice is also transmitted to **M/s Jagat Agrotech Private Limited** and **Sh. Chetan Abhimanu Maheshwari**, Director of **M/s Jagat Agrotech Private Limited** at their email ids jagatagro1901@gmail.com and jagatagrotech1375@gmail.com in terms of clause (c) of sub-section 1 of section 153 of the Customs Act, 1962 so that such service through email shall be deemed to have been received by the noticees in terms of clause (c) of sub-section 1 of section 153 of the Customs Act, 1962.

26. The Noticee(s) have an option to make an application under Section 127B of the Customs Act, 1962 prior to adjudication of the case to the Hon'ble Settlement Commission to have the case settled in such form and in such manner specified in the rules.

27. The department also reserves its right to amend, modify or supplement this notice at any time prior to the adjudication of the case.

Signed by M Ram Mohan Rao
Date: 20-02-2025 19:17:42

(M.Ram Mohan Rao)
Commissioner of Customs
Custom House Kandla

F.No. GEN/ADJ/COMM/96/2025-Adjn-O/o Commr-Cus-Kandla

DIN-20250271ML0000619857

To,

1) M/s Jagat Agrotech Private Limited, 8/2, Sindhi Commercial Market, Kalupur, Ahmedabad-380001, Gujarat
2) Sh. Chetan Abhimanu Maheshwari, Director of M/s Jagat Agrotech Private Limited, Resident of: 20, Sahkar-2, Jagabhai Park, Rambaug, Maninagar, Ahmedabad-380008, Gujarat

Copy for necessary action to: -

1) The Deputy Director, DRI-Headquarters, Delhi
2) The Principal Commissioner/Commissioner of Customs, Mundra Port, 5B, Port User Building, Mundra Port, Mundra, Kutch, Gujarat-370421 (INMUN1), **Email: commr-cusmundra@nic.in**
3) The Director General, Central Economic Intelligence Bureau, 6th Floor, B-Wing, Janpath Bhawan, Janpath, New Delhi-110001
4) The Superintendent (EDI) for uploading on the website of Kandla Customs.