

	<p>कार्यालय: प्रधान आयुक्त सीमा शुल्क, मुन्द्रा, सीमा शुल्क भवन, मुन्द्रा बंदरगाह, कच्छ, गुजरात- 370421 OFFICE OF THE PRINCIPAL COMMISSIONER OF CUSTOMS, CUSTOM HOUSE, MUNDRA PORT, KUTCH, GUJARAT- 370421 PHONE:02838-271426/271423 FAX:02838-271425 Email: adj-mundra@gov.in, commr-cusmundra@nic.in</p>	
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DIN: 20241271MO0000777F3A

Date: 24.12.2024

8273 To
8276**SHOW CAUSE NOTICE**

M/s Jai Hanuman Traders (IEC: AATFJ1328H), having address at 3rd Floor, 1-8-31 TO 41, Kapadia Towers, PG Road, Sindhi Colony, Bapu Bagh Colony, Secunderabad, Hyderabad, Telangana – 500003 (also referred to as “the Exporter” hereafter) filed three Shipping Bill no. 1848219, 1848253 both dated 21.06.2024 and Shipping Bill No. 1904569 dated 24.06.2024 (**RUD-1 Coll'y**) at Mundra Custom House. The goods covered under said Shipping Bills were declared as Basmati Rice - Brand Swastik/Brand Nawab'- 10 Containers in each shipping bill, i.e. total 30 Containers. The containers were destined for Jebel Ali Port, UAE and buyer was "Aadarsh Foodstuff Trading".

2. Intelligence gathered by the Directorate of Revenue Intelligence (DRI), Gandhidham Regional Unit, indicated that exporter has mis-declared the goods and actual goods contained in 30 containers are mix of 'Non-Basmati - Parboiled Rice' and "Non-Basmati-White Rice". Further intelligence gathered by the DRI suggested that M/s. Jai Hanuman Traders filed one more Shipping Bill having No. 1905955 dated 24.06.2024 (RUD-2), which has been declared to contain “parboiled rice”, and the actual goods in the consignment are white rice. Accordingly, the consignments covered under said 04 shipping bills were put on hold by the DRI, after approval of the competent authority.
3. Acting upon the intelligence, search was carried out at the registered premises of forwarder M/s Silverline Logistics, located at Second Floor, Office no. 213/214, Mani Complex, Plot No. 84, Sector-8, Gandhidham, Kachchh, Gujarat-370201, by DRI officers under panchnama dated 26.06.2024 (**RUD-3**), during which investigation related documents were resumed. Further, search was also carried out at the warehouse of M/s Jai Hanuman Traders/M/s. Silverline Logistics, located at Warehouse K-12, Karam bhoomi Godown, Near Adani Wilmar, Mundra, by DRI officers under panchnama dated 27.06.2024 (**RUD-4**).
4. Summons was issued to M/s Silverline Logistics, and Statement of Shri Javed Khan Pathan, Proprietor of M/s. Silverline Logistics and also the G-Card holder of Customs Broker M/s Svarad Logistics India Pvt. Ltd., was recorded on 26.06.2024 (**RUD-5**), during which he, interalia, stated that:
 - (i). On being asked to provide the details of work his firm M/s Silverline Logistics was engaged in, he stated that his firm M/s Silverline Logistics was engaged in the business of clearing and forwarding work related to Customs at Mundra Port, and transportation business.

- (ii). On being asked to the details of the license being used by them for clearing of import/export consignments, he stated that they were handling the clearance of import/export consignments under the license of Custom Broker M/s. Svarad Logistics (India) Pvt. Ltd., Chennai. He was the 'G card' holder of M/s Svarad Logistics (India) Pvt. Ltd., Chennai, at Mundra Port.
- (iii). On being asked to provide the detail of F- Card holder of M/s. Svarad Logistics (India) Pvt. Ltd., Chennai, he stated that Shri S. Mugundan was the F card holder of M/s Svarad Logistics (India) Pvt. Ltd., Chennai.
- (iv). On being asked what his G Card No. was and when did he acquire G Card, he stated that his G Card No. was G/MNDR1/20234844, which was issued on 08.08.2023.
- (v). On being asked how he came in contact with M/s. Jai Hanuman Traders, he stated that he saw their profile online and then visited Hyderabad where he met Shri Sudhakar Reddy, partner of M/s Jai Hanuman Traders, after which he got the clearance work of Rice export of M/s Jai Hanuman Traders at Mundra Port.
- (vi). On being asked since when he was handling the export clearance work of M/s. Jai Hanuman Traders, he stated that he met Shri Sudhakar Reddy, Partner of M/s Jai Hanuman Traders, in the month of August-2023 and he handled the clearance of first consignment of M/s Jai Hanuman Traders in the month of September-2023.
- (vii). On being asked how many consignments of export of Basmati Rice/Parboiled Rice by M/s Jai Hanuman Traders have been handled by his firm till date, he stated that they had handled around a total of approx. 300 containers exported by M/s Jai Hanuman Traders, including both Basmati Rice/Parboiled Rice, till date.
- (viii). On being asked what were the documents asked by them for filing of documentation for the exports made by M/s Jai Hanuman Traders, he stated that for Basmati Rice, they asked for invoice cum packing list, purchase order invoice and APEDA certificate, and for Parboiled Rice, they asked for invoice cum packing list and Purchase Invoice.
- (ix). On being asked whether he was aware about duty and restriction on exports of various types of rice, he stated that he was aware about restrictions and duty levied on rice exports. Govt. of India has imposed duty amounting to 20% on the export of Parboiled Rice from India while the non-Basmati white rice is prohibited for export. Basmati Rice is freely exportable subject to production of APEDA Certificate at the time of clearance.
- (x). On being asked how many live export consignments of M/s Jai Hanuman Traders are currently lying at Mundra Port pending shipment, he stated that at the time, 04 live export consignments of M/s Jai Hanuman Traders are lying at Mundra Port, which were pending to be shipped.
- (xi). On being asked what were the goods in the live export consignments pending shipment at Mundra Port, he stated that 3 out of the 04 live consignments, were of Basmati Rice, while the remaining 1 consignment was having Parboiled Rice.
- (xii). On being asked what other services were they providing to M/s Jai Hanuman Traders except customs clearing work, he stated that he was providing mainly clearing & freight forwarding services to exporter M/s Jai Hanuman Traders. Apart from that, he had provided them one godown at Mundra having address 'Warehouse K-12, Karmbhoomi, Near Adani Wilmar, Mundra' for loading of containers. The exporter M/s Jai Hanuman Traders had obtained self-sealing permission at the said godown. They had only one godown for self-sealing purpose.

(xiii). On being asked whether there were any related firm of M/s Jai Hanuman Traders for which they were providing services of customs clearing/freight forwarding or godown renting, he stated that he was providing customs clearing services and forwarding services to M/s Grain Impex Private Limited and M/s Manchkonda Agrotech Pvt. Ltd. As per his knowledge, M/s Grain Impex Private Limited was having same address as of M/s Jai Hanuman Traders. M/s Manchkonda Agrotech Pvt. Ltd. and M/s Jai Hanuman Traders were not sister concerns but they are having some related transactions. He had started customs clearing for said two companies later in Dec-2023/January-2024.

(xiv). He submitted his mobile phone for perusal by DRI officers, and was apprised that on going through Whatsapp chats on his mobile device, one Whatsapp group name 'Jai Hanuman Silverline Godown' was seen, wherein one image sent by one "Nadeem Miyana Warehouse Rice" on 24.06.2024 was found, wherein against the invoice no. JH022, brands, "Prabal Blue", "Prabal Black", "Prabal Red", and "Swastik" had been mentioned, however, in the shipping bill issued against the invoice no. JH022, bearing no. 1904569 dated 24.06.2024, in the description of the goods, the brands had been mentioned as "Swastik" and "Nawaab". On being asked to explain the same, he stated that the image was sent by his staff Shri Nadeem, who looked after the loading of goods at the warehouse rented by M/s Jai Hanuman Traders. The image contained the details of goods loaded into the container. He did not have any information regarding the brand as his staff only looked after the loading at warehouse and the goods were sent by the suppliers of the exporter M/s Jai Hanuman Traders.

(xv). On being apprised that as per Shipping Bill No. 1904569 dated 24.06.2024, there were two brands declared, however, from the image details mentioned above, it appeared that 3 more brands of rice which were in majority had been loaded in containers against said shipping bill and being asked whether he had enquired with the exporter M/s Jai Hanuman Traders regarding the same, he stated that he had asked Shri Sudhakar for the same for which he replied that they are brands of Basmati Rice.

(xvi). On being asked whether he ask for amendment of Shipping Bills as per loaded brand in containers, he stated that he had not asked for amendment of shipping bills.

(xvii). He was apprised that on going through Whatsapp chats on his mobile device, in the same Whatsapp group name 'Jai Hanuman Silverline Godown' one image sent by one "Nadeem Miyana Warehouse Rice" on 21.06.2024 was found, wherein against the invoice no. JH019 and JH020, brands, "Sky Blue", "Prabal Black", "Prabal Red", "Prabal Blue", "Local", "Jira Kasala" and "Swastik" had been mentioned, however, in the shipping bill issued against the invoice no. JH019 and JH020, bearing nos. 1848219 dated 21.06.2024 and 1848253 dated 21.06.2024, in the description of the goods, the brands had been mentioned as "Swastik" only. Further, from other documents available in the said chat clearly stated that the mills names mentioned on the image against brand names "Sky Blue", "Prabal Black", "Prabal Red", etc. were supplying parboiled rice. On being asked to explain the same, he agreed that only 'Swastik' brand was Basmati Rice while other brands were of other than Basmati rice. The same had been done on the directions of Shri Sudhakar Reddy of M/s Jai Hanuman Traders. If the shipping bills were declared fully for Basmati Rice, the Basmati Rice was loaded on front side of containers while other non-basmati parboiled rice was stuffed behind the basmati rice to evade applicable customs duties.

(xviii). On being asked how many such consignment had been exported in the past to evade Customs Duties, he stated that Approx. 70-80 containers till date had

been exported through this modus by concealing the dutiable rice behind freely exportable rice. All this had been done on the directions of Shri Sudhakar Reddy of M/s Jai Hanuman Traders.

4. Further, examination of the 28 containers covered under the said 04 shipping Bills were carried out under panchnamas dated 02.07.2024 (**RUD-6**), 03.07.2024 (**RUD-7**), & 05.07.2024 (**RUD-8**), drawn at MICT CFS, Mundra and examination of remaining 12 containers were carried out under Panchnama dated 05/06.07.2024 (**RUD-9**), at Exim Yard CFS, Mundra by the officers of DRI. During the examination, representative samples of each type of goods of the consignment as per the markings found on the PP bags found inside the containers, were drawn for testing. A total of 86 samples were drawn from the 40 containers covered under the subject 04 consignments, and sent to Customs House Laboratory, Customs House, Kandla (*also referred to as CRCL Kandla hereinafter*) for testing.
5. Test reports from Customs House Laboratory, Customs Kandla were received, and as per the said test reports (**RUD-10 Coll'y**), test result in respect of each sample were as under:

Table-I

Sr. No.	T.M. No.	Date	Sample marked as	Shipping Bill No.	Date	Container No.	Declared Goods	Declared CTH	Test Result	No. of PP Bags	weight of each PP Bag (in KG)	Total Weight (in KG)
1	97	10.07.2024	SW-A-1	1904569	24.06.2024	FSCU332 5380	Indian Basmati Rice	10063020	Basmati Rice	80	50	4000
2	98	10.07.2024	PR-A-1	1904569	24.06.2024	FSCU332 5380	Indian Basmati Rice	10063020	Other than Basmati/white/parboiled Rice.	440	50	22000
3	99	10.07.2024	NWB-B-1	1904569	24.06.2024	CAXU620 0490	Indian Basmati Rice	10063020	Basmati Rice	131	40	5240
4	100	10.07.2024	PR-B-1	1904569	24.06.2024	CAXU620 0490	Indian Basmati Rice	10063020	Other than Basmati/white/parboiled Rice.	501	40	20040
5	101	10.07.2024	SW-C-1	1904569	24.06.2024	TGHU164 3253	Indian Basmati Rice	10063020	Basmati Rice	80	50	4000
6	102	10.07.2024	PR-C-1	1904569	24.06.2024	TGHU164 3253	Indian Basmati Rice	10063020	Other than Basmati/white/Parboiled Rice.	440	50	22000
7	103	10.07.2024	SW-D-1	1904569	24.06.2024	CLHU261 6065	Indian Basmati Rice	10063020	Basmati Rice	80	50	4000
8	104	10.07.2024	PR-D-1	1904569	24.06.2024	CLHU261 6065	Indian Basmati Rice	10063020	Other than Basmati/white/Parboiled Rice.	440	50	22000
9	105	10.07.2024	NWB-E-1	1904569	24.06.2024	CBHU351 5969	Indian Basmati Rice	10063020	Basmati Rice	131	40	5240
10	106	10.07.2024	PR-E-1	1904569	24.06.2024	CBHU351 5969	Indian Basmati Rice	10063020	Other than Basmati/white/parboiled Rice.	501	40	20040
11	107	10.07.2024	SW-F-1	1904569	24.06.2024	BSIU2239 711	Indian Basmati Rice	10063020	Basmati Rice	80	50	4000
12	108	10.07.2024	PR-F-1	1904569	24.06.2024	BSIU2239 711	Indian Basmati Rice	10063020	Other than Basmati/white/parboiled Rice.	440	50	22000
13	109	10.07.2024	SW-G-1	1904569	24.06.2024	FSCU345 9271	Indian Basmati Rice	10063020	Basmati Rice	80	50	4000
14	110	10.07.2024	PR-G-1	1904569	24.06.2024	FSCU345 9271	Indian Basmati Rice	10063020	Other than Basmati/white/Parboiled Rice.	440	50	22000
15	111	10.07.2024	SW-H-1	1904569	24.06.2024	CBHU393 5806	Indian Basmati Rice	10063020	Basmati Rice	80	50	4000
16	112	10.07.2024	PR-H-1	1904569	24.06.2024	CBHU393 5806	Indian Basmati Rice	10063020	Other than Basmati/white/Parboiled Rice.	440	50	22000

17	113	10.07.2024	SW-A-1	1848219	21.06.2024	PCIU2084 084	Indian Basmati Rice	10063020	Basmati Rice	80	50	4000
18	114	10.07.2024	PR-A-1	1848219	21.06.2024	PCIU2084 084	Indian Basmati Rice	10063020	Other than Basmati/white/Parboiled Rice.	140	50	7000
19	115	10.07.2024	A-1	1848219	21.06.2024	PCIU2084 084	Indian Basmati Rice	10063020	Other than Basmati/white/Parboiled Rice.	300	50	15000
20	116	10.07.2024	SW-B-1	1848219	21.06.2024	PCIU2080 772	Indian Basmati Rice	10063020	Basmati Rice	80	50	4000
21	117	10.07.2024	PR-B-1	1848219	21.06.2024	PCIU2080 772	Indian Basmati Rice	10063020	Other than Basmati/white/Parboiled Rice.	440	50	22000
22	118	10.07.2024	SW-C-1	1848219	21.06.2024	IMTU303 9363	Indian Basmati Rice	10063020	Basmati Rice	80	50	4000
23	119	10.07.2024	PR-C-1	1848219	21.06.2024	IMTU303 9363	Indian Basmati Rice	10063020	Other than Basmati/white/Parboiled Rice.	440	50	22000
24	120	10.07.2024	SW-D-1	1848219	21.06.2024	PCIU2065 525	Indian Basmati Rice	10063020	Basmati Rice	80	50	4000
25	121	10.07.2024	PR-D-1	1848219	21.06.2024	PCIU2065 525	Indian Basmati Rice	10063020	Other than Basmati/white/parboiled Rice.	440	50	22000
26	122	10.07.2024	SW-E-1	1848219	21.06.2024	LLYU2220 679	Indian Basmati Rice	10063020	Basmati Rice	80	50	4000
27	123	10.07.2024	PR-E-1	1848219	21.06.2024	LLYU2220 679	Indian Basmati Rice	10063020	Other than Basmati/white/parboiled Rice.	440	50	22000
28	124	10.07.2024	SW-F-1	1848219	21.06.2024	IMTU307 1051	Indian Basmati Rice	10063020	Basmati Rice	80	50	4000
29	125	10.07.2024	PR-F-1	1848219	21.06.2024	IMTU307 1051	Indian Basmati Rice	10063020	Other than Basmati/white/parboiled Rice.	440	50	22000
30	126	10.07.2024	SW-A-1	1848253	21.06.2024	EISU3880 487	Indian Basmati Rice	10063020	Basmati Rice	80	50	4000
31	127	10.07.2024	PR-A-1	1848253	21.06.2024	EISU3880 487	Indian Basmati Rice	10063020	Other than Basmati/white/Parboiled Rice.	440	50	22000
32	128	10.07.2024	SW-A-1	1848253	21.06.2024	CLHU298 7997	Indian Basmati Rice	10063020	Basmati Rice	80	50	4000
33	129	10.07.2024	PR-B-1	1848253	21.06.2024	CLHU298 7997	Indian Basmati Rice	10063020	Other than Basmati/white/Parboiled Rice.	440	50	22000
34	130	10.07.2024	SW-C-1	1848253	21.06.2024	CAXU684 3310	Indian Basmati Rice	10063020	Basmati Rice	80	50	4000
35	131	10.07.2024	PR-C-1	1848253	21.06.2024	CAXU684 3310	Indian Basmati Rice	10063020	Other than Basmati/parboiled Rice. It may be considered as White Rice.	440	50	22000
36	132	10.07.2024	SW-D-1	1848253	21.06.2024	TTNU162 3370	Indian Basmati Rice	10063020	Basmati Rice	80	50	4000
37	133	10.07.2024	PR-D-1	1848253	21.06.2024	TTNU162 3370	Indian Basmati Rice	10063020	Other than Basmati/white/parboiled Rice.	275	50	13750
38	134	10.07.2024	D-1	1848253	21.06.2024	TTNU162 3370	Indian Basmati Rice	10063020	Other than Basmati/white/parboiled Rice.	165	50	8250
39	135	10.07.2024	SW-E-1	1848253	21.06.2024	TCKU152 4997	Indian Basmati Rice	10063020	Basmati Rice	80	50	4000
40	136	10.07.2024	PR-E-1	1848253	21.06.2024	TCKU152 4997	Indian Basmati Rice	10063020	Other than Basmati/white/parboiled Rice.	440	50	22000
41	137	10.07.2024	SW-F-1	1848253	21.06.2024	CRXU156 4493	Indian Basmati Rice	10063020	Basmati Rice	80	50	4000
42	138	10.07.2024	PR-F-1	1848253	21.06.2024	CRXU156 4493	Indian Basmati Rice	10063020	Other than Basmati/white/parboiled Rice.	440	50	22000
43	139	10.07.2024	SG-A-1	1905955	24.06.2024	TTNU370 4146	Parboiled Rice	10063010	Parboiled Rice	100	50	5000
44	140	10.07.2024	PR-A-1	1905955	24.06.2024	TTNU370 4146	Parboiled Rice	10063010	Other than Basmati/white/parboiled Rice.	438	50	21900
45	141	10.07.2024	SG-B-1	1905955	24.06.2024	TCKU247 7098	Parboiled Rice	10063010	Parboiled Rice	100	50	5000

46	142	10.07.2024	PR-B-1	1905955	24.06.2024	TCKU2477098	Parboiled Rice	10063010	Other than Basmati/white/parboiled Rice.	127	50	6350
47	143	10.07.2024	B-1	1905955	24.06.2024	TCKU2477098	Parboiled Rice	10063010	Other than Basmati/parboiled Rice. It may be considered as White Rice.	300	50	15000
48	144	10.07.2024	SG-C-1	1905955	24.06.2024	TTNU2774534	Parboiled Rice	10063010	Parboiled Rice	99	50	4950
49	145	10.07.2024	PR-C-1	1905955	24.06.2024	TTNU2774534	Parboiled Rice	10063010	Other than Basmati/white/parboiled Rice.	440	50	22000
50	146	10.07.2024	SG-D-1	1905955	24.06.2024	CAXU6614988	Parboiled Rice	10063010	Parboiled Rice	100	50	5000
51	147	10.07.2024	PR-D-1	1905955	24.06.2024	CAXU6614988	Parboiled Rice	10063010	Other than Basmati/white/parboiled Rice.	440	50	22000
52	148	10.07.2024	SG-E-1	1905955	24.06.2024	MLCU2742511	Parboiled Rice	10063010	Parboiled Rice	100	50	5000
53	149	10.07.2024	PR-E-1	1905955	24.06.2024	MLCU2742511	Parboiled Rice	10063010	Other than Basmati/white/parboiled Rice.	440	50	22000
54	150	10.07.2024	SG-F-1	1905955	24.06.2024	TDRU2763699	Parboiled Rice	10063010	Parboiled Rice	101	50	5050
55	151	10.07.2024	PR-F-1	1905955	24.06.2024	TDRU2763699	Parboiled Rice	10063010	Other than Basmati/white/parboiled Rice.	440	50	22000
56	152	10.07.2024	SG-G-1	1905955	24.06.2024	EISU3804194	Parboiled Rice	10063010	Parboiled Rice	91	50	4550
57	153	10.07.2024	PR-G-1	1905955	24.06.2024	EISU3804194	Parboiled Rice	10063010	Other than Basmati/white/parboiled Rice.	140	50	7000
58	154	10.07.2024	G-1	1905955	24.06.2024	EISU3804194	Parboiled Rice	10063010	Other than Basmati/parboiled Rice. It may be considered as White Rice.	300	50	15000
59	155	10.07.2024	SG-H-1	1905955	24.06.2024	TTNU3619471	Parboiled Rice	10063010	Parboiled Rice	100	50	5000
60	156	10.07.2024	PR-H-1	1905955	24.06.2024	TTNU3619471	Parboiled Rice	10063010	Other than Basmati/white/parboiled Rice.	440	50	22000
61	157	10.07.2024	SW-P-1	1904569	24.06.2024	FCIU2407870	Indian Basmati Rice	10063020	Basmati Rice	80	50	4000
62	158	10.07.2024	PR-P-1	1904569	24.06.2024	FCIU2407870	Indian Basmati Rice	10063020	Other than Basmati/white/parboiled Rice.	440	50	22000
63	159	10.07.2024	SW-Q-1	1904569	24.06.2024	SITU2924150	Indian Basmati Rice	10063020	Basmati Rice	80	50	4000
64	160	10.07.2024	PR-Q-1	1904569	24.06.2024	SITU2924150	Indian Basmati Rice	10063020	Other than Basmati/white/parboiled Rice.	440	50	22000
65	161	10.07.2024	SW-P-1	1848253	21.06.2024	CPSU1008858	Indian Basmati Rice	10063020	Basmati Rice	80	50	4000
66	162	10.07.2024	PR-P-1	1848253	21.06.2024	CPSU1008858	Indian Basmati Rice	10063020	Other than Basmati/white/parboiled Rice.	440	50	22000
67	163	10.07.2024	SW-Q-1	1848253	21.06.2024	PCIU3470646	Indian Basmati Rice	10063020	Basmati Rice	80	50	4000
68	164	10.07.2024	PR-Q-1	1848253	21.06.2024	PCIU3470646	Indian Basmati Rice	10063020	Other than Basmati/white/parboiled Rice.	440	50	22000
69	165	10.07.2024	SW-R-1	1848253	21.06.2024	DVRU1495611	Indian Basmati Rice	10063020	Basmati Rice	80	50	4000
70	166	10.07.2024	PR-R-1	1848253	21.06.2024	DVRU1495611	Indian Basmati Rice	10063020	Other than Basmati/white/parboiled Rice.	440	50	22000
71	167	10.07.2024	SW-S-1	1848253	21.06.2024	CAXU2826865	Indian Basmati Rice	10063020	Basmati Rice	80	50	4000
72	168	10.07.2024	PR-S-1	1848253	21.06.2024	CAXU2826865	Indian Basmati Rice	10063020	Other than Basmati/white/parboiled Rice.	140	50	7000
73	169	10.07.2024	S-1	1848253	21.06.2024	CAXU2826865	Indian Basmati Rice	10063020	Other than Basmati/white/parboiled Rice.	200	50	10000
74	170	10.07.2024	SW-P-1	1848219	21.06.2024	PCIU2077300	Indian Basmati Rice	10063020	Basmati Rice	80	50	4000
75	171	10.07.2024	PR-P-1	1848219	21.06.2024	PCIU2077300	Indian Basmati Rice	10063020	Other than Basmati/white/parboiled Rice.	440	50	22000

76	172	10.07.2024	SW-Q-1	1848219	21.06.2024	PCIU2055 933	Indian Basmati Rice	10063020	Basmati Rice	80	50	4000
77	173	10.07.2024	PR-Q-1	1848219	21.06.2024	PCIU2055 933	Indian Basmati Rice	10063020	Other than Basmati/white/parboiled Rice.	140	50	7000
78	174	10.07.2024	Q-1	1848219	21.06.2024	PCIU2055 933	Indian Basmati Rice	10063020	Other than Basmati/white/parboiled Rice.	300	50	15000
79	175	10.07.2024	SW-R-1	1848219	21.06.2024	PCIU2052 071	Indian Basmati Rice	10063020	Basmati Rice	80	50	4000
80	176	10.07.2024	PR-R-1	1848219	21.06.2024	PCIU2052 071	Indian Basmati Rice	10063020	Other than Basmati/white/parboiled Rice.	440	50	22000
81	177	10.07.2024	SW-S-1	1848219	21.06.2024	KKTU772 0113	Indian Basmati Rice	10063020	Basmati Rice	80	50	4000
82	178	10.07.2024	PR-S-1	1848219	21.06.2024	KKTU772 0113	Indian Basmati Rice	10063020	Other than Basmati/white/parboiled Rice.	440	50	22000
83	179	10.07.2024	SG-P-1	1905955	24.06.2024	EGHU300 9405	Parboiled Rice	10063010	Parboiled Rice	80	50	4000
84	180	10.07.2024	PR-P-1	1905955	24.06.2024	EGHU300 9405	Parboiled Rice	10063010	Other than Basmati/white/parboiled Rice.	440	50	22000
85	181	10.07.2024	SG-Q-1	1905955	24.06.2024	MLCU288 1190	Parboiled Rice	10063010	Parboiled Rice	80	50	4000
86	182	10.07.2024	PR-Q-1	1905955	24.06.2024	MLCU288 1190	Parboiled Rice	10063010	Other than Basmati/white/parboiled Rice.	440	50	22000

6. From the test results as above, it appears that non-Basmati Rice was being exported in the said consignments, by mis-declaring the same as Basmati Rice/Parboiled Rice. In some of the containers, White Rice, which was prohibited for export as per notification no. 20/2023 dated 20.07.2023 has been found. Therefore, the goods in the subject 04 shipping bills appear to have been mis-declared by the exporter, and hence the said goods appear to be liable for confiscation under Section 113 of the Customs Act, 1962.
7. Based on the test reports submitted by CRCL, Kandla in respect of the subject consignments, it appeared that a total **818.33 MT** (16567 PP bags) of Non-Basmati Rice (**Other than Basmati/Parboiled/White Rice**) having value of approx. Rs. 3.27 Cr. was found mis-declared as Indian Basmati Rice/Parboiled Rice under the Shipping Bills bearing no. 1848219 & 1848253, both dated 21.06.2024 and 1904569 & 1905955 both dated 24.06.2024.
8. Additionally, a total **52.000 MT** (1040 PP bags) of "White Rice" having market value of approx. Rs. 0.23 Cr. was found mis-declared as Indian Basmati Rice (**22.000 MT, 440 PP bags**) and Parboiled Rice (**30.000 MT, 600 PP bags**) under shipping bills No. 1848253 dated 21.06.2024 and 1905955 dated 24.06.2024 respectively. White Rice were banned for export, as per the notification no. 20/2023 dated 20.07.2023 issued by the DGFT.
9. Furthermore, a total **47.550 MT** (951 PP bags) of Parboiled Rice having value of approx. Rs. 0.21 Cr under Shipping Bill no. 1905955 dated 24.06.2024 and a total **122.48 MT** (2502 PP bags) of Basmati Rice having value of approx. 1 Cr. under shipping bills bearing no. 1848219 & 1848253, both dated 21.06.2024 and 1904569 dated 24.06.2024, had been used as cover cargo for concealment of Non-Basmati Rice and White Rice, thus the same was liable for confiscation.
10. Accordingly, being of a reasonable belief that the goods meant for export by Shri Jay Hanuman Traders, vide shipping bills no. 1848219 & 1848253, both dated 21.06.2024 and 1904569 & 1905955, both dated 24.06.2024 are liable for confiscation under Section 113 and 119 of the Customs Act, 1962, the said goods

were placed under seizure under Section 110 of Customs Act, 1962, vide Seizure Memo dated 14.08.2024 (**RUD-11**).

11. Further summons were issued to the exporter and the Customs Broker/Forwarder to tender their statement and produce evidence/documents. Statement of Shri Pasham Sudhakar Reddy, Partner of M/s Jai Hanuman Traders, was recorded on 14.08.2024 (**RUD-12**), during which he, interalia stated that:

- (i). On being asked to provide the details of work his firm M/s. Jai Hanuma Trades was engaged in, he stated that his firm was established in February, 2023. his firm M/s Jai Hanuman Traders was engaged in export of Rice and trading of rice and paddy. M/s Jai Hanuman Traders was located at 3rd Floor, 1-8-31 to 41, Kapadia Towers, PG Road, Sindhi Colony, Bapu Bagh Colony, Hyderabad-500003. All business-related invoices and e-way bills were generated from aforesaid address.
- (ii). On being asked to provide the date from which their firm has taken IEC and engaged in export of Rice, he stated that IEC of M/s Jai Hanuman Traders was taken in April 2023. First export consignment of Rice was done in around August-September 2023. GST registration of the firm was taken in March, 2023.
- (iii). On being asked whether he was Proprietor/Partner/Director on any other firm, he stated that he was only holding partnership in M/s Jai Hanuman Traders, Hyderabad. He was not holding Partnership in any other firm. He was also not proprietor/Director in any firm/company.
- (iv). On being asked to provide details of all other partners of M/s. Jai Hanuman Traders, he stated that Shri Dachepally Nageshwara Rao was the other partner in M/s Jai Hanuman Traders. They both partners were holding 50% shares each in M/s Jai Hanuman Traders.
- (v). On being asked to provide details of work being handled by both partners of M/s Jai Hanuman Traders, he stated that only quality check of Rice was being handled by Shri Dachepally Nageshwara Rao. All overall operations i.e. purchase, export, sales, marketing, transportation, etc. was being handled by him.
- (vi). On being asked from which Indian Ports he was exporting Rice, he stated that they were exporting rice through Mundra and Nhava Sheva ports. At Mundra Port, they were exporting under Self Seal Containers while at Nhava Sheva, the containers are under Docks Stuffing. They got Seal Sealing permission from April, 2024.
- (vii). On being asked whether there was any specific reason for choosing Mundra as port for export, he stated that they were exporting mainly to UAE and African countries. The sea freight to these countries was cheaper when exported from Mundra. Also, he wanted to state that purchasing rice from northern states i.e. Uttar Pradesh, Punjab and Bihar was cheaper. Mundra being nearer to these states made export cheaper.

(viii). On being asked who was their major buyers in UAE and African countries, he stated that In UAE, major buyer was M/s Adarsh Food Stuff Trading LLC. M/s GBR International was major buyer in Benin. M/s Rohan Trading Company was major buyer in Vietnam.

(ix). On being asked who were their suppliers of Rice in India, he stated that their major suppliers of Rice were M/s. Vishnu Industries, M/s. Puja Agro, M/s. Parshotam Lal and Co., Manish Food Products from Punjab, Uttar Pradesh and Bihar. M/s Manchukonda Agrotech Private Limited and M/s Grain Impex were major suppliers from Andhra Pradesh.

(x). On being asked how many godowns were registered for Self sealing at Mundra, he stated that they had only one godown registered at Mundra for self sealing i.e. M/s Karmbhoomi Enterprise, K-12, Survey No.169, Plot No.17, Near Adani Wilmar Refinery Dhrub, Mundra, Gujarat.

(xi). On being asked what kind of rice they were exporting, he stated that they were exporting only Parboiled and Basmati Rice.

(xii). On being asked how he came in contact with Shri Javed Khan Pathan, Proprietor of M/s Silverline Logistics and 'G Card' holder of Customs Broker firm M/s Svarad Logistics (India) Private Limited, he stated that he came in contact with Shri Javed Khan Pathan through online enquiry.

(xiii). On being asked what works were being handled by Shri Javed Khan Pathan at Mundra regarding exports of rice, he stated that Shri Javed Khan Pathan was handling clearing and forwarding related works. His firm was also looking after loading and unloading of cargo at warehouse located at Mundra.

(xiv). On being asked who was involved in the booking of containers, he stated that Booking of containers was done at Mundra by Shri Javed Khan Pathan, and he used to direct him to load the type of cargo in containers.

(xv). On being asked who was preparing the invoices and packing list of rice for export, he stated that invoice and packing lists were being prepared by him.

(xvi). On being shown statement dated 26.06.2024 of Shri Shri Javed Khan Pathan, Proprietor of M/s Silverline Logistics and 'G Card' holder of Customs Broker firm M/s Svarad Logistics (India) Private Limited, as per which, it was noticed that dutiable goods i.e. 'Parboiled Rice' were concealed behind Basmati Rice to evade duties. It was also stated by him that it was being done on his directions. On being asked to comment on the same, he agreed that 'Parboiled Rice' was concealed behind Basmati Rice. He wanted to state that at that time health of his son was not well. Due to the said reasons, he could not monitor the loading.

(xvii). On being apprised that as per the aforementioned statement dated 26.06.2024 of Shri Javed Khan Pathan, it was noticed that in past also some containers were exported using same modus of concealing, and being asked to comment, he stated that they had not done earlier such consignments.

(xviii). On being asked to go through the documents resumed during statement dated 26.06.2024 of Shri Javed Khan Pathan, wherein it was noticed that 'White Rice' had been received from various suppliers, and being asked to comment, he

stated that White Rice/Non-Basmati Raw Rice' was only taken for domestic sales. he agreed that 'White Rice/ Non-Basmati Raw Rice' was prohibited for exports.

(xix). On being asked to produce copies of invoices for domestic sales, he stated that at the time, he was not having copies of invoices for domestic sales.

(xx). On being asked that if such 'White Rice/Non-Basmati Raw Rice' was not for exports, then how the same was found mentioned in mobile phone of Javed Khan Pathan in Whatsapp group 'Jai Hanuman Silverline Godown' and Whether Javed Khan Pathan was also looking after his domestic sales, he stated that self-sealing was being done at M/s Karmbhoomi Enterprise, K-12, Survey No.169, Plot No.17, Near Adani Wilmar Refinery Dhrub, Mundra, Gujarat. The same was not authorized by Customs for self-sealing. He wanted to state that self-sealing permission had been granted to M/s Jai Hanuman Traders for godown located at Kandla. He wanted to state that the present shipment in which 40 containers were on hold by DRI were stuffed from godown at M/s Karmbhoomi Enterprise, Mundra.

(xxi). On being asked why unauthorized godown was being used for loading of Rice in containers, he stated that all rice was stocked at Mundra. There was labor problem at Kandla. Laborers were easily available at Mundra for loading of rice in containers.

(xxii). On being apprised that during investigation being done by the DRI, 04 shipping bills pertaining to your firm (SB No. 1848219 and 1848253 both dated 21.06.2024, 1904569 and 1905955 both dated 24.06.2024) were put on hold in which there were total 40 containers (10 containers in each shipping bill). Samples were also drawn from the said containers during examination conducted by DRI. The test report shows that 'Rice other than Basmati/Parboiled' were packed inside bags which were concealed behind declared bags of Basmati/Parboiled rice. On being asked to comment on the same, he stated that he had gone through all test reports and also received copies of all test reports for goods examined vide panchnama dated 02.07.2024, 03.07.2024, 05.07.2024 and 06.07.2024. He had gone through these test reports for samples drawn vide panchnama dated 02.07.2024, 03.07.2024, 05.07.2024 and 06.07.2024. He was aware that rice other than Basmati Rice (Customs Tariff Head 1006 3020) or Parboiled Rice (Customs Tariff Head 1006 3010) were classified under Customs Tariff Head 1006 3090 which was prohibited for exports vide Notification No. 20/2023, Dated 26th July, 2023. He agreed with the test reports provided by Custom House Laboratory, Kandla.

12. Further statement of Shri Javed Khan Pathan, Proprietor of M/s. Silverline Logistics and also the G-Card holder of Customs Broker M/s Svarad Logistics India Pvt. Ltd., was recorded on 14.08.2024 (**RUD-13**), during which he, interalia, stated that:

(i). On being apprised that during investigation being done by DRI, 04 shipping bills pertaining to their firm (SB No. 1848219 and 1848253 both dated 21.06.2024, 1904569 and 1905955 both dated 24.06.2024) were put on hold in which there were total 40 containers (10 containers in each shipping bill). Samples were also drawn from the said containers during examination conducted by DRI. The test report showed that 'Rice other than

Basmati/Parboiled' were packed inside bags which were concealed behind declared bags of Basmati/Parboiled rice. On being asked to comment on the same, he stated that he had gone through all test reports (copy provided to Shri Pasham Sudhakar Reddy) and he agreed with the test report wherein the goods have been found as Basmati Rice or Parboiled Rice. He also agreed with the report wherein goods have been found as 'White Rice'. However, he believed that most of the reports wherein it had been mentioned that rice was other than Basmati/Parboiled/White Rice, it was actually under the category of Parboiled Rice. He requested that concerned laboratory may be asked about the exact specification of rice where confirmed result had not been provided by the laboratory.

- (ii). On being asked to go through the statement of Shri Pasham Sudhakar Reddy, partner of M/s Jai Hanuman Traders recorded on 14.08.2024, from which it had been observed that goods were not loaded from the specific godown for which self-sealing permission had been obtained, and asked to comment, he stated that that export goods were actually loaded from godown at Mundra i.e. M/s Karmbhoomi Enterprises and not loaded from the godown for which self-sealing permission was obtained.
- (iii). On being asked whether there were any domestic purchase and sales by M/s Jai Hanuman Traders, he stated that he was not involved in domestic sales. He could not ascertain the quantity of domestic sales; however, he agreed that there were domestic sales by M/s Jai Hanuman Traders.
- (iv). On being asked whether there was any other person who was monitoring the exports other than Shri Pasham Sudhakar Reddy from exporter's side or consignee side, he stated that he received enquiry from Shri Bhanu Prakash Manchukonda about delivery of goods. Shri Bhanu Prakash was Director of M/s Manchukonda Agrotech Private Limited and also he was the owner of M/s Aadarsh Food Stuff Trading LLC, UAE.

13. Shri Pasham Sudhakar Reddy, Partner of M/s Jai Hanuman Traders vide their letter dated 21.08.2024(**RUD-14**), submitted that he had agreed to the test reports shown to him during his statement dated 14.08.2024 before DRI. However, he checked the purchase documents with the test reports of CRCL, Kandla, and during checking he came to know that the samples were actually parboiled rice purchased by them, and not white rice. He also enclosed comments of Dy. General Mangar of FCI, Hqrs on representation of UP rice exporters federation (UP REF), which clarifies that steamed rice as parboiled rice. He submitted vide the said letter that most of the reports wherein it has been mentioned that rice is other than Basmati/Parboiled/White, it is actually under the category of Parboiled Rice, and requested that the concerned laboratory, CRCL Kandla, may be asked about the exact specification of rice where confirmed result has not been provided by the laboratory.

14. Therefore, as per the request of the exporter, a letter dated 22.08.2024 (**RUD-15**) was sent to Customs House Laboratory, Customs House, Kandla (CRCL, Kandla), requesting them to clarify the type of rice which is contained in the samples which has been reported as "***the sample is other than Basmati/Parboiled/White Rice***", in their test reports. It was also requested to

clarify that such samples have undergone parboiling or steaming process, in full or partial and can be considered as parboiled rice.

15. The Chemical Examiner Grade-I, Customs House Laboratory, Customs House, Kandla, vide e-mail dated 25.08.2024 (**RUD-16**), submitted their reply in respect of the 46 samples wherein, the samples are reported as "**it is other than Basmati/Parboiled/White Rice**", stating "*it is clarified that in light of Chemist's observations & analytical findings, the above sample are partially gelatinised and not completely gelatinised (as in the case of parboiled rice). It may be due to the partially steaming process (OR) partially boiled to avoid complete gelatinisation for specific uses/purposes. In such a case, it may be considered as partially steamed/ boiled / partially gelatinised (Steam Rice) and hence the actual process involved during the manufacture of the said product may be verified & accordingly final conclusion can be arrived at your end.*"

16. Therefore, as per the clarification of the Customs House Laboratory, Customs House, Kandla, in respect of their test reports wherein, the samples are reported as "**it is other than Basmati/Parboiled/White Rice**", pertaining to the 46 out of the 86 samples drawn from the 40 containers covered under the subject 04 shipping bills, the quantity of each type of rice found in the containers covered under each of the 04 shipping bills is as given in below table:

Table-II

Sr. No.	Shipping Bill No. and Date	Type of Rice	Quantity (in Kgs.)	Value (in Rs.)
1.	1905955 dated 24.06.2024	Parboiled Rice	2,36,800	1,07,57,825
		White Rice	30,000	13,50,000
2.	1904569 dated 24.06.2024	Basmati Rice	42,480	35,43,936
		Parboiled Rice	2,16,080	98,16,514
3.	1848219 dated 21.06.2024	Basmati Rice	40,000	32,04,880
		Parboiled Rice	2,20,000	99,94,600
4.	1848253 dated 21.06.2024	Basmati Rice	40,000	32,04,880
		White Rice	22,000	9,90,000
		Parboiled Rice	1,93,000	87,67,990
Total			10,40,360	5,16,30,625

17. Further, total quantity of each type of rice found in the 40 containers covered under subject 4 Shipping Bills filed by M/s Jai Hanuman Traders at Mundra Customs House, as per the said test reports and the clarification of the Customs House Laboratory, Customs House, Kandla, is as under:

Table-III

Sr. No.	Type of Rice	Quantity (in Kgs.)	Value (in Rs.)
1.	Basmati Rice	1,22,480	99,53,696
2.	Parboiled Rice	8,65,880	3,93,36,929
3.	White Rice	52,000	23,40,000
Total		10,40,360	5,16,30,625

18. Further statement of Shri Pasham Sudhakar Reddy, Partner of M/s Jai Hanuman Traders, was recorded on 30.08.2024 (**RUD-17**), during which he, interalia stated that:

- On being shown his statement dated 14.08.2024, wherein he agreed to the test reports of CRCL, Kandla, and stated that Other than Basmati Rice CTH 10063020) and Parboiled Rice (CTH 10063010), were classified as CTH

10063090, which is prohibited for export vide Notification No. 20/2023 dated 26.07.2023, however, in their letter dated 21.08.2024, they had submitted that the goods in which respect the test reports had shown the goods as "Other than Basmati Rice/White rice/Parboiled Rice", were actually parboiled rice. On being asked to explain the same, he stated the said goods were not White Rice, and were actually parboiled. At the time of the said statement, he was very stressed due to travelling and family issues, hence he could not understand the test reports thoroughly and mistakenly stated that other than Basmati Rice (CTH 10063020) and Parboiled Rice (CTH 10063010), were classified under CTH 10063090. After that, he checked the purchase documents with the test reports of CRCL, Kandla. During the same, he came to know the samples were actually parboiled rice purchased by them for export. Thereafter, he had sent the letter dated 21.08.2024, and requested that the testing lab may please be asked to clarify the actual nature of the Rice in the said samples.

- (ii). On being shown e-mail dated 25.08.2024, of CRCL, Kandla, wherein it had been informed that the 46 samples declared as "It is other than Basmati / White / Parboiled Rice", were partially gelatinized and not completely gelatinized (as in the case of parboiled rice) and it may be considered as partially steamed/ boiled / partially gelatinized (Steam Rice), asked to explain, he stated that he agreed with the said observations of CRCL, Kandla.
- (iii). On being apprised that in the said e-mail of CRCL Kandla, Kandla, it had been informed that the said samples are 'steam rice', however he had stated that it is parboiled rice, and being asked to explain, he stated that Both were parboiled rice only, however, there was difference in producing the same from rice paddy. Steamed rice is produced by milling the rice, which has been steamed in a tank and dried. Boiled rice used hot water instead of steam. In general, parboiled rice which is produced using steaming process is considered better in quality, as the nutrients of the rice remain intact. However, in boiling process, nutritional value is reduced due to water which has been used for boiling, is removed after boiling process.
- (iv). On being asked to explain the process of production of Parboiled Rice, Basmati Rice, and White Rice, which is purchased by their firm, he stated that in production of White Rice, Rice paddy is directly put into the Mill/Huller, and the after removal of husk from the paddy, the remaining product is Brown Rice. The Brown/Semi milled Rice is then polished/whitened, and the final product is White Rice/Wholly milled Rice. No further processing is done on White Rice. Basmati Rice, has specific parameters regarding length and widths, and minimum average length of milled Basmati Rice is 6.61 mm and other parameters. Further, there are many processes of producing Parboiled Rice. In one of the processes, the rice paddy is put in a tank, and then steamed to remove the moisture from the paddy, and then taken out and dried. After that the dried paddy is milled and crushed, to produce the final product. In the other process, the rice is put in a tank, then hot water is filled in the tank, and left for 8-10 hours. After the process, the rice is taken out and dried. After drying the rice is milled to produce the final product. In another process, both steam and hot water, are used to produce the final product, which is parboiled rice. While producing the parboiled rice, one of the above processes are used, as per the demand from their customers. Furthermore, the milling process for producing White Rice, Basmati Rice, and Parboiled Rice, are also different in each type of Rice.

- (v). On being asked what was the type of Rice that they purchased, and were exporting in the subject consignments, he stated that they had purchased parboiled rice from their suppliers, and they were exporting the same in the said consignments.
- (vi). On being asked what type of Rice was being exported in the 04 subject consignments covered under Shipping Bill no. 1848219 dated 21.06.2024, 1848253 dated 21.06.2024 and 1904569 dated 24.06.2024, declared as "Indian Basmati Rice" and 1905955 dated 24.06.2024, declared as "Parboiled Rice", by M/s Jai Hanuman Traders, he stated that in the 03 consignments declared as "Indian Basmati Rice", they were exporting "parboiled rice", behind the bags of Indian Basmati Rice. They had purchased parboiled rice from their suppliers and to avoid payment of Customs duty of 20% applicable on parboiled rice, they declared the same as Indian Basmati Rice. In the consignment declared as parboiled rice, they had exported only parboiled rice, and were exporting the same with payment of applicable duty.
- (vii). On being apprised that it was noticed that a total of 122.48 MT of Basmati Rice valued at around Rs. 1 Cr., had been used as cover cargo to conceal the mis-declared parboiled rice in the consignments covered under Shipping Bill No. 1848219 dated 21.06.2024, 1848253 dated 21.06.2024 and 1904569 dated 24.06.2024, therefore the same was also liable for confiscation under the Customs Act, 1962, he stated that he agreed that that each container, under the shipping bills no. 1848219 dated 21.06.2024, 1848253 dated 21.06.2024 and 1904569 dated 24.06.2024, contained around 80 to 100 bags, having 40/50 Kgs. weight each of basmati Rice, behind which approx. 440 bags of parboiled rice were stuffed by them to evade payment of applicable duty @ 20%.
- (viii). On being asked whether he was aware of export price of White Rice being exported from India, he stated that he was not aware of the export price of White Rice, however average market price of White Rice was around Rs. 40 to 50 Per Kg. However, they did not export white rice and were involved in domestic trading for the same. He purchased the subject lot of white rice at Rs. 45 per Kg, for domestic sale only.
- (ix). On being asked to provide sales invoice in respect of white rice being sold by your firm in domestic market, he submitted copy of 19 sales invoices of white rice sold by his firm, duly signed by him.
- (x). On being apprised that he was stating that they were exporting Parboiled Rice and Indian Basmati Rice, in the above 04 consignments, however as per the test reports, 52 MT (1040 bags each weighing 50 Kgs) White Rice valued at approx. Rs. 23.40 lakhs, had been found under Shipping Bill No. 1905955 dated 24.06.2024 and 1848253 dated 21.06.2024, which was prohibited for export, and being asked to explain the same, he stated that 'White Rice/Non-Basmati Raw Rice' was only purchased for domestic sales only. He agreed that 'White Rice/ Non-Basmati Raw Rice' was prohibited for export. However, due to mistake made by the warehouse staff, the white rice bags were mistakenly stuffed into the container. This mistake occurred because all the goods, including both export and import items, were stored in the same godown in different lots, nearby, to each other, for export and domestic sale purpose.

(xi). On being asked what was the average export price of different type of Rice exported by M/s Jai Hanuman Traders, he stated that Average export price (FOB value) of Basmati Rice, being exported by M/s Jai Hanuman Traders was around 800-900 USD per MT, while the average export price (FOB Value) of Parboiled Rice, was around 450-480 USD per MT.

(xii). He was apprised that as per the test reports, in the consignments declared as "Indian Basmati Rice", under Shipping Bill No. 1848219 dated 21.06.2024, 1848253 dated 21.06.2024 and 1904569 dated 24.06.2024, are having total 220.00 MT, 193.00 MT and 216.08 MT of Parboiled Rice, respectively, which were being exported without payment of duty, by M/s Jai Hanuman Traders, by way of concealment. As per the invoice value provided by M/s Jai Hanuman Traders in the export invoice of the consignment declared as "Parboiled Rice" under Shipping Bill No. 1905955 dated 24.06.2024, total value of the parboiled rice (total quantity 629.08 MT), on which duty had not been paid by them, is Rs. 2,85,79,104/- . On being asked to comment on the same, he stated that he agreed to the same and submitted that he will pay the applicable duty on the value of the parboiled rice which had been found concealed in the consignments declared as Indian Basmati Rice. He further stated that they had paid the applicable duty on the consignment which was declared as parboiled rice.

(xiii). On being asked how many consignments of parboiled rice had been exported by M/s Jai Hanuman Traders in the past, by mis-declaring the same, without payment of duty, he stated that they had exported around 30 containers (03 consignments) of parboiled rice, in the past, by mis-declaring the same as Basmati Rice, to evade Customs Duty @ 20% on the said consignments. In the said consignments, they had exported 440 bags of parboiled rice, concealing the same behind 80 bags of declared Basmati Rice, in each container. Approx. quantity of Parboiled Rice, exported by them by way of mis-declaration was around 660 MT, and value of the same was around Rs. 3 Crores. Thus, total duty evaded by them in those consignments was around 60 Lakhs. He accepted their mistake and assured that He would make the payment of said duty at the earliest possible. He would provide the shipping bills of past consignments, within a week's time.

(xiv). On being asked if he had anything else to state, he stated that he did not have anything else to state. He accepted that they had mis-declared parboiled rice as Indian Basmati Rice and tried to export 639.10 MT of parboiled Rice valued at Rs. 2,85,79,104/- in the 3 live consignments, by evading Customs Duty @ 20%. He will make the payment of the applicable duty along with interest as applicable. He also accepted that they had also exported around 660 MT of parboiled rice valued at around 3 Cr. in the past by evading applicable customs duty @ 20% i.e. approx. Rs. 60 Lakhs, during March-2024 to May-2024. He submitted that He will deposit the Customs Duty evaded in the past consignments also, at the earliest possible.

19. The exporter, M/s Jai Hanuman Traders, vide their letter dated 09.09.2024 informed the DRI, that they had paid the applicable customs duty of Rs. 81.69 Lakhs approx. against subject four Shipping Bill Nos. 1848219 & 1848253, both dated 21.06.2024 and 1904569 & 1905955 both dated 24.06.2024 as per the test reports of CRCL Kandla. Further, M/s Jai Hanuman Traders requested for provisional release of cargo covered under Shipping Bills bearing no. 1848219 & 1848253, both dated 21.06.2024 and 1904569 & 1905955 both dated 24.06.2024 as the goods

were perishable and may be damaged, putting them at risk of order cancellation by the buyer, which might result in a significant financial loss and potential huge demurrage costs, vide the aforementioned letter.

20. Accordingly, after approval of the competent authority, request of the importer for provisional release was forwarded to the jurisdictional Custom Authority, i.e. Pr. Commissioner of Customs, Customs House, Mundra, with a request that the goods covered under container no. CAXU6843310 covered under shipping bill no. 1848253 dated 21.06.2024, and container no. TCKU2477098 and EISU3804194, both covered under shipping bill no. 1905955 dated 24.06.2024 respectively, wherein White Rice, which was prohibited for export as per Circular No. 01/2011-Customs dated 04.01.2011, was found, may not be released to the exporter.

Findings of the investigation

21. Intelligence gathered by the Directorate of Revenue Intelligence (DRI), Gandhidham Regional Unit, indicated that M/s Jai Hanuman Traders (IEC: AATFJ1328H), having address at '3rd Floor, 1-8-31 TO 41, Kapadia Towers, PG Road, Sindhi Colony, BapuBagh Colony, Secunderabad, Hyderabad, Telangana – 500003, filed three Shipping Bill no. 1848219 & 1848253 both dated 21.06.2024 and Shipping Bill No. 1904569 dated 24.06.2024, declared as Indian Basmati Rice, and one shipping bill no. No. 1905955 dated 24.06.2024 declared to contain "parboiled rice", at Mundra Customs House, which have been mis-declared by the said exporter.

22. It was gathered that actual goods contained in 30 containers, covered under Shipping Bill no. 1848219 & 1848253 both dated 21.06.2024 and Shipping Bill No. 1904569 dated 24.06.2024 declared as Indian Basmati Rice are mix of 'Non-Basmati - Parboiled Rice' and "Non-Basmati-White Rice", whereas, actual goods covered under Shipping Bill No. 1905955 dated 24.06.2024 were "White Rice". The intelligence indicated that the said consignment declared as Basmati Rice were containing parboiled rice to evade 20% Customs Duty applicable on the same, and also White Rice, which were prohibited for export, whereas, the consignment declared as Parboiled Rice was containing White Rice, prohibited for export.

23. During the investigation, search was carried out at the office of M/s Silverline Logistics. Further, during statement dated 26.06.2024, chats related to export of Rice by M/s Jai Hanuman Traders, were found. In the subject chats, it was noticed that the warehouse at Mundra taken by M/s Silverline Logistics for the exporter. Further, employees of M/s Silverline logistics, were looking after the loading unloading of the goods at the said godown, with various chats related to loading of white rice and parboiled rice. From the said chats, it appeared that Shri Javed Khan Pathan was aware of the mis-declaration by M/s Jai Hanuman Traders, in the export of Basmati and parboiled rice, still Shri Pathan claimed reliance on the exporter's provided documents. In the said Whatsapp chats, a group namely 'Jai Hanuman Silverline Godown' on WhatsApp was used for coordination between various parties involved in the export operations of M/s Jai Hanuman Traders. Members included staff responsible for warehouse operations and logistics, such as Shri Nadeem, who handled container loading at the godown rented by M/s Jai Hanuman Traders.

24. Acting upon the intelligence, examination of the 40 containers covered under the said 4 shipping bills was carried out and representative samples were drawn from the said containers, which were then sent to Customs House Laboratory, Customs House, Kandla for testing. From the test reports submitted by the Customs House Laboratory, Customs House, Kandla, it appeared that a total **818.33 MT** (16567 PP bags) of Non-Basmati Rice (**Other than Basmati/Parboiled/White Rice**) having value of approx. Rs. 3.27 Cr., been mis-declared as Indian Basmati Rice/Parboiled Rice in the 3 Shipping Bills declared as Indian Basmati Rice, while a total **52.000 MT** (1040 PP bags) of "White Rice" having market value of approx. Rs. 0.23 Cr. was found mis-declared as Indian Basmati Rice under shipping bills No. 1848253 dated 21.06.2024.

25. Further, it appeared that a total **47.550 MT** (951 PP bags) of Parboiled Rice having value of approx. Rs. 0.21 Cr under Shipping Bill no. 1905955 dated 24.06.2024 and a total **122.48 MT** (2502 PP bags) of Basmati Rice having value of approx. 1 Cr. under shipping bills bearing no. 1848219 & 1848253, both dated 21.06.2024 and 1904569 dated 24.06.2024, had been used as cover cargo for concealment of Non-Basmati Rice and White Rice, thus the same was also liable for confiscation.

26. In his initial statement, Shri Javed Khan Pathan, G Card Holder of Customs Broker M/s Svarad Logistics, stated that he prepared the shipping documents based on the details provided by the exporter, M/s Jai Hanuman Traders, managed by Shri Pasham Sudhakar Reddy. He explicitly claimed that the exporter had declared the rice as Basmati rice in all related documents, and he, therefore, filed them accordingly. Shri Javed Khan Pathan asserted that he had no direct involvement in verifying the physical characteristics or type of the exported goods. Further, he emphasized that his role was limited to documentation and compliance with formalities. He claimed ignorance of any potential mis-declaration and pointed out that he relied entirely on the description provided by the exporter.

27. Further, in his initial statement, Shri Pasham Sudhakar Reddy, proprietor of M/s Jai Hanuman Traders, stated that the consignments exported under the guise of Basmati rice were, in fact, parboiled rice. He acknowledged the mis-declaration and attributed it to stress and an oversight during the preparation of the export documents. He explained that due to the urgency of meeting shipment deadlines and managing multiple tasks, the error occurred unintentionally. Shri Reddy claimed that there was no intent to defraud or evade duties. He accepted the test reports of the CRCL analysis and assured his cooperation with the investigation.

28. In the subsequent statement, Shri Javed Khan Pathan addressed the findings of test reports of the CRCL, Kandla. The reports had confirmed that the exported rice was not Basmati but parboiled rice. Shri Pathan acknowledged that he was informed about these findings and was questioned about the accuracy of the filed shipping documents. He reiterated that he had no role in physically inspecting the goods and had relied solely on the declarations provided by Shri Reddy. Shri Pathan also expressed surprise and disappointment at the discrepancy and stressed that he had no motive or intention to mis-declare the consignment. He further clarified that he had acted

in good faith, trusting the exporter's information, and would have raised objections had he been aware of the mis-declaration.

29. M/s Jai Hanuman Traders through its partner Shri Pasham Sudhakar Reddy, sent a letter dated 21.08.2024 acknowledging that during his earlier statement to the Directorate of Revenue Intelligence (DRI) on 14.08.2024, he had agreed to the findings of the test reports shared with him. However, upon subsequent verification of the purchase documents and test reports from CRCL, Kandla, he claimed to have realized that the sampled rice was parboiled rice purchased by them and not white rice as indicated. To support his assertion, Shri Pasham Sudhakar Reddy enclosed comments from the Deputy General Manager of Food Corporation of India (FCI) Headquarters, provided in response to a representation by the Uttar Pradesh Rice Exporters Federation (UP REF). The said comments clarified that steamed rice is considered a type of parboiled rice, thus aligning with the type of rice they procured.
30. Shri Pasham Sudhakar Reddy in the said letter contended that in several test reports where it had been stated that the rice does not fall under the categories of Basmati, Parboiled, or White rice, the actual classification should be as Parboiled Rice. He emphasized that the laboratory results might not fully account for this distinction and requested the DRI to seek clarification from CRCL, Kandla, regarding the precise specifications of the rice, particularly in cases where the laboratory results have not definitively confirmed the categorization.
31. Accordingly, clarification in respect of the same was sought from CRCL, Kandla, which was provided vide e-mail dated 25.08.2024, submitting that "*samples where it has been reported as "it is other than Basmati/Parboiled/White Rice", were partially gelatinised and not completely gelatinised (as in the case of parboiled rice). It may be due to the partially steaming process (OR) partially boiled to avoid complete gelatinisation for specific uses/purposes. In such a case, it may be considered as partially steamed/ boiled / partially gelatinised (Steam Rice).*"
32. Accordingly, as per the said clarification, it appeared that the exporter had exported had mis-declared parboiled rice as Indian Basmati Rice and tried to export 639.10 MT of parboiled Rice valued at Rs. 2,85,79,104/- in the 3 Shipping Bills declared as Indian Basmati Rice, by evading Customs Duty @ 20%. Further, it also appeared that M/s Jai Hanuman Traders, tried to export 52 MT of White Rice valued at approx. Rs. 23.40 lakhs, under Shipping Bill No. 1905955 dated 24.06.2024 and 1848253 dated 21.06.2024, which was prohibited for export as per notification no. 20/2023 dated 20.07.2023.
33. In his further statement, Shri Pasham Sudhakar Reddy, he acknowledged that the consignment contained parboiled rice, not Basmati, and that the declaration in the shipping documents was incorrect. He admitted to negligence in verifying the type of rice being exported. Shri Pasham Sudhakar Reddy clarified that while the consignments were prepared at his facility, he did not personally inspect or verify the rice. Instead, he relied on his staff and assumed that the goods matched the declared description. Upon being confronted with the mis-declaration, he expressed regret and acknowledged the lapse in

oversight. Further, Shri Pasham Sudhakar Reddy accepted his mistake and assured to pay the duty differential along with interest, amounting to Rs. 81.69 lakhs. He expressed his willingness to cooperate fully with the authorities to resolve the matter and prevent similar errors in the future.

34. In his further statement, Shri Javed Khan Pathan elaborated on the operational procedures followed in handling such consignments. He outlined the steps taken to coordinate with various stakeholders, including the exporter, freight forwarders, and port authorities. Shri Pathan detailed the documentation process, including the preparation of the shipping bill, invoice, and packing list. He also highlighted his professional integrity, emphasizing that as a CHA, his job was to ensure accurate documentation based on the provided inputs. Shri Javed Khan Pathan stated that he did not have any direct or indirect financial interest in the export transactions and had no knowledge of the exporter's motivations or intent to mis-declare the goods. He emphasized his cooperation with the investigation and pledged to provide further assistance if required.
35. From the facts discussed above, it is clear that the mis-declaration was not merely an oversight but a calculated decision to evade duties by the exporter M/s Jai Hanuman Traders. The exporter's admission, while it has resulted in the payment of the owed duty, does not negate the fact that customs duties were deliberately evaded. The total amount of customs duty evaded, including the 81.69 lakhs associated with the current investigation, is substantial, due to such mis-declaration of goods, which rendered the said goods liable for confiscation under the provisions of the Customs Act, 1962.

Confiscation of the goods:

36. M/s. Jai Hanuman Traders mis-declared parboiled rice as Indian Basmati Rice and tried to export **639.10 MT** of parboiled Rice valued at Rs. 2,85,79,104/- (**as per value declared in the shipping bill no. 1905955 dated 24.06.2024 declared to contain parboiled rice**), in the 3 Shipping Bills declared as Indian Basmati Rice, by evading Customs Duty @ 20%. Therefore, the said goods appeared to be liable to be confiscated under the **Section 113 (i)** of the Customs Act, 1962. Further M/s Jai Hanuman Traders, tried to export **52 MT** of White Rice valued at approx. Rs. 23.40 lakhs (**based on the price of the white rice being traded locally by M/s Jai Hanuman Traders**), under Shipping Bill No. 1905955 dated 24.06.2024 and 1848253 dated 21.06.2024, which was prohibited for export as per notification no. 20/2023 dated 20.07.2023, which also appeared to be liable to be confiscated under the **Section 113(d)** of the Customs Act, 1962.
37. Furthermore, a total **47.550 MT** of Parboiled Rice having value of approx. Rs. 0.21 Cr under Shipping Bill no. 1905955 dated 24.06.2024 and a total **122.48 MT** of Basmati Rice having value of approx. 1 Cr. (**as per value declared in the 3 Shipping Bills declared to contain Basmati Rice**) under shipping bills bearing no. 1848219 & 1848253, both dated 21.06.2024 and 1904569 dated 24.06.2024, which was used as cover cargo for concealment of White Rice, and Parboiled Rice, thus the same appeared to liable for confiscation under Section 119 of the Customs Act, 1962.

Demand of Duty:

38. Section 28 (4) of the Customs Act, 1962, which is being reproduced below, states that:

“Section 28. Recovery of duties not levied or not paid or short-levied or short-paid or erroneously refunded. -

.....
(4) *Where any duty has not been levied or not paid or has been short-levied or short-paid or erroneously refunded, or interest payable has not been paid, part-paid or erroneously refunded, by reason of, -*

- (a) *collusion; or*
- (b) *any wilful mis-statement; or*
- (c) *suppression of facts,*

by the importer or the exporter or the agent or employee of the importer or exporter, the proper officer shall, within five years from the relevant date, serve notice on the person chargeable with duty or interest which has not been so levied or not paid or which has been so short-levied or short-paid or to whom the refund has erroneously been made, requiring him to show cause why he should not pay the amount specified in the notice.
.....”

39. As per the investigation carried out by the DRI, total quantity of each type of rice, being exported by M/s Jai Hanuman Traders, under the subject 4 Shipping Bills No. 1848219 & 1848253, both dated 21.06.2024 and 1904569 & 1905955 both dated 24.06.2024, is as given in below table:

Table-IV

Sr. No.	Type of Rice	Quantity (in Kgs.)	Value (in Rs.)
1.	Basmati Rice	1,22,480	99,53,696
2.	Parboiled Rice	8,65,880	3,93,36,929
3.	White Rice	52,000	23,40,000
Total		10,40,360	5,16,30,625

40. Export of parboiled rice was allowed subject to payment of 20% Customs duty on the same, as per notification no. 49/2023-Customs dated 25th August, 2023 issued by the CBIC. Therefore, parboiled rice having quantity, **8,65,880 Kgs.**, being exported under the subject 4 Shipping Bills by M/s Jai Hanuman Traders, having approx. value of **Rs. 3,93,36,929/-** (as per value declared in the shipping bill no. 1905955 dated 24.06.2024 declared to contain parboiled rice) was liable for total duty amounting to **Rs. 78,67,386/-**, out of which 639.10 MTS of parboiled rice, valued at approx. 2,85,79,104/- attracting total duty of Rs. 57,15,821/- was mis-declared as Basmati Rice, while remaining was declared as parboiled rice, under Shipping Bill No. 1905955 dated 24.06.2024, duty amounting to Rs. **24,53,520/-** was paid. Further, in the Shipping Bill no. 1905955 dated 24.06.2024 declared as parboiled rice, 30 MT of white rice was found, during investigation, on which they had made payment of duty, however the same was prohibited for export. Therefore, total duty on parboiled rice, appeared to be Rs. 81.69 Lakhs approx.

41. Therefore, M/s Jai Hanuman Traders, appeared to be liable for payment of differential Customs Duty as discussed above. M/s Jai Hanuman Traders vide their letter dated 09.09.2024 informed the DRI that they had paid the

applicable customs duty of approx. **Rs. 81.69 Lakhs**, against subject four Shipping Bill Nos. 1848219 & 1848253, both dated 21.06.2024 and 1904569 & 1905955 both dated 24.06.2024, against the total duty in respect of the subject 4 Shipping Bills.

Role played by various firms/persons:

42. M/s Jai Hanuman Traders (IEC: AATFJ1328H) (Exporter)::

42.1 The Directorate of Revenue Intelligence (DRI), Gandhidham Regional Unit, gathered intelligence indicating that M/s Jai Hanuman Traders, having address at '3rd Floor, 1-8-31 TQ 41, Kapadia Towers, PG Road, Sindhi Colony, BapuBagh Colony, Secunderabad, Hyderabad, Telangana – 500003, misdeclared goods in four shipping bills filed at Mundra Customs House. Three of these shipping bills (nos. 1848219 and 1848253 dated 21.06.2024, and no. 1904569 dated 24.06.2024) were declared to contain Indian Basmati Rice, while one (no. 1905955 dated 24.06.2024) was declared as parboiled rice. It was discovered that the actual goods comprised a mix of non-basmati parboiled rice and white rice, items subject to different export restrictions and duties. Specifically, parboiled rice was liable to a 20% customs duty, while white rice was prohibited for export.

42.2 Upon investigation by DRI, it was found that 30 containers under the first three shipping bills held 818.33 MT of non-basmati rice, which was misdeclared as basmati rice, with a market value of approximately approx. Rs. 3.27 crores. Additionally, 52 MT of white rice, valued at approx. Rs. 23 lakhs, was misdeclared under shipping bill no. 1848253 Dt 21.06.2024. Similarly, under shipping bill no. 1905955Dt 24.06.2024, 47.55 MT of parboiled rice worth ₹21 lakhs and 122.48 MT of basmati rice worth ₹1 crore were used as cover cargo for concealing prohibited and misdeclared items, making them liable for confiscation.

42.3 During the investigation, Shri Javed Khan Pathan, G Card Holder for the Customs Broker M/s Svarad Logistics, stated that he had prepared the shipping documents based on the exporter's declaration and had no role in verifying the physical characteristics of the goods. He emphasized that his role was limited to documentation, asserting his ignorance of any misdeclaration. Shri Pasham Sudhakar Reddy, proprietor of M/s Jai Hanuman Traders, admitted that the consignments were indeed parboiled rice misdeclared as basmati rice, attributing this to stress and oversight during document preparation. He acknowledged the findings of the CRCL test reports and cooperated with the investigation.

42.4 Later, Shri Pasham Sudhakar Reddy sent a letter explaining that the misdeclared rice might actually be classified as parboiled rice, based on comments from the Food Corporation of India (FCI). Clarification was sought from CRCL, Kandla, which confirmed that the rice in question was partially gelatinized, consistent with partially steamed or boiled rice. Based on this, it was determined that 639.10 MT of parboiled rice, valued at ₹2.85 crores, had been misdeclared as basmati rice to evade 20% customs duty. Additionally, 52

MT of white rice, prohibited for export, was attempted to be exported under false declarations.

42.5 M/s. Jai Hanuman Traders mis-declared parboiled rice as Indian Basmati Rice and tried to export **639.10 MT** of parboiled Rice valued at Rs. 2,85,79,104/- in the 3 Shipping Bills declared as Indian Basmati Rice, by evading Customs Duty @ 20%. Therefore, the said goods appeared to be liable to be confiscated under the **Section 113 (i)** of the Customs Act, 1962. Further M/s Jai Hanuman Traders, tried to export **52 MT** of White Rice valued at approx. Rs. 23.40 lakhs, under Shipping Bill No. 1905955 dated 24.06.2024 and 1848253 dated 21.06.2024, which was prohibited for export as per notification no. 20/2023 dated 20.07.2023, which also appeared to be liable to be confiscated under the **Section 113(d)** of the Customs Act, 1962. Therefore, by the acts of omissions and commissions as discussed above, M/s Jai Hanuman Traders appear to have made themselves liable for penalty under **Section 114(i)** of the Customs Act, 1962.

42.6 Further, M/s. Jai Hanuman Traders mis-declared parboiled rice as Indian Basmati Rice and tried to export **639.10 MT** of parboiled Rice valued at Rs. 2,85,79,104/- in the 3 Shipping Bills declared as Indian Basmati Rice, by evading Customs Duty @ 20%. Total duty sought to be evaded by the exporter was Rs 57,15,821/-. Therefore, the said goods appeared to be liable to be confiscated under the **Section 113 (i)** of the Customs Act, 1962. Therefore, by the acts of omissions and commissions as discussed above, M/s Jai Hanuman Traders appear to have made themselves liable for penalty under Section **114(ii)** and **Section 114A** of the Customs Act, 1962.

42.7 It further appears that by such acts and omissions, the exporter has knowingly and intentionally made/signed/used the export document (Shipping Bill etc.) and other related documents, which were false or incorrect in material particular for the purposes of evading applicable Customs duty and export prohibition, therefore it appears that they are also liable to penalty under Section **114AA** of the Customs Act, 1962.

43. Shri Pasham Sudhakar Reddy, partner of M/s Jai Hanuman Traders (Exporter):

43.1 Shri Pasham Sudhakar Reddy, partner of M/s Jai Hanuman Traders, played a pivotal role in the misdeclaration of goods intended for export under four shipping bills filed at Mundra Customs House. As the main person handling the exporter, he was directly responsible for the consignments, which included 818.33 MT of non-basmati rice misdeclared as basmati rice, 52 MT of prohibited white rice, and 47.55 MT of parboiled rice misdeclared as basmati rice. These misdeclarations aimed to evade export restrictions and customs duties.

43.2 During the investigation, Shri Reddy admitted to the discrepancies, acknowledging that the consignments labelled as basmati rice actually contained parboiled and white rice. He attributed the misdeclaration to stress and oversight during documentation. He cooperated with the investigation, admitting the findings of the CRCL test reports that confirmed the nature of the goods. Shri Reddy later clarified that the misdeclared rice might fall under the category of parboiled rice, based on feedback from the Food Corporation of India

(FCI). Further verification by CRCL, Kandla, corroborated this claim, confirming the rice was partially gelatinized and consistent with parboiled rice.

43.3 Shri Reddy accepted the determination that 639.10 MT of parboiled rice, valued at ₹2.85 crores, was misdeclared to evade 20% customs duty, thereby rendering himself liable to penalty under Sec 114(ii) of the Customs Act. Additionally, he acknowledged the presence of 52 MT of white rice, which is prohibited for export, thereby rendering himself liable to penalty under Sec 114(i) of the Customs Act. He expressed regret for his actions and assured full payment of the evaded duty amounting to ₹81.69 lakhs, including interest. He also emphasized his commitment to ensuring such errors would not occur in the future.

43.4 Shri Reddy's admissions and willingness to cooperate reflect his acceptance of responsibility. However, the deliberate nature of the misdeclaration, aimed at evading customs duties and export regulations, underscores his central role in the offense, which rendered the goods liable for confiscation under the Customs Act, 1962. Therefore, Shri Reddy appears to be liable for penal action under the provisions of Customs Act, 1962.

43.5 Therefore, by the said acts of omissions and commission, Shri Pasham Sudhakar Reddy appears to have rendered himself liable for penalty under **Section 114 (i) and 114(ii)** of the Customs Act, 1962.

43.6 It further appears that by such acts and omissions, Shri Pasham Sudhakar Reddy has knowingly and intentionally made/signed/used the export document (Shipping Bill etc.) and other related documents, which were false or incorrect in material particular for the purposes of evading applicable Customs duty and export prohibition, therefore it appears that they are also liable to penalty under **Section 114AA** of the Customs Act, 1962.

44. Shri Javed Khan Pathan, G Card Holder of CHA M/s Svarad Logistics India Pvt. Ltd, and proprietor of M/s Silverline Logistics, Forwarder Firm

44.1 Shri Javed Khan Pathan held dual roles that significantly influenced the misdeclaration of export consignments at Mundra Customs House. As a G-Card holder under the CHA license of M/s Svarad Logistics, he was entrusted with substantial responsibilities, including overseeing the preparation and filing of shipping documents and ensuring compliance with customs regulations. Simultaneously, he was the proprietor of the freight forwarder firm, M/s Silverline Logistics, further expanding his involvement in the logistical chain of the export consignments.

44.2 In his capacity as a G-Card holder, Shri Javed Khan Pathan was responsible for scrutinizing and verifying the shipping bills and other declarations submitted by the exporter, M/s Jai Hanuman Traders. The shipping bills described the exported goods as basmati rice, but subsequent investigations revealed that the consignments included 818.33 MT of non-basmati rice, 52 MT of prohibited white rice, and 47.55 MT of parboiled rice, which were misdeclared to evade export restrictions and customs duties. His failure to ensure the accuracy of the declared goods constitutes a breach of the duties entrusted to him as a G-Card holder.

44.3 As the proprietor of M/s Silverline Logistics, a freight forwarding firm, Shri Javed Khan Pathan was also responsible for the coordination and movement of the consignments. This dual involvement created an overlapping role in the export process, increasing his accountability for any irregularities. It was expected of him, as both a G-Card holder and a freight forwarder, to exercise due diligence and verify the accuracy of the export declarations. However, his oversight facilitated the clearance of misdeclared and prohibited goods.

44.4 During the investigation, search was carried out at the office of M/s Silverline Logistics. Further, during statement dated 26.06.2024 of Shri Javed Khan Pathan, chats related to export of Rice by M/s Jai Hanuman Traders, were found in his phone. In the subject chats, it was noticed that the warehouse at Mundra taken by M/s Silverline Logistics for the exporter. Further, employees of M/s Silverline logistics, were looking after the loading unloading of the goods at the said godown, with various chats related to loading of white rice and parboiled rice. From the said chats, it appeared that Shri Javed Khan Pathan was aware of the mis-declaration by M/s Jai Hanuman Traders, in the export of Basmati and parboiled rice, still Shri Pathan claimed reliance on the exporter's provided documents. In the said Whatsapp chats, a group namely 'Jai Hanuman Silverline Godown' on WhatsApp was used for coordination between various parties involved in the export operations of M/s Jai Hanuman Traders. Members included staff responsible for warehouse operations and logistics, such as Shri Nadeem, who handled container loading at the godown rented by M/s Jai Hanuman Traders.

44.5 In the said group chat, image sent on 21.06.2024 by "Nadeem Miyana Warehouse Rice" showed container loading details for Invoice Nos. JH019 and JH020, which were the invoices for For Shipping Bills Nos. 1848219 and 1848253, dated 21.06.2024, the brands mentioned for the respective containers were "Prabal Sky Blue," "Prabal Black," "Prabal Red," "Prabal Blue," "Local," "Jira Kasala," and "Swastik", however, the said shipping bills were declared to contain Indian Basmati Rice. During the investigation, most of the rice in the said 2 shipping bills was found to be Parboiled Rice. Shri Javed Khan Pathan admitted that it was sent by his staff, who managed the loading at the godown, however he claimed to be unaware of the said discrepancies and stated that the goods were provided by the suppliers of M/s Jai Hanuman Traders.

44.6 In the same chat, an image sent by "Nadeem Miyana Warehouse Rice" on 24.06.2024 showed container loading details for Invoice No. JH022, brand named "Prabal Blue," "Prabal Black," "Prabal Red," and "Swastik", however, for the shipping bill no. 1904569, in respect of the said invoice, the declared goods included only "Swastik" and "Nawaab" brands. The image revealed three additional brands ("Prabal Blue," "Prabal Black," and "Prabal Red") loaded into the container but not declared in the shipping bill. During the investigation also, the container covered under the said shipping bill were found to contain mostly parboiled rice. Shri Pathan admitted that only "Swastik" brand was basmati rice, while the remaining brands were of parboiled rice. He confessed that this misdeclaration was carried out under instructions from Shri Sudhakar Reddy of M/s Jai Hanuman Traders.

44.7 Further, during the search at the said godown, no stock register or any other document related to the goods found at the said premises was found. Therefore, the said facts clearly show that there was active coordination between Shri Pathan, and M/s Jai Hanuman Traders, therefore evidencing Shri Pathan's awareness of and involvement in the fraudulent practices.

44.8 The evidence as per the said chat and other documents found during the investigation indicated that Shri Pathan's actions contributed to the misdeclaration and subsequent export of prohibited goods, rendering him liable to penal action under the Customs Act, 1962. His dual roles as a G-Card holder and freight forwarder increased the scope of his responsibilities and the expectation of due diligence, which he failed to meet.

44.9 Therefore, by the said acts of omissions and commission, Shri Javed Khan Pathan appears to have rendered himself liable for penalty under **Section 114 (i) and 114(ii)** of the Customs Act, 1962.

44.10 It further appears that by such acts and omissions, Shri Javed Khan Pathan has knowingly and intentionally made/signed/used the export document (Shipping Bill etc.) and other related documents, which were false or incorrect in material particular for the purposes of evading applicable Customs duty and export prohibition, therefore it appears that they are also liable to penalty under **Section 114AA** of the Customs Act, 1962

45. M/s. Svarad Logistics India Pvt. Ltd. (Customs Broker/CHA):

45.1 M/s Svarad Logistics India Pvt. Ltd., the Customs broker/CHA responsible for handling the shipping documentation for M/s Jai Hanuman Traders, played a pivotal role in facilitating the fraudulent export operations of M/s Jai Hanuman Traders. Acting as the customs broker for these transactions, M/s Svarad Logistics was entrusted with the responsibility of ensuring compliance with customs regulations, including accurate declarations of goods in shipping documents. However, evidence from shipping bills, WhatsApp chats, and the statements of individuals involved indicates that the company was complicit in the misdeclaration of export consignments to evade customs duties.

45.2 Investigation revealed that the shipping bills filed by M/s Svarad Logistics India Pvt. Ltd. described the consignments as basmati rice/parboiled rice, whereas the actual goods included 122.48 MT of Basmati rice, 52 MT of prohibited white rice, and 865.88 MT of parboiled rice, wherein 639.10 MT of parboiled rice, valued at ₹2.85 crores, was misdeclared to evade 20% customs duty, along with aforementioned quantity the white rice, which was prohibited for export. The misdeclaration enabled the exporter to evade export restrictions and customs duties. While the CHA is expected to exercise due diligence in verifying the details provided by the exporter, M/s Svarad Logistics accepted the exporter's declaration without proper scrutiny.

45.3 The company handled customs clearance for M/s Jai Hanuman Traders, preparing and filing shipping bills for export consignments. Their role included coordinating the documentation and facilitating inspections at the port. Despite being aware of irregularities in the cargo, they filed shipping bills declaring only basmati rice as the goods being exported. Evidence shows that containers also included non-basmati parboiled rice, which attracted an export duty of 20%. By mis-declaring these goods as basmati rice, the company enabled M/s Jai Hanuman Traders to evade the applicable customs duties.

45.4 In Shipping Bill No. 1904569 for Invoice No. JH022, where the declared goods were limited to the "Swastik" brand of basmati rice. However, WhatsApp chats reveal that additional brands such as "Prabal Blue," "Prabal Black," and "Prabal Red" were also loaded into the container. Despite this knowledge, M/s Svarad Logistics did not amend the shipping bill to reflect the accurate cargo

composition. Similar discrepancies were found in Shipping Bills Nos. 1848219 and 1848253, corresponding to Invoice Nos. JH019 and JH020, where only "Swastik" basmati rice was declared, but other non-basmati brands such as "Sky Blue" and "Jira Kasala" were also present in the consignment. This modus operandi of concealing non-basmati rice behind basmati rice in the containers was carried out with the active involvement of M/s Svarad Logistics.

45.5 Statements and chats reveal that the staff at M/s Svarad Logistics, including G Card holder Javed Khan Pathan, were aware of the misdeclaration. Javed Khan Pathan admitted that the non-basmati rice was concealed behind basmati rice in the containers under the instructions of Shri Sudhakar Reddy of M/s Jai Hanuman Traders. Despite being alerted to these practices, no corrective action was taken to ensure compliance with customs laws. Instead, the company facilitated the clearance of approximately 70-80 such containers through this fraudulent method.

45.6 The evidence indicates that M/s Svarad Logistics was not merely negligent but actively complicit in the evasion of customs duties by M/s Jai Hanuman Traders. Their failure to amend shipping bills despite clear discrepancies, combined with their facilitation of shipments involving misdeclared goods, highlights their central role in the execution of these fraudulent practices.

45.7 As discussed above, the actions of M/s Svarad Logistics were instrumental in enabling the export of misdeclared and prohibited items, rendering them liable to penal action under the Customs Act, 1962. While the CHA's involvement may not have been deliberate, its negligence and lack of oversight contributed to the violation of customs laws.

45.8 Therefore, by the said acts of omission and commission, M/s. Svarad Logistics India Pvt. Ltd. appear to have rendered themselves liable for penalty under **Section 114 (i) and 114(ii)** of the Customs Act, 1962.

46. Now therefore, **M/s. Jai Hanuman Traders**, having address at `3rd Floor, 1-8-31 TO 41, Kapadia Towers, PG Road, Sindhi Colony, Bapu Bagh Colony, Secunderabad, Hyderabad, Telangana – 500003, are hereby called upon to show cause to the Pr. Commissioner of Customs, Custom House Mundra having his office at 5B, Port User Building, Mundra Port, Mundra, Kutch, Gujarat-370421 within 30 (Thirty) days from the receipt of this notice, as to why:-

- (i) **639.10 MTS** of parboiled Rice valued at **Rs. 2,85,79,104/-**, found to have been mis-declared as Indian Basmati Rice in Shipping Bill no. 1848219, 1848253 both dated 21.06.2024 and Shipping Bill No. 1904569 dated 24.06.2024; **52.000 MTS** of "**White Rice**" having market value of approx. **Rs. 0.23 Cr.** found mis-declared as Indian Basmati Rice and Parboiled Rice under shipping bills No. 1848253 dated 21.06.2024 and 1905955 dated 24.06.2024 respectively, should not be confiscated under **Section 113 (i)** and **Section 113(d)** of the Customs Act, 1962 respectively.

(ii) **122.48 MTS** of Basmati Rice having value of approx. **Rs. 1 Cr.** under shipping bills bearing no. 1848219 & 1848253, both dated 21.06.2024 and 1904569 dated 24.06. 2024 and **47.550 MT** of Parboiled Rice having value of approx. **Rs. 0.21 Cr** under Shipping Bill no. 1905955 dated 24.06.2024, used as cover cargo for concealment of Non-Basmati Rice and White Rice, should not be confiscated under **Section 119** of Customs Act, 1962.

(iii) Differential Duty amounting to **Rs. 57,15,821/-**, on **639.10 MTS** of parboiled Rice valued at **Rs. 2,85,79,104/-**, found to have been mis-declared as Indian Basmati Rice should not be demanded and recovered under Section 28(4) of the Customs Act, 1962. Further, Duty deposited by the exporter, amounting to **Rs. 57,15,821/-**, should not be appropriated against the said demand.

(iv) Interest at appropriate rate should not be demanded and recovered on the duty demanded at (iii) above under Section 28AA of the Customs Act, 1962.

(v) Penalty should not be imposed upon them under Sections 114(i), Section 114(ii), Section 114A and Section 114AA of the Customs Act, 1962, separately.

47. Now therefore, **Shri Pasham Sudhakar Reddy**, partner of M/s Jai Hanuman Traders, 3rd Floor, 1-8-31 TO 41, Kapadia Towers, PG Road, Sindhi Colony, Bapu Bagh Colony, Secunderabad, Hyderabad, Telangana – 500003, is hereby called to show cause the Pr. Commissioner of Customs, Custom House Mundra having his office at 5B, Port User Building, Mundra Port, Mundra, Kutch, Gujarat-370421 within 30 (Thirty) days from the receipt of this notice, as to why: -

(i) Penalty should not be imposed upon them under Section 114(i), 114(ii) and 114AA of the Customs Act, 1962, separately.

48. Now therefore, **Shri Javed Khan Pathan**, G Card Holder of CHA M/s Svarad Logistics India Pvt. Ltd. and proprietor of M/s Silverline Logistics, Second Floor, Office No. 213/214, Mani Complex, Plot No. 84, Sector-8, Gandhidham, is hereby called to show cause the Pr. Commissioner of Customs, Custom House Mundra having his office at 5B, Port User Building, Mundra Port, Mundra, Kutch, Gujarat-370421 within 30 (Thirty) days from the receipt of this notice, as to why: -

(i) Penalty should not be imposed upon them under Section 114(i), 114(ii) and 114AA of the Customs Act, 1962, separately.

49. Now therefore, **M/s. Svarad Logistics India Pvt. Ltd.**, Customs Broker, through its G Card Holder, Shri Javed Khan Pathan, Second Floor, Office No. 213/214, Mani Complex, Plot No. 84, Sector-8, Gandhidham, is hereby called to show cause the Pr. Commissioner of Customs, Custom House Mundra having his office at 5B, Port User Building, Mundra Port, Mundra, Kutch, Gujarat-370421 within 30 (Thirty) days from the receipt of this notice, as to why: -

(i) Penalty should not be imposed upon them under Section 114(i), and 114(ii) and 117 of the Customs Act, 1962, separately.

50. All the Noticees are further required to produce at the time of showing cause all evidences upon which they intend to rely in support of their defence. They are further advised to indicate in their written submission as to whether they desire to be heard in person before the case is adjudicated. If no mention is made about this in their written submissions, it would be presumed that they do not desire to be heard in person. If no cause is shown by them against the action proposed to be taken within 30 days from the date of receipt of this Notice or if they do not appear before the adjudicating authority, when the case is posted for hearing, the case is liable to be decided Ex-Parte on the basis of material evidence available on record.

51. The documents relied upon are detailed in **Annexure -'R'** attached to this Show Cause Notice. Scanned copy of the Relied Upon documents stored in a CD is also attached with this Show Cause Notice and if the RUDs are not enclosed with this Notice will be made available for inspection on demand made in writing.

52. The department reserves its right to issue addendum/ corrigendum to show cause notice or to make any additions, deletions amendments or supplements to this notice, if any, at a later stage. The department/DRI also reserves its right to issue separate Notice/s for other Noticees, offences etc related to the above case, if warranted.

53. If the said Noticee/s will pay the duty with interest and penalty as specified under Section 28(5) of Custom Act, 1962 within 30 days from the receipt of this notice the proceedings may be deemed to be conclusive as to the matters stated

therein, without prejudice to the provisions of section 135, 135A and 140 of the Custom Act, 1962, if applicable.

J. 24/2/2024
(K. ENGINEER)
Pr. Commissioner of Customs,
Custom House Mundra

Enclosures- Annexure-R & RUD's

BY REGISTERED/SPEED POST

1. M/s Jai Hanuman Traders, having address at 3rd Floor, 1-8-31 TO 41, Kapadia Towers, PG Road, Sindhi Colony, BapuBagh Colony, Secunderabad, Hyderabad, Telangana – 500003. (e-mail- jaihanumantraders9944@gmail.com)
2. Shri Pasham Sudhakar Reddy, partner of M/s Jai Hanuman Traders, 3rd Floor, 1-8-31 TO 41, Kapadia Towers, PG Road, Sindhi Colony, BapuBagh Colony, Secunderabad, Hyderabad. (e-mail - jaihanumantraders9944@gmail.com).
3. Shri Javed Khan Pathan, G Card Holder of CHA M/s Svarad Logistics India Pvt. Ltd. and proprietor of M/s Silverline Logistics, Second Floor, Office No. 213/214, Mani Complex, Plot No. 84, Sector-8, Gandhidham (email- logistics@silverline-log.com)
4. M/s. Svarad Logistics India Pvt. Ltd., Customs Broker, through its G Card Holder, Shri Javed Khan Pathan, Second Floor, Office No. 213/214, Mani Complex, Plot No. 84, Sector-8, Gandhidham (email- logistics@silverline-log.com)

Copy to:

- (i) The Additional Director, Directorate of Revenue Intelligence (DRI), Ahmedabad Zonal Unit Zonal Unit 15, Magnet Corporate Park, Off S.G. Highway, Near Sola Over Bridge, Thaltej, Ahmedabad-380054.
- (ii) Guard file/Office Copy.
- (iii) The Deputy Commissioner of Customs, EDI Section, Mundra Customs
- (iv) The Deputy Commissioner of Customs, Legal/Prosecution, Mundra Customs