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**F. No. : GEN/ADJ/COMM/586/2024-Adjn-O/o Commr-Cus-Kandla**  
**DIN: 20250671ML000000FAE4**

### **SHOW CAUSE NOTICE**

**Whereas it appears that,**

**1.1.** Intelligence gathered by the Directorate of Revenue Intelligence, Zonal Unit, Ahmedabad (hereinafter referred to as DRI) indicated that Areca nuts/Betel Nuts were being imported duty free and warehoused in KASEZ Unit of M/s. Varsur Impex Pvt Ltd (IEC No AAGCV7466C) having its registered address at Industrial Shed No 168, Special CIB Type, Phase-I Sector-II, Kandla, Special Economic Zone, Gandhidham, Kutch, Gujarat-370230 (hereinafter also referred as M/s Varsur also) for the declared purpose of re-export; that after clearance from KASEZ under Export (Re-Export) Shipping Bills, the Areca Nuts were replaced with goods having no commercial value and the imported Areca Nuts were planned to be diverted to the domestic market instead of the intended purpose for export, and they instead of exporting Arecanuts replaced with sand with an intention of diverting the Areca Nuts into the domestic market.

**1.2** It was ascertained that in one export Shipping Bill No. 4011630 dated 24.06.2024 (**RUD-1**) which was filed by the exporter M/s Varsur Impex Pvt Ltd for export (re-export) of Areca Nuts and the consignment was intended to be exported through Mundra Port. The details of the export consignment is as under:

**Table-A**

<b>Sr No.</b>	<b>Container No.</b>	<b>Name of the Exporter and IEC</b>	<b>SB No. and Date</b>	<b>Description and quantity of Goods</b>	<b>Declared FOB Value of Goods as per Shipping in INR</b>
01	CCLU 7024156	M/s Varsur Impex Pvt. Ltd. having IEC No. AAGCV7466C	4011630 dated 24.06.2024	Areca Nuts-Split (84.00 MT)	3,12,22,800
02	CCLU 6588423				
03	CCLU 6653750				

**1.3.** The containers were put on hold by DRI, AZU under letter ref no DRI/AZU/CI/INT-29/2024 dated 26.06.2024 for detailed examination by the officers of DRI at Mundra Port (**RUD-2**). The examination of the export cargo as detailed above was conducted at CWC CFS, Mundra, under Panchnama proceedings dated 27/28-06-2024(**RUD-3**). On examination it was found that containers were stuffed with 75 jumbo bags (25X3) containing 80.790 MTS of Granular Sand in place of declared Goods meant for export as "Areca Nuts- Split".

**1.4** Thus, the goods found in the said 03 containers were 'Granular Sand' and not the declared goods i.e. 'Areca Nut-split CTI 08028020' as mentioned in the Export Shipping Bill filed under Section 50 of the Customs Act, 1962.

**2.** Enquiries conducted further revealed that the said consignment of the Areca Nut-Split was imported in KASEZ vide BE No 1016213 dated 25.10.2023 wherein a total of 511 MT of Areca Nut was warehoused with stated purpose of export only and goods were imported without payment of Basic Customs Duties/Cess and IGST. The examination of the above export consignment revealed that 84.00 MTs out of this Areca Nut-Split declared as being exported through the said Shipping Bill was actually diverted to DTA/Local Market.

**2.1** During the investigation, it is found that the goods were first imported duty free in KASEZ, de-stuffed in warehouse of M/s Varsur Impex Pvt Ltd and later on, the same goods were taken out of the SEZ in containers for declared purpose of re-export, however during the transit from KASEZ to Mundra Port, actual goods i.e. Areca Nut-Split were replaced with sand. Whereas, in terms of Section 30 of SEZ Act, 2005, read with Rule 47 of SEZ Rules, 2006 and Section 12 of Customs Act, 1962, any goods removed from a Special Economic Zone to the Domestic Tariff Area shall be chargeable to duties of Customs including anti-dumping, countervailing and safeguard duties under the Customs Tariff Act, 1975, where applicable, as leviable on such goods when imported; and the rate of duty and tariff valuation, if any, applicable to goods removed from a Special Economic Zone shall be at the rate and tariff valuation in force as on the date of such removal, and where such date is not ascertainable, on the date of payment of duty. The above quantity of Betel Nuts/ Areca Nuts (CTH 080280) was the item importable at fixed values also called "Tariff Values", under Notification issued under Section 14(2) of the Customs Act, 1962, by the Board. Hence, the tariff value of such diverted Areca Nut-Split in DTA/local shall be USD 8,068/PMT, as per the applicable Notification No.75/2023-Cus (N.T.) dated 13.10.2023, issued under Section 14(2) of the Customs Act 1962 on which following duties were leviable at the time of import:

**Table-B**

Goods exported under SB 4011630 dated 24.06.2024 in MT	Tariff Value of Goods on date of warehousing US\$ per MT Not No 75/2023- Cus(NT) dated 13.10.2023	Exchange Rate Not No 76/2023- Cus(NT) dated 19.10.2023	Value of Goods in INR	BCD 100%	SWS 10%	IGST 12%	Total Duty INR
84.00	8,068	84.20	5,70,63,350	5,70,63,350	57,06,335	1,43,79,964	7,71,49,649

Thus, it appears that Import duties amounting to Rs.7,71,49,649/- were evaded in diversion of Duty Free Warehoused Areca Nut-split. Accordingly, the export consignment containing 'granular sand' was placed under seizure under provisions of Section 110 of the Customs Act 1962 (**RUD-4**).

**2.2** Whereas, since the investigation in the matter could not completed within the time limit as prescribed under Section 124 of the Customs Act, 1962, extension under Section 110(2) was sought by DRI Ahmedabad from the Commissioner of Customs, Kandla for issuance of Show Cause Notice. The Commissioner of Customs, Kandla granted extension for issuance of Show Cause Notice in respect of

seized goods up to 25.06.2025 vide letter F. No. GEN/ADJ/COMM/586/2024-Adjn-O/o Commr-Cus-Kandla dated 23.12.2024.

**3.** Whereas, a Search was conducted at the registered premises of M/s Varsur Impex Pvt Ltd situated at Ground Floor and First Floor, Industrial Shed No. 168, Special CIB Type, Phase-I Sector-II , Kandla, Special Economic Zone, Gandhidham, Kachchh, Gujarat-370230 on 27.06.2024 (**RUD-5**). Whereas, during course of search following vital facts emerged:

**3.1** Mr. Mattarparthi Shiva Rammurthy available during the search proceedings is an employee of the Unit and was looking after loading and unloading of Import-Export Containers for the unit.

**3.2** On 25.06.2024, three containers CCLU6653750, CCLU6588423 and CCLU7024156 containing Areca Nut-Split were loaded at the premises of M/s. Varsur Impex Pvt. Ltd. for export.

**3.3** All the work related to the vehicles arrangement for import and export of the goods, clearing of the goods and filing of the papers related to the customs was handled by Mr. VijayKumar Babulal Lavadiya.

**3.4** That Mr. Nawaz Khan Choudhary is managing affairs of M/s. Varsur Impex Pvt. Ltd., KASEZ.

**4.** Search conducted at the registered premises of the Unit at KASEZ revealed that Areca Nut-Split were loaded in the said export containers for intended purpose of export but were replaced with sand en-route to Mundra Port. Further, Mr. Nawaz Khan Choudhary was managing all the affairs of the KASEZ Unit and Mr. VijayKumar Babulal Lavadiya and Mattarparthi Shiva Rammurthy appeared to be working for Nawaz Khan Choudhary. It was also revealed that Mr. Nawaz Khan Choudhary is known as de-facto owner of the Unit among the employees/workers of the Unit.

**5.1** Whereas during investigation a statement dated 21.08.2024 of Shri Nawaz Khan Choudhary s/o Margoob Khan Choudhary, age-46 years, R/o – 1725, Madrasa Mir Jumla, Hamdard Dawa Khana, Lal Kuan. Hauz Qazi, Delhi- 110006 was recorded under section 108 of the Customs Act, 1962, wherein he accepted that he is managing all the affairs of M/s Varsur Impex Pvt ltd, KASEZ, Gandhidham and current Directors of the unit are Mr. Rajwanshi Chauhan and Gaur Hari Maiti. He claimed that he is paying Rs.50,000/- PM to Mr. Varun Tandon, Ex-Director. He further agreed that the Consignment against Shipping Bill 4011630 dated 24.06.2024 was transported from warehouse of M/s Varsur Impex Pvt ltd, KASEZ. He agreed with the Panchnama dated 27/28.06.2024. He submitted a email communication dated 13.07.2024 between [nusantaraindaahsby@yahoo.com](mailto:nusantaraindaahsby@yahoo.com) and [varsur.impex21@gmail.com](mailto:varsur.impex21@gmail.com) and claimed that areca nut intended for re-export under the Shipping Bill No 4011630 dated 24.06.2024 had been diverted into the local market by their foreign client M/s CV Nusantara Indah.

**5.2** Whereas during investigation a statement dated 02.07.2024 of Shri Varun Tandon S/o Laxmi Narayan Tandon, Aged- 48 years, residing at S-493, Second Floor, Greater Kailash Part-1, Greater Kailash, South Delhi, Delhi-110048 was recorded under section 108 of the Customs Act, 1962, wherein he stated that he is

ex-Director of the firm and present Director of firm are Mr. Rajwanshi Chauhan and Gaur Hari Maiti; he also claimed that Mr. Nawaz Khan Choudhary is managing all affairs of the M/s Varsur. He further, stated that earlier he and Gaur Hari Maity were directors of firm and Mr. Nawaz Khan Choudhary was issued authority letter to operate and manage M/s Varsur. He also claimed that Mr. Nawaz Khan Choudhary is managing all affairs of firm and is paying Rs.50,000/- to the directors of firm. Though, Mr. Varun Tandon has claimed that Mr. Nawaz Khan Choudhary is making payment of Rs.50,000/- to Directors; however these claims were found contrary to the actual facts wherein such amount were being actually received in the account of Mr. Varun Tandon.

**5.3** Whereas during the investigation a statement dated 01.07.2024 of Shri Gaur Hari Maity S/o Balbhadra Maity, Aged-36 years, residing at S-493, Second Floor, Greater Kailash Part-1, Greater Kailash, South Delhi, Delhi-110048 was recorded; wherein he interalia stated that Mr. Nawaz Khan Choudhary is managing all affairs of the firm and that he is working as housekeeper/house help for Mr. Varun Tandon. He further claimed that he is a dummy director of M/s Varsur working on the directions of Mr. Varun Tandon. He claimed that he is not getting any salary, remuneration for becoming director of M/s Varsur. He also claimed that he is having no say in the business of M/s Varsur. Statement of Mr. Gaur Hari Maity indicates that he is a dummy director working on direction of Mr. Varun Tandon, his statement further indicate that the said firm is being managed by Mr. Nawaz Khan Choudhary. Further for such arrangement's Mr. Nawaz Khan Choudhary was paying a fixed amount to Mr. Varun Tandon.

**5.4** Whereas during the investigation a statement dated 12.08.2024 of Shri Rajvanshi Singh Chauhan S/o Dharm Singh Chauhan, Village- Chayog, Post-Jamna, Dist-Sirmor, Himachal Pradesh -173029 Director of M/s Varsur Impex Pvt ltd was recorded under section 108 of the Customs Act, 1962, wherein he interalia stated that Mr. Nawaz Khan Choudhary is managing all affairs of the firm and he is not aware if 99% shareholding of company has been transferred to him. He further claimed that he is a dummy director working on direction of Mr. Varun Tandon. He claimed that he is not getting any salary, remuneration for becoming director of M/s Varsur. He also claimed that he is having no say in the business of M/s Varsur. Statement of Mr. Rajvanshi Chauhan indicates that Mr. Varun Tandon is controlling M/s Varsur through dummy directors. Statement of Mr. Rajvanshi Chauhan indicates that he is a dummy director working on direction of Mr. Varun Tandon, his statement further indicate that firm is being managed by Mr. Nawaz Khan Choudhary. Further for such arrangement's Mr. Nawaz Khan Choudhary was paying a fixed amount to Mr. Varun Tandon.

## **6. Classification of goods found during the Examination of Export Consignment under Shipping Bill No 4011630 dated 24.06.2024:**

**6.1.** Goods declared in export Shipping Bill were 'Areca Nut-Split' under CTI 08028020; however, on examination of the export consignment the actual goods were found to be 'Granular Sand' or 'Common Sand/natural sand' which is classifiable under CTI '25051019'

## **7. Valuation of Imported Goods warehoused and Re-exported from FTWZ, SEZ under Shipping Bill No 4011630 dated 24.06.2024:**

**7.1.** The Areca nuts have been notified under Section 14(2) of the Customs Act, 1962. Vide Notification No. 75/2023-Cus (N.T.) dated 13.10.2023, the tariff value of Areca Nuts under sub-heading 080280 has been fixed to USD 8,068 per MT. Further, details of valuation of goods warehoused at the time of Import and amount of duty forgone at the time of warehousing of goods under warehousing bill of entry no 1016213 dated 25.10.2023 as assessed by the Specified Officer of SEZ, KASEZ, Gandhidham is as under (**Table-C**):

**Table-C**

Goods imported under BE101621 dated 25.10.2023 in MT	Tariff Value of Goods on date of warehousing US\$ per MT Not No 75/2023-Cus(NT) dated 13.10.2023	Exchange Rate Not No 76/2023-Cus(NT) dated 19.10.2023	Value of Goods in INR	BCD	SWS	IGST 12%	Total Duty Foregone in INR
511	8,068	84.2	34,71,35,382	34,71,35,382	3,47,13,538	8,74,78,116	46,93,27,036

**7.2** Further, live consignment being exported under Shipping Bill No 4011630 dated 24.06.2024 were examined by DRI and during the examination of the declared goods 'Areca Nut-Split' were found replaced with 'granular sand' or 'common sand/natural sand'.

**7.3** The value of the Areca Nuts warehoused duty free and diverted into local market by M/s Varsur in name of re-export under shipping bill no 4011630 dated 24.06.2024 is as under (**Table-D**):

**Table-D**

Net Weight of Areca Nut/Betel Nut (In MT)	Tariff Value of Goods on date of warehousing US\$ per MT Not No 75/2023-Cus(NT) dated 13.10.2023	Exchange Rate Not No 76/2023-Cus(NT) dated 19.10.2023	Total Tariff value of the goods in INR.
84	8068	84.2	5,70,63,350

Thus, the value of the goods declared as 84 MT of 'Areca Nut-Split' under CTI 08028020 in the Customs Shipping Bill, Bill of Lading but in reality stuffed with granular sand to appear as re-export of Arecanuts which were originally imported under Bill of Entry No. 1016213 dated 25.10.2023 and subsequently diverted into DTA is valued at Rs.5,70,63,350/- as shown above for the purpose of duty calculation.

**7.4** Since the goods i.e. Areca Nut-Split as above have been diverted into local market without payment of Import Duty, duty evaded on such goods is as under (**Table-E**):

**Table-E**

<b>Areca Nut removed from Warehouse under Shipping Bill 4011630 dated 24.06.2024</b>	<b>Tariff Value of Goods on date of warehousing US\$ per MT Not No 75/2023- Cus(NT) dated 13.10.2023</b>	<b>Exchange Rate Not No 76/2023- Cus(NT) dated 19.10.2023</b>	<b>Value of Goods in INR</b>	<b>BCD</b>	<b>SWS</b>	<b>IGST 12%</b>	<b>Total Duty Evasion in INR</b>
				US\$ to INR	100%	10%	
84	8,068	84.2	5,70,63,350	5,70,63,350	57,06,335	1,43,79,964	7,71,49,649

**7.5** Export value of the Areca Nut-Split exported under said Shipping Bill as declared by M/s Varsur Impex Pvt Ltd is as under (**Table-F**):

**Table-F**

<b>Shipping Bill No/Date</b>	<b>Container Nos</b>	<b>Qty in MT</b>	<b>Export Value Declared in Shipping Bills in INR (FOB Value)</b>
4011630 dated 24.06.2024	(1)CCLU7024156 (2) CCLU6588423 (3) CCLU6653750	84	3,12,22,800

**9. Testing and Valuation of Actual Exported goods i.e. ‘Granular Sand’ ‘Common Sand’ correctly classifiable under CTI 25051019 under Shipping Bill No 4011630 dated 24.06.2024:**

**9.1** Areca-Nut-Split declared as being exported under Shipping Bill No 4011630 dated 24.06.2024 was examined under Panchnama proceedings dated 27/28.06.2024. On examination it was found that the 03 containers were stuffed with 75 jumbo bags (25X3) having weight of 80.790 MTS of Granular Sand in place of declared Goods meant for export i.e. “Areca Nuts- Split”.

**9.2** Since the said goods had appearance of granular sand, CRCL Vadodara were requested vide letter dated 03.07.2024 for analysis/testing of goods recovered during examination. CRCL Vadodara, vide email dated 08.07.2024 informed that the complete testing facility are not available and accordingly, samples were forwarded to M/s IREL (India) Limited, Research Center, Kollam, Kerala for testing and analysis purpose. M/s IREL (India) Limited vide their report no ML-3621 to 3623 dated 18.09.2024 (**RUD-6**), informed that the said mis-declared goods consist of granules (quarts & white clay), very coarse to coarse sand (quartz & white clay) and medium sand to coarse silt. Also, no beach sand minerals were reported in the sample.

**9.3** Thus, the report received also indicated that the exported goods in the guise of declared goods i.e. Areca Nut Split were regular ‘Granular Sand’ having no specific minerals. However, for expert technical view, remnant samples and the test report received from IREL (India) Limited were further forwarded to Govt. Chartered Engineer Mr. Bhaskar Bhatt; who vide his opinion report ref no BB/F-

05/25/VIPL/AZU dated 17.06.2025 (**RUD-7**) has opined that the seized good has appearance of 'common sand' having majority particles of Quartz chemically known as SiO<sub>2</sub>. He further opined that the correct classification of the goods actually found during examination is under CTI 25051019. He further opined that goods have no commercial value.

9.4 Thus, 80.790 MTS of 'Granular Sand' or 'Common Sand' found during examination of the Shipping Bill No 4011630 dated 24.06.2024 under panchnama proceedings and seized under Seizure Memo dated 28.06.2024 have no commercial value and the value of such seized goods is determined as '**NIL**'

**Export Policy of export of Natural Sand:**

**10.1** Schedule-II (Export Policy) of ITC (HS) 2023 contains the current export policy of all ITC(HS) Codes along with specific policy conditions (if any) to be fulfilled by every exporter, exporting goods out of India. Directorate General of Foreign Trade, Vide notification no 60/2023 dated 13.02.2024 has published ITC(HS) based export policy for export of goods under Chapter 01-39. The relevant part on export policy of export of 'granular sand' or 'natural sand/common sand' correctly classifiable under CTI 25051019 is as under:

Chapter Number	ITC-HS Codes	Description	Das hes	Export Policy	Policy Condition
25	2505	Natural sands of all kinds, whether or not coloured, other than metal bearing sands of Chapter 26.			
25	250510	Silica sands and quartz sands			
	25051011	Silica Sands: ---- Processed (White)		Restricted	Exports permitted under licence
	25051012	Silica Sands: ---- Processed (Brown)		Restricted	Exports permitted under licence
	25051019	Silica Sands: ---- Other		Restricted	Exports permitted under licence
	25051020	Silica Sands: --- Quartz sands		Restricted	Exports permitted under licence
	25059000	Other		Restricted	Exports permitted under licence

Thus, the export of natural sand of all kind is 'restricted' and exports are allowed under the permitted license only and export of goods i.e. 'granular sand' or 'common sand/natural sand' being exported by the said exporter firm is 'restricted' and the said export of goods was being done in contravention of the current export policy.

**10.2** Thus, 'granular sand' or 'common sand/natural sand' attempted to be exported is in violation of export policy notified under provisions of Section 3 of THE FOREIGN TRADE (DEVELOPMENT AND REGULATION) ACT, 1992. Relevant Section of the Act are as under:

3. Powers to make provisions relating to imports and exports.—

- (1) The Central Government may, by Order published in the Official Gazette, make provision for the development and regulation of foreign trade by facilitating imports and increasing exports.
- (2) The Central Government may also, by Order published in the Official Gazette, make provision for prohibiting, restricting or otherwise regulating, in all cases or in

specified classes of cases and subject to such exceptions, if any, as may be made by or under the Order, the [import or export of goods or services or technology]:

[Provided that the provisions of this sub-section shall be applicable, in case of import or export of services or technology, only when the service or technology provider is availing benefits under the foreign trade policy or is dealing with specified services or specified technologies.]

(3) All goods to which any Order under sub-section (2) applies shall be deemed to be goods the import or export of which has been prohibited under section 11 of the Customs Act, 1962 (52 of 1962) and all the provisions of that Act shall have effect accordingly.

Thus, export of 'restricted' goods as notified under section 3 of The Foreign Trade (Development and Regulation) Act, 1992 which have been exported in contravention to the conditions of prescribed export policy are deemed to be prohibited goods under Section 11 of the Customs Act, 1962.

#### **Confiscation:**

**11.** Export Shipping Bill No. 4011630 dated 24.06.2024 was filed by exporter M/s Varsur Impex Pvt Ltd and his foreign client M/s CV Nusantara Indah for export of 84 MTs of Areca Nut Split under CTI 08028020. On examination of the consignment, the goods were found to be 80.790 MTS of 'Granular Sand' 'Common Sand' (CTI 25051019) which was other than the declared goods 'Areca Nut-Split Qty 84 MT'. Since, goods i.e. 'Granular sand' or 'Common Sand/natural sand' was found being exported in contravention of Section 113(d), (i), (j) and (k) of the Customs Act, 1962 and Section 3 of The Foreign Trade (Development and Regulation) Act, 1992; same appears liable for confiscation. Further, by such illicit export of 'granular sand' or 'common sand' having no commercial value, the exporter M/s Varsur Impex Pvt Ltd have rendered themselves liable to penalty under Section 114(i), (iii); Section 114AA and Section 117 of the Customs Act, 1962.

#### **Recovery of Duty on Diversion of Duty Free Warehoused Goods:**

**12.** Applicable Import Duties on such diverted goods appears to be liable to be recovered under provisions of Section 28(4) of the Customs Act along with applicable interest and penalties. Further, investigation on present live consignment and past consignments is under progress and a separate show cause notice for recovery of duties, interest and levy of penalties against the importer/exporter/individuals on that aspect is being issued within the statutory time period provided under Section 28BB of the Customs Act, 1962.

#### **13. ROLES OF THE PERSONS INVOLVED AND PENAL PROVISION**

**13.1 M/s. Varsur Impex Pvt Ltd (IEC No AAGCV7466C) address at Industrial Shed No 168, Special CIB Type, Phase-I Sector-II, Kandla, Special Economic Zone, Gandhidham, Kutch, Gujarat-370230:**

**13.1.1** M/s. Varsur Impex Pvt Ltd (IEC No AAGCV7466C) was allowed to warehouse goods on behalf of foreign client under the provisions of Rule 18(5) of the SEZ Rules, 2005. They were responsible for verification of KYC of their clients. They were also responsible for safe keeping of goods in transit from SEZ area to Port.

**13.1.2** Being a warehouse entity, it was their responsibility to safely deposit the export containers with the Port Authority. SEZ Customs authority had handed over containers after 'LET Export Order' to warehouse entity to tranship cargo from SEZ to Port. All the containers were being moved out from SEZ area in the trucks/transporter authorized by them. However, in the guise of transhipment of cargo, they were found to be taking such loaded containers to different location and were diverting such goods 'Areca Nut-Split' in the domestic market by tampering the containers and by replacing such goods with goods having no commercial value i.e. 'Granular Sand'.

**13.1.3** M/s. Varsur Impex Pvt Ltd, knowingly or intentionally caused diversion of such duty free warehoused goods in the local market without payment of Import Duty and attempted to export the mis-declared goods 'granular sand' or 'common sand/natural sand' correctly classifiable under CTI 25051019, for such deceitful act they are liable to penalized under Section **114(i), 114(iii), 114AA and Section 117** of the Customs Act, 1962.

**13.2 Shri Nawaz Khan Choudhary s/o Margoob Khan Choudhary, age-46 years, R/o – 1725, Madrasa Mir Jumla, Hamdard Dawa Khana, Lal Kuan. Hauz Qazi, Delhi- 110006 authorized signatory and person managing affairs of M/s Varsur Impex Pvt Ltd:**

**13.2.1** Shri Nawaz Khan Choudhary was managing all the affairs of warehousing unit M/s Varsur Impex Pvt Ltd, KASEZ Gandhidham, a unit which is being operated in the names of dummy directors. He was responsible for all the affairs of the unit right from import and warehouse of 511 MT of Areca Nut, export of consignment in lot of 03 containers each, logistic and transport of containers.

**13.2.2** Being a warehouse unit operating as FTWZ unit in SEZ, he was responsible for safe keeping of the goods not only in SEZ Area but also responsible for safe transhipment of goods from Port to SEZ during import and SEZ to Port during the export.

**13.2.3** For his act of omission and commission; wherein mis-declared goods i.e. 'Granular Sand' or 'common sand/natural sand' were being exported in place of declared export goods 'Areca Nut-Split' in contravention to provisions of Section 113(d), (i), (j) and (k) of the Customs Act, 1962 and Section 3 of The Foreign Trade (Development and Regulation) Act, 1992; which have rendered such goods liable for confiscation. **Shri Nawaz Khan Choudhary** has knowingly concerned himself for the illicit export of 'granular sand' or 'common sand/natural sand' having no commercial value, he has rendered himself liable to penalty under Section 114(i), 114(iii), Section 114AA and Section 117 of the Customs Act, 1962.

**13.3 Shri Varun Tandon S/o Laxmi Narayan Tandon, Aged- 48 years, residing at S-493, Second Floor, Greater Kailash Part-1, Greater Kailash, South Delhi, Delhi-110048 Ex-Director of M/s Varsur Impex Pvt Ltd:**

**13.3.1** It appears that he received LOA/LOP for setting up unit in KASEZ and thereafter he sub-leased the said warehousing unit to Mr. Nawaz Khan Choudhary on fixed rental of Rs.50,000/- Per Month.

**13.3.2** It appears that he created dummy directors in M/s Varsur who were getting directions from him and had no control on the functioning of unit in KASEZ. Through such arrangements, he was getting enriched from the illicit activity being

run in the SEZ warehouse of the unit which was run and managed by Mr. Nawaz Khan Choudhry.

**13.2.3** For his act of omission and commission; wherein mis-declared goods i.e. 'Granular Sand' or 'common sand/natural sand' were being exported in place of declared export goods 'Areca Nut-Split' in contravention to provisions of Section 113(d), (i), (j) and (k) of the Customs Act, 1962 and Section 3 of The Foreign Trade (Development and Regulation) Act, 1992; which have rendered such goods liable for confiscation. **Shri Varun Tandon** has knowingly concerned himself for the illicit export of 'granular sand' or 'common sand/natural sand' having no commercial value, he has rendered himself liable to penalty under Section 114(i), 114(iii), Section 114AA and Section 117 of the Customs Act, 1962.

**13.4 Shri Gaur Hari Maity S/o Balbhadra Maity, Aged-36 years, residing at S-493, Second Floor, Greater Kailash Part-1, Greater Kailash, South Delhi, Delhi-110048 Director of M/s Varsur Impex Pvt Ltd:**

**13.4.1** Shri Gaur Hari became dummy director of FTWZ Unit and provided his credentials to Mr. Varun Tandon and Mr. Nawaz Khan Choudhary and allowed them to run unit in SEZ area in his name. Act of Shri Gaur Hari Maity clearly shows that he was aware that Mr. Nawaz Khan Choudhary is running a FTWZ Unit on name of dummy directors (he was one of dummy director) in which illicit smuggling of Areca Nut was being done in name of warehousing of goods.

**13.4.2** For his act of omission and commission; wherein mis-declared goods i.e. 'Granular Sand' or 'common sand/natural sand' were being exported in place of declared export goods 'Areca Nut-Split' in contravention to provisions of Section 113(d), (i), (j) and (k) of the Customs Act, 1962 and Section 3 of The Foreign Trade (Development and Regulation) Act, 1992; which have rendered such goods liable for confiscation. **Shri Gaur Hari Maity** has knowingly concerned himself for the illicit export of 'granular sand' or 'common sand/natural sand' having no commercial value, he has rendered himself liable to penalty under Section 117 of the Customs Act, 1962.

**13.5 Shri Rajvanshi Singh Chauhan S/o Dharm Singh Chauhan, Village-Chayog, Post-Jamna, Dist-Sirmor, Himachal Pradesh -173029 Director of M/s Varsur Impex Pvt Ltd:**

**13.5.1** Shri Rajvanshi Singh Chauhan become dummy director of FTWZ Unit and provided his credentials to Mr. Varun Tandon and Mr. Nawaz Khan Choudhary and allowed them to run unit in SEZ area in his name. Act of Shri Rajvanshi Singh Chauhan clearly shows that he was aware that Mr. Nawaz Khan Choudhary is running a FTWZ Unit on name of dummy directors (he was one of dummy director) in which illicit smuggling of Areca Nut was being done in name of warehousing of goods.

**13.5.2** For his act of omission and commission; wherein mis-declared goods i.e. 'Granular Sand' or 'common sand/natural sand' were being exported in place of declared export goods 'Areca Nut-Split' in contravention to provisions of Section 113(d), (i), (j) and (k) of the Customs Act, 1962 and Section 3 of The Foreign Trade (Development and Regulation) Act, 1992; which have rendered such goods liable for confiscation. Shri Rajvanshi Singh Chauhan has knowingly concerned himself for the illicit export of 'granular sand' or 'common sand/natural sand' having no commercial value, he has rendered himself liable to penalty under Section 117 of the Customs Act, 1962.

## **14. LEGAL PROVISIONS:**

Some of the legal provisions are reproduced herein under for ready reference:

### **14.1 The Special Economic Zones Act, 2005:**

#### **Section 21- Single enforcement officer or agency for notified offences.**

(1) The Central Government may, by notification, specify any act or omission made punishable under any Central Act, as notified offences for the purpose of this Act.

(2) The Central Government may, by general or special order, authorize any officer or agency to be the enforcement officer or agency in respect of any notified offences or offences committed in a Special Economic Zone.

(3) Every officer or agency authorized under sub-section (2) shall have all the corresponding powers of investigation, inspection, search or seizures' as is provided under the relevant Central Act in respect of the notified offences.

#### **Notification No. 2665(E) dated 05.08.2016**

S.O. 2665(E).—In exercise of the powers conferred by sub-section (1) of section 21 of the Special Economic Zones Act, 2005 (28 of 2005) (hereinafter referred as the Act), the Central Government hereby, notifies the offences contained in the under-mentioned sections of the Customs Act, 1962 (52 of 1962), the Central Excise Act, 1944 (1 of 1944) and the Finance Act, 1994 (32 of 1994) as offences under the Act:-

**The offences under Section 28, 28A, 28AAA, 74, 75, 111, 113, 115, 124, 135 and 104 of Customs Act, 1962, have been notified offences under SEZ Act, 2005.**

#### **Notification No. 2666(E) dated 05.08.2016**

S.O. 2666(E).—In exercise of the powers conferred by **sub-section (2) of section 21** and second proviso to section 22 of the Special Economic Zones Act, 2005 (28 of 2005) (hereinafter referred as the Act), the Central Government hereby authorises the Additional Director General, Directorate of Revenue Intelligence for offences under the Customs Act, 1962 (52 of 1962) and the Additional Director General, Directorate General of Central Excise Intelligence for offences under the Central Excise Act, 1944 (1 of 1944) and the Finance Act, 1994 (32 of 1994) to be the enforcement officer(s) in respect of any notified offence or offences committed or likely to be committed in a Special Economic Zone. The enforcement officer(s), for the reasons to be recorded in writing, may carry out the investigation, inspection, search or seizure in the Special Economic Zone or Unit and shall intimate the details of any action initiated under sub-section (3) of section 21 of the Act to the Joint Secretary in charge of Special Economic Zones Division in the Department of Commerce immediately and in any case not later than seven days of initiation of any action.

## 14.2 THE CUSTOMS ACT, 1962

**Section 2 (33):** - "prohibited goods" means any goods the import or export of which is subject to any prohibition under this Act or any other law for the time being in force but does not include any such goods in respect of which the conditions subject to which the goods are permitted to be imported or exported have been complied with;

**Section 2 (39):** - "Smuggling", in relation to any goods, means any act or omission which shall render such goods liable to confiscation under Section 111 or Section 113;

### Section 110: Seizure of goods, documents and things

- (1) If the proper officer has reason to believe that any goods are liable to confiscation under this Act, he may seize such goods
- (2) Where any goods are seized under sub-section (1) and no notice in respect thereof is given under clause (a) of section 124 within six months of the seizure of the goods, the goods shall be returned to the person from whose possession they were seized:

Provided that the Principal Commissioner of Customs or Commissioner of Customs may, for reasons to be recorded in writing, extend such period to a further period not exceeding six months and inform the person from whom such goods were seized before the expiry of the period so specified:

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

The following export goods shall be liable to confiscation:-

- (d) any goods attempted to be exported or brought within the limits of any customs area for the purpose of being exported, contrary to any prohibition imposed by or under this Act or any other law for the time being in force;
- (i) any goods entered for exportation which do not correspond in respect of value or in any material particular with the entry made under this Act or in the case of baggage with the declaration made under section 77;
- (j) any goods on which import duty has not been paid and which are entered for exportation under a claim for drawback under section 74;
- (k) any goods cleared for exportation which are not loaded for exportation on account of any wilful act, negligence or default of the exporter, his agent or employee, or which after having been loaded for exportation are unloaded without the permission of the proper officer;

## 14.3 LEGAL PROVISIONS UNDER THE FOREIGN TRADE (DEVELOPMENT AND REGULATION) ACT, 1992 (FTDR):

### Section 3. Powers to make provisions relating to imports and exports.—

- (1) The Central Government may, by Order published in the Official Gazette, make provision for the development and regulation of foreign trade by facilitating imports and increasing exports.
- (2) The Central Government may also, by Order published in the Official Gazette, make provision for prohibiting, restricting or otherwise regulating, in all cases or in specified classes of cases and subject to such exceptions, if any, as may be made by or under the Order, the 1 [import or export of goods or services or technology]:

[Provided that the provisions of this sub-section shall be applicable, in case of import or export of services or technology, only when the service or technology provider is availing benefits under the foreign trade policy or is dealing with specified services or specified technologies.]

*(3) All goods to which any Order under sub-section (2) applies shall be deemed to be goods the import or export of which has been prohibited under section 11 of the Customs Act, 1962 (52 of 1962) and all the provisions of that Act shall have effect accordingly.*

**Section 11:** Contravention of provisions of this Act, rules, orders and foreign trade policy –

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

#### **14.4. PENAL PROVISIONS UNDER CUSTOMS ACT, 1962:**

##### **Section 114. Penalty for attempt to export goods improperly, etc. -**

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

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

##### **Section 114AA. Penalty for use of false and incorrect material**

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

##### **Section 117: Penalties for contravention, etc., not expressly mentioned:-**

Any person who contravenes any provision of this Act or abets any such contravention or who fails to comply with any provision of this Act with which it was his duty to comply, where no express penalty is elsewhere provided for such contravention or failure, shall be liable to a penalty not exceeding four lakh rupees.

#### **15. SHOW CAUSE NOTICE:**

**15.1** Now therefore, M/s. Varsur Impex Pvt. Ltd (IEC No AAGCV7466C) having its registered address at Industrial Shed No 168, Special CIB Type, Phase-I Sector-II, Kandla, Special Economic Zone, Gandhidham, Kutch, Gujarat-370230 and (i) M/s C V Nusantrara Indah (ii) Shri Nawaz Khan Choudhary s/o Margoob Khan Choudhary,

(Authorized person Managing all affairs at KASEZ) R/o – 1725, Madrasa Mir Jumla, Hamdard Dawa Khana, Lal Kuan, Hauz Qazi, Delhi- 110006; (iii) Shri Varun Tandon S/o Laxmi Narayan Tandon (actual owner of firm operating through dummy directors), residing at S-493, Second Floor, Greater Kailash Part-1, Greater Kailash, South Delhi, Delhi-110048; are hereby called upon to show cause in writing to the Additional Commissioner of Customs, Customs House, Kandla within 30 days of receipt of this notice as to why:

- (i) 80.790 MTS of 'Granular Sand' or 'Common Sand/natural sand' classifiable under CTI 25051019 having 'NIL' value seized under Section 110 of the Customs Act, 1962 and found replaced with 84 MT of Areca Nut being exported under Shipping Bill No 4011630 dated 24.06.2024 having declared value of Rs. 3,12,22,800/- should not be held liable for confiscation under Section 113 (d),(i),(j) and (k) of the Customs Act, 1962 and Section 3 of The Foreign Trade (Development and Regulation) Act, 1992.
- (ii) Penalty should not be imposed on them on the grounds as discussed above under the provision of Section 114 (i), 114(iii), Section 114AA and 117 of the Customs Act, 1962 for the goods mentioned at (i) above.

**15.2** Now therefore, the persons as detailed in Column No. (2) of Table below, are hereby be called upon to show cause to the Additional Commissioner of Customs, Customs-Kandla as to why penalty should not be imposed upon them, under penal provisions of Customs Act, 1962 as mentioned from Column Nos. 3 to 6 of the said Table, against their respective names for their acts of commission and omissions as detailed above.

<b>S.No</b>	<b>Name M/s or S/Shri</b>	<b>Penal provisions / Sections of Customs Act, 1962</b>			
<b>(1)</b>	<b>(2)</b>	<b>(3)</b>	<b>(4)</b>	<b>(5)</b>	<b>(6)</b>
1.	Gaur Hari Maity, Director M/s Varsur Impex Pvt Ltd	-	-	-	117
2.	Rajvanshi Singh Chauhan, Director M/s Varsur Impex Pvt Ltd	-	-	-	117

**16.** This notice is issued under section 124 of the Customs Act, 1962 on the basis of available evidences without prejudice to any other action that may be taken against the persons under the Customs Act, 1962 or any other Allied Acts for the time being in force. The department reserved its right to bring on record further evidence against the noticees of the Show Cause Notice to bring out their role in smuggling of Areca Nuts; and also to issue Show Cause Notice to any other person not covered in this Show Cause Notice, found to be involved in smuggling of the seized Areca Nuts or past cases, by issue of an Addendum or Supplementary Show Cause Notice or Separate Show Cause Notice. Further, demand of applicable customs duties under provisions of Section 28(4) of the Custom Act, 1962 in respect of diversion of duty free warehouse areca nut for live consignment as well as past consignment is being issued separately within the statutory time limits prescribed under Section 28BB of the Customs Act, 1962.

**17.** All the above noticees are further advised to indicate in their written submission whether they desire to be heard in person before the case is adjudicated. If no mention is made about this in their written submission, it would be presumed that they do not desire to be heard in person. They are also required to produce at the time of showing cause all evidences on which they intend to rely upon in support of their defense.

**18.** They should note that if no cause is shown by them against the action proposed to be taken within 30 days from the date of receipt of this show cause notice or if they do not appear before the adjudicating authority i.e. Additional Commissioner of Customs, Kandla Customs when the case is posted for hearing, the case will be decided Ex-Parte on the basis of the material evidence available on record.

**19.** The documents/articles as listed at **Annexure-R** are relied upon and are enclosed with this Investigation Report in a Soft Copy/pen drive/DVD duly scanned, and where not enclosed with this Investigation Report will be made available for inspection on demand made in writing. Also, statement referred in the Investigation report are listed as **Annexure-RA** are not enclosed with this SCN as investigation in the matter is not complete; however individuals may examine/inspect the said referred statements available with the this office.

**20.** This Directorate reserves right for any addition / alteration / supplement this notice at any stage on the basis of evidences before adjudication.

**21.** The Noticees also have an option to avail provisions of Chapter XIVA Settlement of Cases of the Customs Act, 1962 to settle their case through Settlement Commission by filing an application if desired and eligible.

**Additional Commissioner,  
Custom House, Kandla**

**F. No. : GEN/ADJ/COMM/586/2024-Adjn-O/o Commr-Cus-Kandla**

**DIN: 20250671ML000000FAE4**

**To,**

1. M/s. Varsur Impex Pvt Ltd (IEC No AAGCV7466C) Industrial Shed No 168, Special CIB Type, Phase-I Sector-II, Kandla, Special Economic Zone, Gandhidham, Kutch, Gujarat-370230. **Email id:-** **varsur.impex21@gmail.com**
2. M/s C V Nusantrara Indah. Email id- **nusantaraahsby@yahoo.com**
3. Shri Nawaz Khan Choudhary s/o Margoob Khan Choudhary, (Authorized person Managing all affairs at KASEZ) R/o – 1725, Madrasa Mir Jumla, Hamdard Dawa Khana, Lal Kuan. Hauz Qazi, Delhi- 110006. **Email id:-** **varsur.impex21@gmail.com**
4. Shri Varun Tandon, S/o- Laxmi Narayan Tandon (actual owner of firm operating through dummy directors), residing at S-493, Second Floor, Greater

Kailash Part-1, Greater Kailash, South Delhi, Delhi-110048. **Email id:-**  
**[varsur.impex21@gmail.com](mailto:varsur.impex21@gmail.com)**

5. Gaur Hari Maity, Director M/s Varsur Impex Pvt Ltd, Industrial Shed No 168, Special CIB Type, Phase-I Sector-II, Kandla, Special Economic Zone, Gandhidham, Kutch, Gujarat-370230. **Email id:-**  
**[varsur.impex21@gmail.com](mailto:varsur.impex21@gmail.com)**
6. Rajvanshi Singh Chauhan, Director M/s Varsur Impex Pvt Ltd, Industrial Shed No 168, Special CIB Type, Phase-I Sector-II, Kandla, Special Economic Zone, Gandhidham, Kutch, Gujarat-370230. Email id:-  
**[varsur.impex21@gmail.com](mailto:varsur.impex21@gmail.com)**

**Copy To:**

1. **The Deputy Director, DRI, AZU, Ahmedabad.**
2. **EDI Section, Custom House, Kandla for uploading on the**
3. **Guard File**

**Annexure-R**

RUD No	Description
01	Export Shipping Bill No 4011630 dated 24.06.2024
02	Letter for holding of Cargo ref no DRI/AZU/CI/INT-29/2024 dated 26.06.2024
03	Panchnama dated 27/08.06.2024 drawn at CWC CFS, Mundra
04	seizure memo dated 28.06.2024 issued under provisions of Section 110 of the Customs Act 1962
05	Panchnama dated 27.06.2024 drawn at premises of M/s Varsur Impex Pvt Ltd situated at Ground Floor and First Floor, Industrial Shed No. 168, Special CIB Type, Phase-I Sector-II , Kandla, Special Economic Zone, Gandhidham, Kachchh, Gujarat-370230.
06	Testing report issued by M/s IREL (India) Limited vide their report no ML-3621 to 36223 dated 18.09.2024
07	Valuation report of seized goods by Mr. Bhaskar Bhatt, Govt. Approved valuer report ref no BB/F-05/25/VIPL/AZU dated 06.05.2025

**Annexure-RA:**

SR. No.	Description
01	Statement dated 21.08.2024 of Shri Nawaz Khan Choudhary s/o Margoob Khan Choudhary (Person Managing M/s Varsur)
02	Statement dated 02.07.2024 of Shri Varun Tandon S/o Laxmi Narayan Tandon (Ex-Director and person controlling firm through dummy directors)
03	Statement dated 01.07.2024 of Shri Gaur Hari Maity S/o Balbhadra Maity (Director-M/s Varsur)
04	Statement dated 12.08.2024 of Shri Rajvanshi Singh Chauhan S/o Dharm Singh Chauhan (Director-M/s Varsur)