प्रधान आयुक्त का कार्यालय,सीमा शुल्क,अहमदाबाद

"सीमा शुल्क भवन", पहली मंजिल, पुराने हाई कोर्ट के सामने, नवरंगपुरा,अहमदाबाद –380 009.

दूरभाष: (079) 2754 4630 ई-मेल: cus-ahmd-guj@nic.in / technical-customs@gov.in

निबन्धितपावतीडाकद्वारा / By SPEED POST A.D. / E-mail
फा. सं.**/F. No.: GEN/TECH/Misc./2208/2025-TECH**
DIN- 20260671MN0000222CD8

आदेशकीतारीख/Date of Order : 02.06.2026
जारीकरनेकीतारीख/Date of Issue : 02.06.2026

द्वारापारित :- मनीष कुलहारी, आयुक्त
Passed by :- Manish Kulhary, Commissioner

मूलआदेशसंख्या **: / Order-In-Original No.: AHM-CUSTM-000-PR.COMMR-02-2026-27 Dated 02.06.2026** in the case of M/s. Startek Enterprise, CB Licence No. CHA/ABD/R/01/2019 (BRDPS4686R), 401, F-Block, Hayat Residency, Survey No 560, Near Gulshane Maher School, Opp. City Pulse, Sarkhej Road, Ahmedabad - 382210 (Gujarat)

1 जिसव्यक्ति(यों) को यह प्रति भेजी जातीहै, उसे व्यक्तिगतप्र योग केलिए निःशुल्क प्रदान कीजाती है।

1. This copy is granted free of charge for private use of the person(s) to whom it is sent.

2. इसआदेशसेअसंतुष्टकोईभी व्यक्ति इसआदेश की प्राप्ति से तीनमाह के भीतर सीमाशुल्क, उत्पादशुल्क एवं सेवाकर अपीलीय न्यायाधिकरण, अहमदाबाद पीठ को इस आदेश के विरुद्ध अपील कर सकताहै।अपील सहायक रजिस्ट्रार, सीमाशुल्क, उत्पाद शुल्क एवं सेवाकरअपीलीय न्यायाधिकरण, दुसरी मंज़िल, बहुमालीभवन, गिरिधर नगर पुलके बाजुमे, गिरिधरनगर, असारवा, अह्मदाबाद-380 004 को सम्बोधित होनीचाहिए।

2. Any person deeming himself aggrieved by this Order may appeal against this Order to the Customs, Excise and Service Tax Appellate Tribunal, Ahmedabad Bench within three months from the date of its communication. The appeal must be addressed to the Assistant Registrar, Customs, Excise and Service Tax Appellate Tribunal, 2nd Floor, Bahumali Bhavan, Nr. Girdhar Nagar Bridge, Girdhar Nagar, Asarwa, *Ahmedabad* – 380004.

3. उक्तअपीलप्रारुपसं. सी.ए.3 मेंदाखिलकीजानीचाहिए।उसपरसीमाशुल्क (अपील) नियमावली, 1982 केनियम 3 केउपनियम (2) में विनिर्दिष्ट व्यक्तियों द्वारा हस्ताक्षर किएजाएंगे। उक्त अपील को चार प्रतियों में दाखिल किया जाए तथा जिस आदेश के विरुद्ध अपील कीगई हो, उसकी भी उतनी ही प्रतियाँ संलग्नकी जाएँ (उनमें से कम से कम एक प्रति प्रमाणित होनी चाहिए)।अपील से सम्बंधित सभी दस्तावेज भी चार प्रतियों में अग्रेषित किएजाने चाहिए।
3. The Appeal should be filed in Form No. C.A.3. It shall be signed by the persons specified in sub-rule (2) of Rule 3 of the Customs (Appeals) Rules, 1982. It shall be filed in quadruplicate and shall be accompanied by an equal number of copies of the order appealed against (one of which at least shall be certified copy). All supporting documents of the appeal should be forwarded in quadruplicate.

4. अपील जिसमें तथ्यों का विवरण एवं अपील के आधार शामिल हैं, चार प्रतियोंमें दाखिल की जाएगी तथा उसके साथ जिस आदेशके विरुद्ध अपील कीगई हो, उसकी भी उतनी ही प्रतियाँ संलगन कीजाएंगी (उनमें से कम से कम एक प्रमाणित प्रति होगी)।

4. The Appeal including the statement of facts and the grounds of appeal shall be filed in quadruplicate and shall be accompanied by an equal number of copies of the order appealed against (one of which at least shall be a certified copy.)

5. अपील का प्रपत्र अंग्रेजी अथवा हिन्दी में होगा एवं इसे संक्षिप्त एवं किसी तर्कअथवा विवरण के बिना अपील के कारणों केस्पष्ट शीर्षों के अंतर्गत तैयार करना चाहिए एवं ऐसे कारणों को क्रमानुसार क्रमांकित करना चाहिए।

5. The form of appeal shall be in English or Hindi and should be set forth concisely and under distinct heads of the grounds of appeals without any argument or narrative and such grounds should be numbered consecutively.

6. केंद्रिय सीमाशुल्क अधिनियम,1962 की धारा 129 ऐ के उपबन्धों के अंतर्गत निर्धारित फीस जिस स्थान पर पीठ स्थित है, वहां के किसी भी राष्ट्रीयकृत बैंक की शाखा से न्यायाधिकरण की पीठके सहायक रजिस्ट्रार के नाम पर रेखांकित माँग ड्राफ्टके जरिए अदा की जाएगी तथा यह माँग ड्राफ्ट अपीलके प्रपत्रकेसाथ संलग्न कियाजाएगा।

6. The prescribed fee under the provisions of Section 129A of the Customs Act,1962 shall be paid through a crossed demand draft, in favour of the Assistant Registrar of the Bench of the Tribunal, of a branch of any Nationalized Bank located at the place where the Bench is situated and the demand draft shall be attached to the form of appeal.

7. इस आदेश के विरुद्ध अपील न्यायाधिकरण के समक्ष की जा सकती है, बशर्ते कि विवादित शुल्क या शुल्क एवं जुर्माना, या केवल जुर्माना, विवादित होने पर मांगे गए शुल्क का 7.5% भुगतान किया जाए।

7. An appeal against this order shall lie before the Tribunal on payment of 7.5% of the duty demanded where duty or duty and penalty are in dispute, or penalty, where penalty alone is in dispute.

8. न्यायालय शुल्क अधिनियम, 1870 के अंतर्गत निर्धारित किए अनुसार संलग्न किएगए आदेशकी प्रति पर उपयुक्त न्यायालय शुल्क टिकट लगा होना चाहिए।

8. The copy of this order attached therein should bear an appropriate court fee stamp as prescribed under the Court Fees Act, 1870.

Sub: Order under Regulation 17(7) of the Customs Brokers Licensing Regulations (CBLR),2018 in the case of M/s. Startek Enterprise, CB Licence No. CHA/ABD/R/01/2019 ((BRDPS4686R), 401, F-Block, Hayat Residency, Survey No 560, Near Gulshane Maher School, Opp City Pulse, Sarkhej Road, Ahmedabad - 382210 (Gujarat)

प्रधान आयुक्त का कार्यालय,सीमा शुल्क,अहमदाबाद
"सीमा शुल्क भवन", पहली मंजिल, पुराने हाई कोर्ट के सामने, नवरंगपुरा,अहमदाबाद –380 009.
दूरभाष: (079) 2754 4630 ई-मेल: cus-ahmd-guj@nic.in / technical-customs@gov.in

Order-In-Original No.: AHM-CUSTM-000-PR.COMMR-02-2026-27
Dated 02.06.2026

Brief Facts:

M/s. Startek Enterprise, having their office at 401, F-Block, Hayat Residency, Survey No 560, Near Gulshana Maher School, Opp City Pulse, Sarkhej Road, Ahmedabad - 382210 (Gujarat) (herein after referred to as the Customs Broker/CB/Noticee) is holder of Customs Broker Licence No. CHA/ABD/R/01/2019 (BRDPS4686R) issued by the Principal Commissioner of Customs, Ahmedabad under Regulation 7(2)(a) of the Customs Brokers Licensing Regulations (CBLR),2018, and as such they are bound by the regulations and obligations/conditions stipulated therein.

2. Customs Commissionerate Ahmedabad has received a communication dated 14.10.2025, from the Additional Director, Directorate of Revenue Intelligence, Regional Unit, Surat regarding contravention of the provisions of Regulation 10 of CBLR 2018 by the above Customs Broker- M/s. Startek Enterprise. It is also mentioned in the above letter dated 14.10.2025 that Show Cause Notice F.No. Gen/LGL/Misc/803/2025-AH-PORT-HZR-CUS-COMMRTE-AHMEDABAD I/3375480 dated 27.09.2025 issued based on the investigation and penalty has been proposed on the above Customs Broker- M/s. Startek Enterprise. Copy of above SCN obtained from DRI Surat vide e-mail dated 11.11.2025. The above Customs Broker is one of the noticees in the SCN dated 27.09.2025.

Issue involved in the present case:

3. An intelligence was developed on the basis of specific information that M/s. D.K. Trading (IEC- HHNPD7475M) were exporting Fancy Ceramic Wall Tiles under CTI 69072200 from Hazira Port and intended to avail IGST refund on the said export, by way of mis-declaring the value of goods entered for exportation. The intelligence suggested that the goods are of inferior quality and are being mis- declared in terms of value (being over valued) to claim ineligible IGST refund @18% of the assessable value. Clearance of the

subject export consignment being attended by M/s. Startek Enterprise, as Customs Broker and accordingly, the CB filed the following six Shipping Bills at Hazira Adani Port for export of 'Fancy Ceramic wall tiles' under CTI '69072200'. Details of the goods as per declaration in Shipping Bills/Export Invoice is as under:

Sr. No	Shipping Bill No. & date	Description of Export goods	Qty. (box)	Declared Qty. (SQM)	Declared Assessable Value (Rs)	IGST Refund Claimed (Rs)
1	9439883/ 28.03.2025	Fancy Ceramic wall tiles	750	7,500	60,66,900	10,92,042
2	9440114/ 28.03.2025	Fancy Ceramic wall tiles	770	7,700	62,28,684	11,21,163
3	9440149/ 28.03.2025	Fancy Ceramic wall tiles	780	7,800	63,09,576	11,35,723
4	9440124/ 28.03.2025	Fancy Ceramic wall tiles	750	7,500	60,66,900	10,92,042
5	9440116/ 28.03.2025	Fancy Ceramic wall tiles	770	7,700	62,28,684	11,21,163
6	9440106/ 28.03.2025	Fancy Ceramic wall tiles	780	7,800	63,09,576	11,35,723
Total			**4600**	**46,000**	**3,72,10,320**	**66,97,857**

4. Under Panchnama dated 29.03.2025 drawn at CFS DP World Rail Logistics Pvt Ltd., Surat, the officers of DRI carried out examination of the above goods attempted to be exported by M/s. D.K. Trading vide the above Shipping Bills, which were stuffed in Container No. GLDU2974427 and Container No. MSCU3257766. Representative of the Customs Broker firm Shri Jayesh Painter H Card holder produced export documents pertaining to the above consignment during the course of examination of goods.

5. During examination under Panchnama dated 29.03.2025 it was found that total **4592 boxes** each containing 10 pieces of 1 square feet tiles were stuffed in the two containers against the declared quantity of **4600 boxes**. Only **4266.09 Sq. Mtr.** (**45920 Sq. Ft.**) tiles were found stuffed in the two containers against the declared quantity of **46000 Sq Mtr.** in the above Six Shipping Bills. It was also found that the corrugated boxes had **description**: 'Finomax Floor Tiles Ceramic| 12"x12" | Floor Tiles' whereas in the above Shipping Bills, description of the goods was declared as 'Fancy Ceramic Wall Tiles'.

6. Regarding the manufacturer of goods entered for exportation under the above six Shipping Bills, Shri Jayesh Painter informed during the course of examination of the goods that the goods were manufactured and supplied by Finomax Ceramic, Morbi (GSTIN- 24AACAA3349P1Z6) and transported to the CFS DP World Rail Logistics Pvt Ltd. under cover of Invoice No. 1042 dated 19.03.2025 issued by Finomax Ceramic. E-way Bill No. 631878522920 dated 19.03.2025 mentioned therein. The officers and Shri Jayesh Painter noticed that Invoice No. 1042 dated 19.03.2025 issued by Finomax Ceramic mentioned consignee as M/s. D.K. Trading, Delhi (GSTIN: 07HHNPD7475M1ZI), and the description of goods was mentioned as 'Ceramic Floor Tiles', Size 12 x 12 (10), Quantity 4600 Box, having **Taxable Value Rs.7,36,000/-,** and IGST of Rs.1,32,480/-, whereas the declared value of goods in the subject 6 Shipping Bills and corresponding 6 Export Invoices was US $4,34,700/- and the declared **FOB Value** was **Rs.3,72,10,320/-**.

7. As the goods meant for export under these six Shipping Bills were found mis-declared in terms of Quantity and Value and hence, the goods were detained under the reasonable belief that same are liable to confiscation under Section 113 of Customs Act, 1962. The above detained goods was subsequently seized vide seizure memo dated 04.04.2025.

8. Apart from the purchase Invoice No. 1042 dated 19.03.2025 issued by Finomax Ceramic to M/S D.K. Trading, they had submitted six other invoices purportedly issued by M/s. S K Enterprises (GSTN 07BQMPN4394P1ZU) to them for supply of the tiles. These were retrieved under the panchnama from the CB during examination of goods. The examination of the goods revealed that the goods matched the description, quantity and value in Invoice No. 1042 dated 19.03 2025, issued by Finomax Ceramic. This suggests that the additional purchase invoices in the name of S.K. Enterprises were likely fabricated and provided by M/s D.K. Trading to the Customs Broker solely to bridge the gap between the purchase value and export value, as well as the quantity discrepancy. The declared total value of the tiles, amounting to **Rs.3,72,10,320/-** in six Shipping Bills, was inflated compared to the actual purchase value of **Rs.7,36,000/-** from Finomax Ceramics. This discrepancy was attempted to be justified by submitting fake purchase invoices and mis-declaring quantities by using square meters instead of square feet.

9 None of the above purchase invoices were being reflected in GSTR 2A/2B of M/s. D.K. Trading. Further, scrutiny of GST Returns of M/s. D.K. Trading revealed as such no purchase-sale and input tax credit seen in the periodical GST returns.

10. Scrutiny and analysis of Bank account statement of account No. 89840200003568 of Shri Deepak proprietor of M/s. D. K. Trading (IEC-HHNPD7475M) revealed that the account was opened on 05.03.2025 and

on 16.03.2025, a deposit of Rs.10,00,000/- and on 18.03.2025 remittance of Rs.8,68,480/- was done which was for the purchase of tiles done from Finomax Ceramic India. Also, on 25.04.2025 a remittance of Rs.36,000/- was done to DP World. The scrutiny of the bank account reveals that the company was not involved in any genuine trading business. Instead, it appears to have made payments only to Finomax Ceramic. Notably, there are no transactions in the bank account related to S.K. Enterprises, despite the invoices from S.K. Enterprises being included in the documents submitted by the Customs Broker.

11. Shri Abdul Majid Ansari, G-Card Holder used to communicate with one Shri Praveen on mobile no. 8447203063 for export related work of the firm D.K. Trading. Based on received export invoices, Shri Jayesh Painter, Executive in Startek Enterprise prepared the checklist and shared the same to M/s. D.K. Trading on email. Further, on approval given by M/s. D.K. Trading, Shipping Bills were filed. It was also informed to the exporter to provide purchase invoice for assessment**.** There was an error in mentioning of unit of measurement and Sq meter was mentioned in place of Sq ft. After noticing the discrepancy in the purchase value as per taxable invoice and the declared FOB value as per export invoice, Shri Jayesh Painter questioned the reason of the same from Shri Praveen who in turn replied that the same will be answered in due course, however, reason thereof not answered by Praveen. The invoices at pages 19-25 (withdrawn under panchnama dated 29.03.2025) reveal that the total quantity of goods being exported matches the invoice of Finomax Floor Tiles (page 25). However, the invoices at pages 19-24, purportedly issued by S.K. Enterprises, appear to be fabricated to bridge the gap between the purchase value and the export value.

12. The investigation findings, as discussed in the Show Cause Notice (SCN) dated 27.09.2025, reveal that the goods were grossly overvalued to obtain IGST refunds. The purchase value of Rs.7,36,000/- was merely 9.3% of the declared FOB value of Rs.3,72,10,320/-. M/s D.K. Trading did not conduct any genuine business activity. M/s Startek Enterprise, acting as Customs Broker (CB) for M/s D.K. Trading, allegedly facilitated mis-declaration of export goods by preparing and filing shipping bills, checklists, and supporting documents without exercising due diligence. The CB's representative prepared the checklist, filed shipping bills after exporter approval, and submitted fabricated purchase invoices without verifying their authenticity. This led to the presentation of false entries that did not correspond with the actual goods exported, attempting to claim wrongful IGST refunds. These actions attract penalties under Sections 114 and 114AA of the Customs Act, 1962. Furthermore, the CB's conduct in accepting and submitting purchase invoices not recorded in GST records, filing shipping bills despite discrepancies, and failing to raise query for the significant gap between purchase and export values amounts to active assistance and abetment in obtaining wrongful tax refunds.

13. **Violation of the obligations stipulated under Regulation 10 of the CBLR,2018 by the Customs Broker:**

13.1 From the above, it appears that M/s. Startek Enterprise, Customs Broker, holding Customs Broker License No.CHA/ABD/R/01/2019(BRDPS4686R), has knowingly and intentionally facilitated in the mis-declaration of export goods by preparing checklist and filing the shipping bills, and supporting documentation based on invoices and papers supplied by the exporter without exercising requisite due diligence in collusion with the exporter for the presentation of entries that do not correspond in value or in material particulars with the actual goods entered for exportation and for attempting to fraudulently claim ineligible IGST Refund of Rs.66,97,857/-. The omissions and commissions on part of the above Customs Broker leading to violation of the obligations stipulated under Regulation 10 of the CBLR,2018 are apparent:

13.2 ***Regulation 10. Obligations of Customs Broker***

A Customs Broker shall -

(a) obtain an authorisation from each of the companies, firms or individuals by whom he is for the time being employed as a Customs Broker and produce such authorisation whenever required by the Deputy Commissioner of Customs or Assistant Commissioner of Customs, as the case may be;

13.2.1 As per Regulation 10(a) of the Customs Brokers Licensing Regulations, 2018, it is mandatory for a Customs Broker to obtain authorization from the firm they represent. However, the investigation (as per the SCN dated September 27, 2025) reveals that Startek Enterprise, the Customs Broker, failed to comply with this requirement. The G-Card Holder, Shri Abdul Majid Ansari, communicated with Shri Praveen regarding export-related work for M/s D.K. Trading, however, there is no evidence of direct interaction with the exporter's proprietor, Shri Deepak (also known as Pankaj Sharma). The authorization letter was provided by Shri Praveen @ Mahesh Soni, an intermediary. The Customs Broker did not conduct due diligence to verify the authenticity of the exporter or interact with the proprietor directly. This constitutes a violation of Regulation 10(a) of the CBLR, 2018.

13.3 ***Regulation 10. Obligations of Customs Broker***

A Customs Broker shall -

(d) advise his client to comply with the provisions of the Act, other allied Acts and the rules and regulations thereof, and in case of non-compliance, shall bring the matter to the notice of the Deputy Commissioner of Customs or Assistant Commissioner of Customs, as the case may be;

13.3.1 As per Regulation 10(d) of the Customs Brokers Licensing Regulations, 2018, Customs Brokers are obligated to advise exporters to comply with the Customs Act and other allied laws and report any non-compliance to the

Customs department. However, in this case, the Customs Broker failed to fulfill this obligation. The investigation (as per the SCN dated September 27, 2025) revealed that the goods were grossly overvalued, with a declared FOB value of **Rs.3,72,10,320/-** against a purchase value of **Rs.7,36,000/-**. The exporter, M/s D.K. Trading, submitted fake invoices from M/s S.K. Enterprises to justify the inflated value. The Customs Broker was aware of the discrepancy but instead of advising the exporter to comply with the law or reporting the issue to Customs, they obtained and submitted fake invoices to justify the export value. By colluding with the exporter, the Customs Broker facilitated in the presentation of false entries and attempted to claim ineligible IGST refunds of **Rs.66,97,857/-**. The Broker's actions demonstrate a clear violation of Regulation 10(d) of the CBLR, 2018, as they failed to advise the exporter to comply with the law and report the non-compliance to Customs.

13.4 ***Regulation 10. Obligations of Customs Broker***

A Customs Broker shall -

(e) exercise due diligence to ascertain the correctness of any information which he imparts to a client with reference to any work related to clearance of cargo or baggage;

13.4.1 As per Regulation 10(e) of the Customs Brokers Licensing Regulations, 2018, Customs Brokers are required to provide accurate information to exporters regarding cargo clearance. However, in this case, the Customs Broker failed to do so. The Broker relied entirely on an intermediary, Shri Praveen, for documents and clarifications, and did not interact directly with the exporter to verify the authenticity of export documents. Instead of providing correct information, the Customs Broker colluded with the exporter, as discussed earlier, and used fabricated invoices to declare export consignments under their license. By not imparting accurate information to the exporter about the quantity and valuation of goods, the Customs Broker violated Regulation 10(e) of the CBLR, 2018.

13.5 ***Regulation 10. Obligations of Customs Broker***

A Customs Broker shall -

(n) verify correctness of Importer Exporter Code (IEC) number, Goods and Services Tax Identification Number (GSTIN), identity of his client and functioning of his client at the declared address by using reliable, independent, authentic documents, data or information;

13.5.1 As per Regulation 10(n) of the Customs Brokers Licensing Regulations, 2018, Customs Brokers are required to verify the correctness of their clients' IEC, GSTIN, identity, and functioning at the declared address using reliable and authentic documents. However, in this case, the Customs Broker failed to do so. The Broker did not verify the genuineness of the exporter's credentials, such as their business address and profession, as they did not interact with the exporter (Proprietor of M/s D.K. Trading) directly. Instead, all communication and document exchange were facilitated by Shri Praveen @ Mahesh Soni. The Broker also failed to verify the exporter's address, which was found to be a dummy firm created for exporting over-valued goods using fake invoices. During the investigation, it was found that the exporter did not exist at the declared premises, indicating a potential case of fraudulent entity created for export purposes. By not conducting these verifications, the Customs Broker demonstrated lack of due diligence and colluded with the exporter, as discussed earlier. This constitutes a clear violation of Regulation 10(n) of the CBLR, 2018.

13.6 It appeared from the foregoing that the Customs Broker, has failed to fulfil its obligations and has contravened the provisions of Regulations 10(a), 10(d), 10(e), and 10(n) of the Customs Brokers Licensing Regulations, 2018, as amended.

13.7 Accordingly, a Show Cause Notice No. 03/2025-26 dated 10.12.2025 was issued by the Principal Commissioner of Customs Ahmedabad to the Customs Broker under the Regulation 17 of CBLR, 2018 wherein, the Customs Broker was called upon to Show Cause as to why:

- (i) The Customs Broker license bearing No. CHA/ABD/R/01/2019(BRDPS4686R) issued to them should not be revoked under regulation 14 read with regulation 17 of the CBLR, 2018;
- (ii) Security deposited should not be forfeited under regulation 14 read with regulation 17 of the CBLR, 2018;
- (iii) Penalty should not be imposed upon them under regulation 18 read with regulations 17 of the CBLR, 2018;

11. Further, in terms of Regulation 17 of the Customs Brokers Licensing Regulations,2018, Shri A.H. Dodia, Assistant Commissioner (Preventive), Customs Commissionerate, HQ, Ahmedabad was nominated as Inquiry Officer vide the said Show Cause Notice dated 10.12.2025 in this case with the directions to conduct inquiry under regulation 17 and submit report to the Principal Commissioner, Customs Ahmedabad.

12. The Inquiry Officer Shri A.H. Dodia, Assistant Commissioner (Preventive), Customs Commissionerate had conducted inquiry against the above Customs Broker in terms of provisions of Regulation 17 of CBLR, 2018 and the Inquiry officer had submitted his report dated 05.03.2026 to Principal Commissioner of Customs, Customs Commissionerate Ahmedabad.

Inquiry Report

13. The Article of Charge-wise report of the Inquiry officer is summarised as below:-

13.1 **Article of Charge (i)** As per Regulation 10(a) of the Customs Brokers Licensing Regulations, 2018, it is mandatory for a Customs Broker to obtain authorization from the firm they represent. However, the investigation (as per the SCN dated September 27, 2025) reveals that Startek Enterprise, the Customs Broker, failed to comply with this requirement. The G-Card Holder, Shri Abdul Majid Ansari, communicated with Shri Praveen regarding export-related work for M/s D.K. Trading, but there is no evidence of direct interaction with the exporter's proprietor, Shri Deepak (also known as Pankaj Sharma). The authorization letter was provided by Shri Praveen @ Mahesh Soni, an intermediary. The Customs Broker did not conduct due diligence to verify the authenticity of the exporter or interact with the proprietor directly. This constitutes a violation of Regulation 10(a) of the CBLR, 2018.

Findings of the Inquiry Officer on Article of Charge (i) –

(a) With respect of the Regulation 10(a) of the Customs Brokers Licensing Regulations, 2018, it is mandatory for a Customs Broker to obtain authorization from the firm they represent. However, from the material facts produced it emerged that M/s. Startek Enterprise, the Customs Broker, failed to comply with this requirement. The G-Card Holder, Shri Abdul Majid Ansari, communicated with Shri Praveen regarding export-related work for M/s D.K. Trading, but there is no evidence of direct interaction with the exporter's proprietor, Shri Deepak (also known as Pankaj Sharma). The authorization letter was provided by Shri Praveen @ Mahesh Soni, an intermediary, which itself raise question on veracity of the documents however, the Customs Broker did not conduct due diligence to verify the authenticity of the exporter or interact with the proprietor directly even when serious doubts reagarding the valuation of goods had been observed by themselves. This constitutes a violation of Regulation 10(a) of the CBLR, 2018.

13.2 Article of Charge (ii) - As per Regulation 10(d) of the Customs Brokers Licensing Regulations, 2018, Customs Brokers are obligated to advise exporters to comply with the Customs Act and other allied laws, and report any non-compliance to the Customs department. However, in this case, the Customs Broker failed to fulfill this obligation. The investigation (as per the SCN dated September 27, 2025) revealed that the goods were grossly overvalued, with a declared FOB value of Rs.3,72,10,320/- against a purchase value of Rs.7,36,000/-. The exporter, M/s D.K. Trading, submitted fake invoices from M/s S.K. Enterprises to justify the inflated value. The Customs Broker was aware of the discrepancy but instead of advising the exporter to comply with the law or reporting the issue to Customs, they obtained and submitted fake invoices to justify the export value. By colluding with the exporter, the Customs Broker facilitated in the presentation of false entries and attempted to claim ineligible

IGST refunds of **Rs.66,97,857/-**. The Broker's actions demonstrate a clear violation of Regulation 10(d) of the CBLR, 2018, as they failed to advise the exporter to comply with the law and report the non-compliance to Customs.

Findings of the Inquiry Officer on Article of Charge (ii) –

(a) As per Regulation 10(d) of the Customs Brokers Licensing Regulations, 2018, Customs Brokers are obligated to advise exporters to comply with the Customs Act and other allied laws, and report any non-compliance to the Customs department. However, in this case, the Customs Broker failed to fulfil this obligation. The investigation (as per the SCN dated September 27, 2025) revealed that the goods were grossly overvalued, with a declared FOB value of Rs.3,72,10,320/- against a purchase value of Rs.7,36,000/-. The exporter, M/s D.K. Trading, submitted fake invoices from M/s S.K. Enterprises to justify the inflated value. The Customs Broker was aware of the discrepancy but instead of advising the exporter to comply with the law or reporting the issue to Customs, they obtained and submitted fake invoices to justify the export value. By colluding with the exporter, the Customs Broker facilitated in the presentation of false entries and attempted to claim ineligible IGST refunds of **Rs.66,97,857/-**. The Customs Broker's actions in the present case demonstrate a clear violation of Regulation 10(d) of the CBLR, 2018, as they failed to advise the exporter to comply with the law and report the non-compliance to Customs.

13.3 Article of Charge (iii) - As per Regulation 10(e) of the Customs Brokers Licensing Regulations, 2018, Customs Brokers are required to provide accurate information to exporters regarding cargo clearance. However, in this case, the Customs Broker failed to do so. The Broker relied entirely on an intermediary, Shri Praveen, for documents and clarifications, and did not interact directly with the exporter to verify the authenticity of export documents. Instead of providing correct information, the Customs Broker colluded with the exporter, as discussed earlier, and used fabricated invoices to declare export consignments under their license. By not imparting accurate information to the exporter about the quantity and valuation of goods, the Customs Broker violated Regulation 10(e) of the CBLR, 2018.

Findings of the Inquiry Officer on Article of Charge (iii) –

(a) As per Regulation 10(e) of the Customs Brokers Licensing Regulations, 2018, Customs Brokers are required to provide accurate information to exporters regarding cargo clearance. However, in this case, the Customs Broker failed to do so. The Broker relied entirely on an intermediary, Shri Praveen, for documents and clarifications, and did not interact directly with the exporter to verify the authenticity of export documents. Instead of providing correct information, the Customs Broker colluded with the exporter, as discussed above, and used fabricated invoices to declare export consignments under their license.

By not imparting accurate information to the exporter about the quantity and valuation of goods, the Customs Broker violated Regulation 10(e) of the CBLR, 2018.

13.4 Article of Charge (iv) - As per Regulation 10(n) of the Customs Brokers Licensing Regulations, 2018, Customs Brokers are required to verify the correctness of their clients' IEC, GSTIN, identity, and functioning at the declared address using reliable and authentic documents. However, in this case, the Customs Broker failed to do so. The Broker did not verify the genuineness of the exporter's credentials, such as their business address and profession, as they did not interact with the exporter (Proprietor of M/s D.K. Trading) directly. Instead, all communication and document exchange were facilitated by Shri Praveen @ Mahesh Soni. The Broker also failed to verify the exporter's address, which was found to be a dummy firm created for exporting over-valued goods using fake invoices. During the investigation, it was found that the exporter did not exist at the declared premises, indicating a potential case of fraudulent entity created for export purposes. By not conducting these verifications, the Customs Broker demonstrated lack of due diligence and colluded with the exporter, as discussed earlier. This constitutes a clear violation of Regulation 10(n) of the CBLR, 2018.

Findings of the Inquiry Officer on Article of Charge (iv) –

a) As per Regulation 10(n) of the Customs Brokers Licensing Regulations, 2018, Customs Brokers are required to verify the correctness of their clients' IEC, GSTIN, identity, and functioning at the declared address using reliable and authentic documents. However, in this case, the Customs Broker failed to do so. The Broker did not verify the genuineness of the exporter's credentials, such as their business address and profession, as they did not interact with the exporter (Proprietor of M/s D.K. Trading) directly. Instead, all communication and document exchange were facilitated by Shri Praveen @ Mahesh Soni. The Broker also failed to verify the exporter's address, which was found to be a dummy firm created for exporting over-valued goods using fake invoices. During the investigation, it was found that the exporter did not exist at the declared premises, indicating a potential case of fraudulent entity created for export purposes. By not conducting these verifications, the Customs Broker demonstrated lack of due diligence and colluded with the exporter, as discussed earlier. This constitutes a clear violation of Regulation 10(n) of the CBLR, 2018.

14. **Conclusion of the Inquiry Officer:-**

In view of the aforesaid findings, the inquiry officer has concluded that the Customs Broker, M/s. Startek Enterprise, have failed to discharge statutory obligations under Regulations 10(a), 10(d), 10(e), and 10(n) of the Customs Brokers Licensing Regulations, 2018 and thus, appropriate action under the Customs Brokers Licensing Regulations, 2018, is warranted.

15. In terms of the provisions under regulation 17(6), a copy of the Inquiry Report dated 05.03.2026, submitted by the Inquiry Officer was shared with the above Customs Broker vide letter dated 09.03.2026, requiring them to submit their comments / representation if any, within 30 days of the communication.

Personal hearing and the defense submissions made before the Adjudicating Authority

16. Personal hearing was held on 27.05.2026. Shri Naresh Satvani, authorized advocate/representative of M/s. Startek Enterprise had attended the hearing on behalf of the Customs Broker. During the Personal hearing Shri Naresh Satvani had denied all the allegations, and reiterated the written submissions dated 25.03.2026 and additional submission dated 26.05.2026. He submitted that the Customs Broker had complied provision of the CBLR, 2018, complied with KYC requirements and obtaining PAN, IEC and GSTIN issued by the competent Government authorities. Hence, according to him, there was no contravention of Regulations of the CBLR, 2018. He relied upon the case laws mentioned in their replies including the case law 2023 (386) ELT567 (Tri.-Cal.) in the case of Baid International Services Ltd.

17. The Customs Broker vide letter dated 25.03.2026 & Additional submission made vide their letter 26.05.2026 have submitted their written submission in respect of findings of the inquiry report in connection with the Show Cause Notice No. 03/2025-26 dated 10.12.2025 wherein the Customs Broker has inter-*alia* submitted that:

17.1 They emphatically denied the findings of the Inquiry Officer; the findings of the IO deserve to be summarily rejected.

17.2 The Show Cause Notice dated 10.12.2025 is time-barred as the inquiry officer has relied on internal departmental dispatch dates and has concluded that the proceedings are within the statutory time limit because the Licensing Authority purportedly received the offence report dated 14.10.2025 from the DRI on 23.10.2025, and a copy of the merits SCN dated 27.09.2025 was received in the Customs Broker Cell / Customs Commissionerate Ahmedabad via email on 11.11.2025.

17.2.1 The Customs Department is a single, integrated statutory body; it cannot artificially compartmentalize itself into silos to arbitrarily extend strict statutory limitation periods under the CBLR.

17.2.2 It is an undisputed matter of record that the underlying merits SCN (F.No. Gen/LGL/Misc/803/2025) was already issued on 27.09.2025. It is legally and administratively untenable to suggest that the Licensing Authority remained entirely oblivious to a multi-crore investigation and a detailed merits SCN. In administrative law, the knowledge of the investigating and adjudicating arm constitutes the constructive knowledge of the licensing authority. The limitation clock cannot be paused merely because an internal file or email took weeks to move from one desk to another.

17.2.3 The alleged offence was detected, and the goods were examined back in March 2025. Allowing the Department to use its own internal administrative lethargy (from March to October 2025) as a shield to bypass the strict limitation timelines of Regulation 17 makes a mockery of the safeguards provided to Customs Brokers. For the said contention reliance is placed on the following case laws:-

- **Babaji Shivram Clearing & Carriers Pvt. Ltd. v. Union of India, 2011 (269) E.L.T. 222 (Bom.)**
- **Trans Sea Services Pvt. Ltd. v. Commr. of Cus. (General), Mumbai, 2015 (328) E.L.T. 522 (Tri.-Mumbai)**

17.3 Regulation 10(n) explicitly mandates verification using "reliable, independent, authentic documents, data or information." It nowhere imposes an extra-statutory duty upon a Customs Broker to act as a private investigator, a field inspector, or to conduct physical site visits of an exporter's registered premises.

17.3.1 Verification of the IEC issued by the DGFT and the GSTIN issued by the GST Network was done by the Customs Broker and their active status was confirmed on the respective official government portals and the AD code of the exporter was obtained from a Public Sector Bank (Bank of Baroda).

17.3.2 Both Customs and Central GST formations operate under the aegis of the same apex body, the Central Board of Indiret Taxes and Customs (CBIC). The issuance of a GST Registration (GSTIN) is not a mechanical process; it is inherently backed by statutory verification of the applicant's declared premises by the jurisdictional tax authorities. The entire premise of the present proceedings revolves around the alleged fraudulent availment of IGST refunds under Rule 96 of the CGST Rules, 2017. When Customs Broker, verified the "Active" status of the exporter on the official GST portal, they were legally entitled to presume that the jurisdictional GST authorities had already conducted the requisite physical or documentary verification of that premises before granting the registration. If the said address is subsequently found to be fictitious, it signifies a systemic failure at the end of the GST registration authorities. For the said contention the reliance has been placed on the following case laws:-

- **Aradhya Export Import Consultants Pvt. Ltd. v. Commissioner of Customs (Airport and General), New Delhi, (2024) 21 Centax 91 (Del.)**

- **Kunal Travels (Cargo) v. CC (I&G), IGI Airport, New Delhi [2017 (354) E.L.T. 447 (Del.)]**

17.3.3 If a dummy entity successfully hoodwinked the DGFT to obtain an IEC and the State/Central GST authorities to obtain an active GSTIN both of which have their own rigorous, statutory physical verification mechanisms Customs Broker, cannot be penalized for the systemic failures of the Government's own apparatus.

17.4.1 The employee of the Customs Broker had himself raised query with the exporter regarding the overvaluation of goods. Thus, Customs Broker cannot be a willing co-conspirator actively participating in a multi-crore valuation fraud as the they had raised red flags in the with regard to valuation of the export goods. (the

17.4.2 It is a matter of established departmental practice that whenever the declared export value exceeds 150% of the purchase value, the Customs EDI System automatically flags the consignment. The Proper Officer (Appraiser) invariably examines the documents and raises a query for valuation justification. As an experienced Customs Broker, they were fully aware of this inevitable systemic scrutiny. When we raised the discrepancy with the exporter, they categorically assured us they would justify the valuation directly to the Customs authorities. Filing a statutory document with the absolute certainty that it will face rigorous departmental assessment negates any absurd theory of 'collusion' or clandestine intent to defraud the Exchequer.

17.4.3 Shri Mahesh Soni @ Praveen, in his statement recorded under Section 108 of the Customs Act had explicitly admitted that the Customs Broker asked him about the valuation discrepancies, but he had got no reply from the exporter. As they had specifically submitted, based on the record, they were actively misled. Being subjected to a client's deception cannot, by any stretch of imagination, be equated to a 'failure to advise" under Regulation 10(d) or withholding information under Regulation 10(e).

17.4.4 The statutory authority to assess the value of goods vests exclusively with the Proper Officer under Section 17 of the Customs Act, 1962, aided by the Export Valuation Rules, 2007. Furthermore, the absolute burden of making a true and correct declaration rests entirely on the Exporter under Section 50(3).

17.4.5 The Customs Broker is not a Valuation Expert, and merely processing agent not Chartered Engineers, market valuation experts, or forensic auditors. CBs are not legally authorized to forcibly alter the FOB value declared by the exporter. Once the exporter asserted the declared value and provided the corresponding commercial invoices, they processed the documents in good faith.

17.5.1 It is incorrectly concluded that they have violated regulation 10(a) simply because their G- card holder communicated with Shri Praveen, who acted as an intermediary for export-related work, and there is supposedly no evidence of direct interaction between the CB and the proprietor of M/s. D.K. Trading.

17.5.2 Regulation 10(a) of CBLR does not mandate a face-to-face personal meeting between the Customs Broker and the Proprietor, nor does it require the Proprietor to physically hand over the document in person. It is an undisputed fact on record that a valid, written authorization letter, duly signed by the proprietor of M/S D.K. Trading, was obtained and placed on record. Therefore, the mandate of Regulation 10(a) was thus fully discharged.

17.5.3 Proprietors and directors of export firms do not micro-manage every logistical step; they routinely operate through authorized representatives, accountants, and logistics managers. Receiving an authorization letter and KYC documents via an exporter's intermediary is standard, legally permissible industry practice. The authorisation need not necessarily be obtained directly from the exporter in person and can be obtained from intermediary and for the said contention they have relied on the case law **Bablani Clearing Forwarding & Logistics Co. Pvt. Ltd. v. Principal Commissioner of Customs (General), Mumbai, Final Order No. A/85828/2025 dated 02-06-2025, the Hon'ble CESTAT, Mumbai**.

17.6 The Inquiry Report suffers from the fatal vice of institutional bias and complete non-application of mind. The Inquiry Officer has failed to discharge his statutory duty as an independent fact-finder and has merely acted as a rubber stamp to justify the issuance of the Show Cause Notice issued by the Disciplinary Authority. The Inquiry Officer has mechanically reiterated the SCN; has failed to address defence evidence; has shown judicial Indiscipline to Justify the SCN by not following binding precedents from Hon'ble High Courts; has acted as a mouthpiece for the disciplinary authority;

17.7 Further, vide additional submission the Customs Broker has submitted that M/s Startek Enterprise submits that it complied with Regulation 10(n) of the CBLR, 2018 by obtaining and retaining the exporter's IEC, GSTIN, PAN/Aadhaar, rent agreement, bank/AD-code documents, KYC declaration and written authorisation. It argues that these were genuine and reliable documents and that physical verification of the exporter's premises is not mandatory under Regulation 10(n).

17.8 Regarding allegations of overvaluation and fake invoices, Startek states that the invoices and value declarations were provided by the exporter and that a Customs Broker has no authority to determine or alter FOB value. It relies on the Department's own records showing that its executive noticed the value mismatch and raised a query with Shri Praveen/Mahesh Soni, which, according to Startek, disproves any allegation of collusion or mens rea.

17.9 Startek further contends that there is no evidence that it prepared fake invoices, manipulated documents, shared export proceeds, or received any financial benefit. It also points out that the goods were seized and no IGST refund was released.

17.10 On Regulation 10(a), Startek submits that written authorisation was available on record and that receipt of documents through an intermediary does not amount to violation of the CBLR.

17.11 The Customs Broker also challenges the Inquiry Report for wrongly treating physical verification as mandatory and for recording findings without positive evidence of collusion or financial gain.

17.12 Without prejudice, Startek submits that even assuming any technical lapse, revocation of licence and forfeiture of security deposit would be grossly disproportionate considering that:

- the licence has remained suspended since 18.11.2025;
- business operations have remained closed for over six months;
- the matter concerns only one exporter transaction;
- KYC documents were obtained;
- Startek raised a valuation query;
- no IGST refund was released; and
- no financial benefit or past adverse record is shown against Startek.

Accordingly, Startek has requested dropping of proceedings and restoration of its licence, or alternatively, imposition of only a warning or minor penalty.

Discussions and Findings:-

18. I have carefully gone through the Show Cause Notice No. 03/2025-26 dated 10.12.2025 issued vide F. No.: GEN/TECH/Misc/2208/2025-TECH, Inquiry report dated 05.03.2026 submitted by the Enquiry officer, written submissions made by the Customs broker through their written reply dated 25.03.2026 and oral submissions made during the personal hearing held on 27.05.2026.

18.1 I find that in the present case the allegation levelled against the Customs Broker vide the SCN No. 03/2025-26 dated 10.12.2025 is with regard to the contravention of provisions of Regulations 10(a), 10(d), 10(e), and 10(n) of the Customs Brokers Licensing Regulations, 2018, which renders them liable for action under the Regulation 14, 17 & 18 of CBLR, 2018 including revocation of license, forfeiture of security deposit and imposition of penalty.

18.2 I proceed to discuss the allegation raised in the SCN dated 10.12.2025 along with the relevant provisions of CBLR, 2018, findings of the inquiry officer and defence submission made by the Customs Broker.

18.3 Customs Broker has contended that the Show Cause Notice dated 10.12.2025 is time-barred in as much as the merits SCN (F.No. Gen/LGL/Misc/803/2025) was already issued on 27.09.2025. It is legally and administratively untenable to suggest that the Licensing Authority remained entirely oblivious to a multi-crore investigation and a detailed merits SCN. In administrative law, the knowledge of the investigating and adjudicating arm constitutes the constructive knowledge of the Licensing Authority. The limitation clock cannot be paused merely because an internal file or email took weeks to move from one desk to another and view of this the SCN dated 10.12.2025 issued to the Customs Broker is time-barred.

18.3.1 I find the regulation 17(1) of the CBLR,2018 as under:

> ***" Regulation 17. Procedure for revoking license or imposing penalty*** *: -*
> *(1) The Principal Commissioner or Commissioner of Customs <u>shall issue a notice in writing to the Customs Broker within a period of ninety days from the date of receipt of an offence report</u>, stating the grounds on which it is proposed to revoke the license or impose penalty requiring the said Customs Broker to submit within thirty days to the Deputy Commissioner of Customs or Assistant Commissioner of Customs nominated by him, a written statement of defense and also to specify in the said statement whether the Customs Broker desires to be heard in person by the said Deputy Commissioner of Customs or Assistant Commissioner of Customs."*

18.3.2 I find that in view of the provisions under regulation 17(1) of the CBLR,2018, the above contention of the Customs Broker is not legally sustainable. Regulation 17(1) of the Customs Brokers Licensing Regulations, 2018 specifically provides that the relevant date for initiation of proceedings is the date of "receipt of offence report" by the Licensing Authority. The Regulation further mandates that the Show Cause Notice shall be issued within a period of 90 days from the date of receipt of the offence report. In the present case, the offence report dated 14.10.2025 was received by the Licensing Authority at Customs, Ahmedabad on 23.10.2025 from DRI Surat. Accordingly, the statutory period of 90 days was to expire on 21.01.2026. Since the impugned Show Cause Notice was issued on 10.12.2025, the same was issued well within the prescribed limitation period under Regulation 17(1) of the CBLR, 2018..

18.3.3 Further, the contention of the Customs Broker that the knowledge of the investigating or adjudicating authority should be treated as constructive knowledge of the Licensing Authority is only an argument advanced for the sake of contention and is not supported by any statutory provision or judicial precedent. The scheme of the CBLR, 2018 clearly recognizes the "receipt of offence report" by the Licensing Authority as the determinative event for computation of limitation, and not the date of issuance of the merits SCN or the date on which any other departmental authority may have acquired knowledge of the alleged offence.

18.3.4 In the case of **Shasta Freight Services Pvt. Ltd. Versus Pr. Commr. of Cus., Hyderabad, reported at 2019 (368) E.L.T. 41 (Telangana)**, the Hon'ble double bench of the High Court of Telangana while dealing with the issue of action initiated by the Licence Issuing authority upon the receipt of offence report have held that:-

> ***"16.*** *The first objection of the petitioner to the impugned proceedings is that the show cause notice was not issued within 90 days of receipt of the offence report and that therefore the limitation prescribed in sub-regulation (1) of Regulation 20 was not adhered to. In this case, the offence report is admittedly dated 24-2-2017 and the show cause notice was admittedly issued on 11-10-2017. Therefore, it was obviously after more than 8 months of the offence report that the show cause notice under Regulation 20(1) was issued.*
>
> ***17.*** *But the stand taken by the respondents is that the offence report was first received by the Mumbai Commissionerate and immediately they prohibited the petitioner from transacting business in Mumbai Customs area by an order dated 17-3-2017. The prohibition was continued by a further order dated 11-5-2017. According to the respondents, the Hyderabad Commissionerate, by their letter dated 22-6-2017 sought a copy of the offence report. Therefore, the copy of the offence report along with necessary enclosures was forwarded by CBS, Mumbai, vide letter dated 18-8-2017 to the Hyderabad Commissionerate.*
>
> ***18.*** *In the light of the stand taken by the respondents as aforesaid, we are of the view that the first objection taken by the petitioner cannot be sustained. An attempt was made by Mr. P. Balaji Varma, Learned Counsel for the petitioner, to contend that the actual date of receipt of the offence report was not established by the respondents and that there was no rationale as to why the Mumbai Commissionerate which issued a prohibition on 17-3-2017 kept quiet till August, 2017 to send a copy of the offence report."*

18.3.5 Without prejudice to the above, it is further observed that even otherwise the timelines prescribed under the Customs Brokers Licensing Regulations, 2018 are **directory in nature and not mandatory**. The Hon'ble Double Bench of the High Court of Bombay in the case of **Principal Commr. of Cus. (General), Mumbai Versus Unison Clearing P. Ltd.** report in **2018 (361) E.L.T. 321**, has held that time lines stipulated in Regulations are directory in nature, and not mandatory. If timelines were considered mandatory, purpose of Regulations and intent of Legislature would get defeated, rendering entire proceedings invalid.

> *"15. In view of the aforesaid discussion, the timelimit contained in Regulation 20 cannot be construed to be mandatory and is held to be directory. As it is already observed above that though the time line framed in the Regulation need to be rigidly applied, fairness would demand that when such time limit is crossed, the period subsequently consumed for completing the inquiry should be justified by giving reasons and the causes on account of which the timelimit was not adhered to. This would ensure that the inquiry proceedings which are initiated are completed expeditiously, are not prolonged and some checks and balances must be ensured. One step by which the unnecessary delays can be curbed is recording of reasons for the delay or non-adherence to this timelimit by the Officer conducting the inquiry and making him accountable for not adhering to the time schedule. These reasons can then be tested to derive a conclusion whether the deviation from the time line prescribed in the Regulation, is "reasonable". This is the only way by which the provisions contained in Regulation 20 can be effectively implemented in the interest of both parties, namely, the Revenue and the Customs House Agent.*
>
> *16. In the light of the aforesaid discussion, the appeals filed by the Revenue succeed and the question of law framed in the appeals is answered by holding that the CESTAT was not justified in setting aside the order or suspension of the Customs Brokers' Licence on the ground of delay between suspension and the notice of deviation or omission and it cannot be laid down as an absolute proposition of law that delay in taking immediate action of suspension or initiation of inquiry within a period of 90 days would vitiate the action of the Commissioner. The matters are remanded to the CESTAT for fresh adjudication in light of the question of law answered in the present appeals."*

Similar view has also been followed by the Hon'ble double bench of the High Court of Kerela in the case of **Cargo Care International Versus Commissioner of Customs, Cochin** reported in **(2025) 28 Centax 343 (Ker.)** wherein it has been held that timelines stipulated are directory in nature and not mandatory. The relevant portion of the said judgment is reproduced below:-

> *" 14. In the above backdrop, when we analyse the provisions of the Customs Brokers Licensing Regulations, 2018, we are unable to decipher any consequence of non-adherence to the mandatory period of ninety*

days. Therefore, we can only assume that the said period is directory and not mandatory. If that be so, the contention of the appellant has to fail."

18.4 Customs Broker has contended that Regulation 10(n) explicitly mandates verification using "reliable, independent, authentic documents, data or information" it does not mandate conducting physical verification of exporter's premise. Verification of the IEC issued by the DGFT and the GSTIN issued by the GST Network was done by the Customs Broker and were found to be active and AD code was issued by a nationalised bank. The GST registration process is not a mechanical process and the GSTIN is granted only after verification from the GST authorities.

18.4.1 I find that Regulation 10(n) requires the Customs Broker to exercise due diligence, verify the correctness of the Importer Exporter Code (IEC), GST details, identity of the client and functioning of the client at the declared address using reliable, independent and authentic documents, data or information. The intent of the Regulation is to ensure that the Customs Broker satisfies himself about the genuineness and existence of the Exporter and the legitimacy of the transaction before undertaking customs clearance on behalf of such client. In the present case, the Customs Broker has received all the documents and instructions with regard to handling of cargo through an intermediary. There is no material on record to show that any independent verification was undertaken to confirm the operational existence of the Exporter at the declared address, to ascertain the business credentials and antecedents of the firm, or to verify its trade history. Mere mechanical online verification of IEC, KYC documents, GSTIN & GST returns filing only confirms the existence of such registrations in government databases. It does not establish the genuineness of business operations, the credibility of the Exporter, or the legitimacy of the transaction. The obligation under Regulation 10(n) is not satisfied by mechanical portal verification. It requires application of mind and independent confirmation of the Exporter's identity and functioning. A prudent Customs Broker is expected to undertake risk-based verification and the failure to do so in the present case, has amounted to clear negligence which has resulted in an attempt to export of goods with intent to avail inadmissible refund of IGST on the strength of fake invoices. The Regulation requires the Customs Broker to go beyond the mere verification of documents and satisfy himself about the authenticity of the Exporter and the genuineness of the transaction. Mere verification of documents provided through mail or over phone cannot absolve the Customs Broker from the verification obligations contemplated under Regulation 10(n) of the CBLR, 2018 and thus, the Customs Broker has failed to comply with provisions of the said regulations.

18.4.2 The Customs Broker has put forth the contention that GST registration is granted after verification by government authorities and thus if the address of the Exporter is found to be fictitious it is the failure of administrative structure and the liability of the said failure cannot be shifted upon the Customs Broker. I do not find merit in the said contention. By advancing such an argument, the Customs Broker appears to be attempting to dilute and evade the independent statutory responsibilities specifically cast upon him under Regulation 10 of the Customs Brokers Licensing Regulations, 2018. The obligations imposed upon a Customs Broker under the regulatory framework are distinct and independent in nature and cannot be substituted or discharged merely because some form of registration has been granted by another government authority. A Customs Broker cannot absolve himself of the due diligence requirements under the Regulations by adopting a narrow or technical interpretation when the very object of the regulatory framework is to ensure proper verification of clients and to safeguard the import-export system from misuse.

18.4.3 The regulatory framework under CBLR, 2018 is preventive in nature, intended to curb misuse of the import-export system. The role of a Customs Broker under the Customs Brokers Licensing Regulations, 2018 is not confined to mechanical filing of documents but carries with a statutory duty to exercise reasonable care, diligence and responsibility while representing clients before the Customs authorities. In the present case, the Customs Broker's reliance on documents received through intermediary, without independent verification of the Exporter's credentials and functioning, and genuineness of exporter has resulted in the attempt of export of over-valued goods with an intention to avail the benefit of refund of IGST. The failure of the Customs Broker to adhere to these obligations in the present case has undermined the safeguards intended to prevent abuse of the Export process and, therefore, the same cannot be viewed lightly.

18.4.4 The Hon'ble Principal Bench, CESTAT, Delhi in the case of **Millenium Express Cargo Pvt. Ltd. Vs. Commr. of Cus., New Delhi reported in 2017 (346) E.L.T. 471 (Tri. - Del.)** have held that Customs Broker is expected to do verification of antecedent of the importer. It is Statutory obligation cast upon CHA to verify antecedent, correctness of IEC, identity of client and declared address by using reliable, independent, authentic documents, data or information with due diligence. The relevant portion of the said judgement is reproduced below:-

> " *5..........................*
> *........Thus the appellant was required to inter alia verify present and permanent address in full, complete and correct which the appellant did not do. Merely because the appellant obtained documents as per Column 4 of the above table does not tantamount to fulfilment of requirement of Column 3 relating to features to be verified because if that was so, then there was no need to have Column 3. As seen from Regulation 13(o) quoted above, the Customs House Agent is obligated to inter alia verify*

antecedent, correctness of Importer Exporter Code, identity of the importer and functioning of his client at the declared address by using reliable, independent, authentic documents, data or information. The appellant has not even claimed that it had ever verified the existence of the importer at the given address. Obviously, the appellant failed to fulfil the requirement of Regulation 13(o) ibid."

18.4.5 The Hon'ble Double Bench CESTAT, Mumbai in the case of **Interport Impex Pvt. Ltd. Vs. Commissioner of Customs (General), Mumbai** reported in **2015 (324) ELT 744 (Tri. Mumbai)** has observed that :-

"6.4…..……*we find that the appellant did not verify the antecedents of the exporter. It would be very naive on the part of the exporter to believe any person who comes forward with the IEC number of an exporter. Obviously any one can get hold of an exporter's name and IEC number, forge authorizations of the exporter and then present the papers to a CHA for Customs clearance. <u>The CHA cannot be exonerated of the serious mistake committed by him in not making true efforts to verify the credentials of the exporter………</u>*

18.4.6 The Hon'ble Double Bench CESTAT Mumbai in the case of **Baraskar Brothers Vs. Commissioner of Customs (General), Mumbai** reported in **2009 (244) ELT 562 (Tri. Mumbai)** has observed that :-

"6.4 The ld. JDR has also submitted that the CHA cannot find shelter in the submission that they had verified the IEC at the DGFT website. He submitted that this is not a substitute to physically verifying the existence of the exporter, when he acts as an agent for all purposes related to Customs. He also drew our attention to the fact that the CHA himself had admitted in his statement under Section 108 that he had not taken necessary precautions for identifying the exporters and such action/inaction has resulted in a huge loss to the exchequer. <u>We are in agreement with his contention and hold that physical verification cannot be dispensed with by the CHA, when he acts for and on behalf of the importer or the exporter for all Customs matters."</u>

18.5 The Customs Broker has contended that their employee had himself raised query with the exporter regarding the overvaluation of goods and thus, they cannot be a willing co-conspirator actively participating in a multi-crore valuation fraud. Further, whenever the declared export value exceeds 150% of the purchase value, the Customs EDI System automatically flags the consignment for verification by Customs Officer and as an experienced Customs Broker, they were fully aware of this inevitable systemic scrutiny. Filing a statutory document with the absolute certainty that it will face rigorous departmental assessment negates any absurd theory of 'collusion' or clandestine intent to defraud the Exchequer. They had got no reply from the exporter regarding the query of over-valuation of goods and they were actively mislead by the exporter. Customs Broker is not a Valuation Expert, and merely processing agent CBs are not legally authorized to forcibly alter the FOB value declared by the exporter. Once the exporter asserted the declared value and provided the corresponding commercial invoices, they processed the documents in good faith. The statutory authority to assess the value of goods vests exclusively with the Proper Officer under Section 17 of the Customs Act, 1962, aided by the Export Valuation Rules, 2007. Furthermore, the absolute burden of making a true and correct declaration rests entirely on the Exporter under Section 50(3) and view of the said facts actions of Customs Broker in the present case cannot be equated to a 'failure to advise" under Regulation 10(d) or withholding information under Regulation 10(e).

18.5.1 I find that Regulation 10(d) of the Customs Brokers Licensing Regulations, 2018 casts a specific obligation upon the Customs Broker to advise their client to comply with the provisions of the Customs Act and allied laws and, in the event of non-compliance, to bring the same to the notice of the Customs authorities. In the present case, the Customs Broker has themselves admitted that they had raised a query with the exporter regarding the apparent overvaluation of the export goods and had sought clarification in that regard. However, despite entertaining doubts regarding the correctness of the declared value and despite not having received any satisfactory explanation from the exporter, the Customs Broker proceeded to file the Shipping Bill on behalf of the exporter. The conduct of the Customs Broker clearly demonstrates that although suspicion regarding overvaluation had arisen in their mind, they neither awaited proper clarification nor reported the matter to the Customs authorities before facilitating the export transaction. Such conduct is contrary to the obligations prescribed under Regulation 10(d). Once material discrepancies or suspicious circumstances came to the notice of the Customs Broker, it was incumbent upon them to exercise greater caution and not to proceed mechanically with the filing of the Shipping Bill merely on the basis of documents furnished by the exporter or intermediary.

18.5.2 The Customs Broker has further contended that they were fully aware that the export consignment would inevitably be subjected to scrutiny by the Proper Officer under the Customs EDI System. I find that such defence is based entirely upon presumptions and assumptions regarding possible departmental scrutiny and cannot absolve the Customs Broker of their independent statutory responsibilities under the CBLR, 2018. The Customs Broker appears to be attempting to shift the entire responsibility relating to misdeclaration and overvaluation upon the exporter by contending that valuation assessment falls outside the scope of their obligations. Such an interpretation of the Regulations is excessively narrow and contrary to the very object and scheme of the CBLR, 2018. A Customs Broker is licensed under the Customs Act and entrusted with significant responsibilities involving interaction with Customs systems and facilitation of import-export transactions. Such licence carries with it a corresponding obligation to act with reasonable diligence, care and responsibility towards the Customs administration and the revenue. The plea that the Customs authorities would independently scrutinize the Shipping Bill cannot be accepted as a defence for proceeding with a transaction despite apparent doubts regarding valuation. The statutory obligations cast upon the Customs Broker are independent in nature and cannot be diluted merely because the Customs authorities also possess powers of examination and assessment.

18.5.3 With regard to contravention of Regulation 10(e), I find that Regulation 10(e) of the CBLR, 2018 casts an obligation upon the Customs Broker to exercise due diligence and verify the correctness of the information furnished by the exporter before filing documents before Customs authorities. In the present case, the Customs Broker themselves had raised doubts regarding the overvaluation of the export goods; however, despite not receiving any satisfactory clarification from the exporter, they proceeded to file the Shipping Bill. Mere verification of IEC, GST registration or other online credentials cannot be treated as sufficient compliance with Regulation 10(e). Once suspicious circumstances regarding valuation came to notice, the Customs Broker was required to undertake reasonable verification and exercise greater caution before processing the export documents. Acceptance of such documents without meaningful verification reflects lack of proper scrutiny, diligence and professional responsibility, which is a clear case of failure to exercise due diligence on the part of the Customs Broker.

18.5.4 The obligations of a Customs Broker under Regulation 10(e) of the CBLR, 2018 extend beyond merely ensuring arithmetical or procedural accuracy in the Shipping Bills filed before Customs. The broader responsibilities of a Customs broker under the regulations require them to exercise " ***due diligence*** " in verifying the correctness of all information including advice or guidance to comply with the legal provisions especially in cases where the exporter intends to avail the benefit IGST by of refund.In the case of **Raj Brothers Shipping Pvt. Ltd. Vs. Commissioner of Customs (Import), Chennai reported in (2025) 37 Centax 42 (Tri.-Mad)** wherein detailed meaning of the word due-diligence has been discussed by superior judiciary, the relevant portion of the said judgment is produced below:-

> " ***9.2*** *If a CB's actions show that he did not show due diligence or showed recklessness or misconduct in the discharge of his duty or that he acted negligently or omitted to fulfill the prescribed conditions of the Regulations which are essential for the discharge of his duty, he could be found to have committed a blame worthy act, punishable under the CBLR. The Hon'ble Supreme Court in the case of Chander Kanta Bansal v. Rajinder Singh Anand [AIR 2008 SC 2234] has examined the word "due diligence". It held;*

"The words "due diligence" has not been defined in the Code. According to Oxford Dictionary (Edition 2006) the word "diligence" means careful and persistent application or effort. "Diligent" means careful and steady in application to one's work and duties, showing care and effort. As per Black's Law Dictionary (Eighth Edition) "diligence" means a continual effort to accomplish something, care; caution; the attention and care required from a person in a given situation. "Due diligence" means the diligence reasonable expected from, and ordinarily exercised by, a person who seeks to satisfy a legal requirement or to discharge an obligation. According to Words and Phrases by Drain-Dyspnea (Permanent Edition 13A) "due diligence", in law, means doing everything reasonable, not everything possible." (emphasis added)

In the circumstances we find that the appellant was treated fairly, and we do not find any fault with the Commissioner concluding that the appellant had committed a blame worthy act under CBLR, 2013 leading to the imposition of a penalty."

18.5.5 The Hon'ble Double Bench of High Court of Delhi in the case of **Satish Gupta Versus Union of India reported in 2007 (212) E.L.T. 178 (Del.)** has held that the Customs Broker is duty bound to exercise due diligence to ascertain the correctness of information given by clients. The relevant portion of judgment is reproduced below:-

" 7. According to these regulations, the agent is duty bound to exercise due diligence to ascertain the correctness of information which he imparts to his client with regard to work relating to clearance of cargo and shall also ensure that all documents prepared or presented by agent on behalf of his client are strictly in accordance with the export orders relating therein."

18.5.6 In the case of **Rubal Logistics Pvt. Ltd. Vs. Commr. of Cus. (General), New Delhi report in 2019 (368) E.L.T. 1006 (Tri. - Del.)** the Hon'ble Principal Bench of CESTAT, New Delhi has been held that provisions of CBLR require the Customs Broker to exercise due diligence to ascertain the correctness of any information and to advice the client accordingly. The relevant portion the said judgment is reproduced below:-

*" **6.1** These provisions require the Customs Broker to exercise due diligence to ascertain the correctness of any information and to advice the client accordingly. Though the CHA was accepted as having no mens rea of the noticed misdeclaration/under-valuation or mis-quantification but from his own statement acknowledging the negligence on his part to properly ensure the same, we are of the opinion that CH definitely has committed violation of the above mentioned Regulations. These*

Regulations caused a mandatory duty upon the CHA, who is an important link between the Customs Authorities and the importer/exporter. Any dereliction/lack of due diligence since has caused the Exchequer loss in terms of evasion of Customs Duty, the original adjudicating authority has rightly imposed the penalty upon the appellant herein."

18.5.7 In view of the principles laid down in the judgments of the superior judiciary, as referred and relied above, I find that when the term ***"due diligence"*** is mentioned in the legal statute carries a wide scope. A Customs Broker is expected to exercise such due diligence with a broad and cautious approach with regard to information exchanged between the Customs Broker and their client. I find that the Customs broker had taken very casual approach with regard to the verification of information received and advice provided by them to their client which led to attempt of export of over-valued goods with an intention to avail the benefit of IGST refund and thus, in view of this the Customs Broker has contravened the provisions of regulation 10(e) of CBLR,2018.

18.6 The Customs Broker has contended that Regulation 10(a) of CBLR does not mandate a face-to-face personal meeting between the Customs Broker and the Proprietor, nor does it require the Proprietor to physically hand over the document in person. It is an undisputed fact on record that a valid, written authorization letter, duly signed by the proprietor of M/s D.K. Trading, was obtained by them and placed on record. Therefore, the mandate of Regulation 10(a) was thus fully discharged. Proprietors and directors of export firms do not micro-manage every logistical step; they routinely operate through authorized representatives, accountants, and logistics managers. Receiving an authorization letter and KYC documents via an exporter's intermediary is standard, legally permissible industry practice. The authorisation need not necessarily be obtained directly from the exporter in person and can be obtained from intermediary.

18.6.1 Further, the Customs Broker has also contended that the Inquiry Officer has failed to discharge his statutory duty as an independent fact-finder and has merely acted as a rubber stamp to justify the issuance of the Show Cause Notice issued by the Disciplinary Authority. The Inquiry Officer has mechanically reiterated the SCN; has failed to address defence evidence; has shown judicial Indiscipline to Justify the SCN by not following binding precedents from Hon'ble High Courts; has acted as a mouthpiece for the disciplinary authority.

18.6.2 As per Regulation 10(a) of the Customs Brokers Licensing Regulations, 2018, it is mandatory for a Customs Broker to obtain authorization from the firm they represent. However, in the present case it is observed that the employee of the Customs Broker had communicated with an intermediary for all the work related to export for the exporter and the Customs Broker has failed to place on record any evidence that they were in direct contact with the exporter. The Customs Broker has relied on documents received through intermediary and the Customs Broker had not done any verification with respect to the veracity of the said documents and had done no verification with regard to the authenticity of the business of the exporter. A licenced Customs Broker cannot be expected to work merely as a document collector and the submit the same before the Customs Authorities without any verification on their end. This act of omission on the part of Customs Broker has resulted in overvalued goods being exported out of India with the intention to wrongly avail the benefit of IGST refund. Thus, I find that this contravention on the part of the Customs broker constitutes non-obligation of the provisions of Regulation 10(a) of CBLR, 2018.

18.6.3 With regard to the contention of the Customs Broker that Inquiry Officer has failed to discharge his statutory duty as an independent fact-finder and has merely acted as a rubber stamp to justify the issuance of the Show Cause Notice issued by the Disciplinary Authority. I find the contention of the Customs Broker completely baseless, as on perusal of the Inquiry Report it is observed that the inquiry officer while conducting the Inquiry has considered and addressed the evidence produced by the Customs Broker before him. The Customs Broker was free to produce and documentary evidence contrary to the allegations levelled against them, where the allegations against the Customs Broker regarding contravention of obligations casted upon them under CBLR,2018 are supported by documentary evidence and other corroborative materials. I further find that the Inquiry officer had discussed in detail every contravention of Regulation 10 of CBLR committed by the Customs Broker and had given a valid and well-reasoned explanation as to how the Customs Broker had failed to fulfil the obligation cast upon them under regulation of CBLR, 2018.

18.6.4 The Customs Broker has contended that violation of Regulation 10(a) cannot be attributed to it merely because its G-Card holder interacted with Shri Praveen, who acted as an intermediary for export-related work, and that there is no evidence of direct interaction between the CB and the proprietor of M/s D.K. Trading. However, the statements recorded under Section 108 of the Customs Act, 1962, and the facts brought out in the SCN dated 27.09.2025 reveal that the proprietor of M/s D.K. Trading, Shri Deepak, introduced himself as "Pankaj Sharma," while Shri Mahesh Soni introduced himself as "Praveen" to the G-Card holder of the Customs Broker. At no stage prior to the investigation did "Praveen" disclose his actual identity as Mahesh Soni, Accountant of M/s D.K. Trading. These facts indicate that the Customs Broker dealt with persons approached to them as intermediary and whose true identities were not ascertained or verified. Therefore, the contention of the CB is not acceptable.

18.7 With regards to the obligations cast upon the Customs Broker under the CBLR regulations, the customs broker holds a very important and critical position with respect to clearance of cargo from Customs area. The Customs Broker have been bestowed upon with a lot of responsibility with regards to documents produced by them before the Customs Authorities and it is expected that careful scrutiny of the documents is done by a CB before the same is presented for examination before a Customs Officer. The Customs Brokers have certain responsibilities and duties not only towards their clients but also towards the Customs Department. A Customs Broker is entrusted with the responsibility of verification of the documents with certain degree of diligence with regard to their liability towards the Customs Department and Union of India.

18.7.1 I rely on the Judgment passed by the Hon'ble Double Bench of Tribunal Mumbai in the case of **Noble Agency Vs. Commissioner of Customs Mumbai reported in 2002 (142) E.L.T. 84 (Tri. - Mumbai)** wherein it has been held that The CHA is supposed to safeguard the interests of both the Exporters and the Customs, a lot of trust is kept in Customs Broker by the importers/exporters as well as by the Government Agencies. To ensure appropriate discharge of such trust, the relevant regulations are framed and contraventions of obligations even without intent is sufficient to invite punishments listed in Customs House Agent Licencing Regulations. The relevant portion of the said Judgment is reproduced below:-

> *" **12.** The CHA occupies a very important position in the Custom House. The Customs procedures are complicated. The importers have to deal with a multiplicity of agencies viz. carriers, custodians like BPT as well as the Customs. The importer would find it impossible to clear his goods through these agencies without wasting valuable energy and time. <u>The CHA is supposed to safeguard the interests of both the importers and the Customs. A lot of trust is kept in CHA by the importers/exporters as well as by the Government Agencies. To ensure appropriate discharge of such trust, the relevant regulations are framed. Regulation 14 of the CHA Licensing Regulations lists out obligations of the CHA. Any contravention of such obligations even without intent would be sufficient to invite upon the CHA the punishment listed in the Regulations……</u>"*

18.7.2 The aforesaid observation made by the Hon'ble Bench has been approved by the Hon'ble Supreme Court of India in the case of **COMMISSIONER OF CUSTOMS Vs. K.M. GANATRA & CO. reported in 2016 (332) E.L.T. 15 (S.C.),** the relevant portion of the said Judgment is reproduced below:-

> *" **15.** In this regard, Ms. Mohana, learned senior counsel for the appellant, has placed reliance on the decision in Noble Agency v. Commissioner of Customs, Mumbai [2002 (142) E.L.T. 84 (Tri. - Mumbai)] wherein a Division Bench of the CEGAT, West Zonal Bench, Mumbai has observed :-*
> *<u>"The CHA occupies a very important position in the Customs House. The Customs procedures are complicated. The importers have to deal with a</u>*

multiplicity of agencies viz. carriers, custodians like BPT as well as the Customs. The importer would find it impossible to clear his goods through these agencies without wasting valuable energy and time. The CHA is supposed to safeguard the interests of both the importers and the Customs. A lot of trust is kept in CHA by the importers/exporters as well as by the Government Agencies. To ensure appropriate discharge of such trust, the relevant regulations are framed. Regulation 14 of the CHA Licensing Regulations lists out obligations of the CHA. Any contravention of such obligations even without intent would be sufficient to invite upon the CHA the punishment listed in the Regulations...."
We approve the aforesaid observations of the CEGAT, West Zonal Bench, Mumbai and unhesitatingly hold that this misconduct has to be seriously viewed."

18.7.3 The legal rationale laid down vide the above-mentioned judgments passed by the Hon'ble Courts has been followed in the case of ***M/s Falcon India (Customs Broker)*** **v.** ***Commissioner of Customs, (Airport and General) New Delhi*** in Customs Appeal No. 50934 of 2021 dated 21-3-2022, wherein the Hon'ble Principal Bench of the Tribunal has observed:

"33. The above decisions lay down that the Customs Broker (or Custom House Agent) is a very important person in the transactions in the Custom House and it is appointed as an accredited broker as per the Regulations and is expected to discharge all its responsibilities under them. Violations even without intent are sufficient to take action against the appellant. While it is true, as has been decided in a number of cases, that the Customs Broker is not expected to do the impossible and is not expected to physically verify the premises of the importer or doubt the documents issued by various Governmental authorities for KYC, it is equally true that the Customs Broker is expected to act with great sense of responsibility and take care of the interests of both the client and the Revenue. It is expected to advise the client to follow the laws and if the client is not complying, it is obligated under the Regulations to report to the Assistant Commissioner or Deputy Commissioner......"

18.7.4 Reliance is placed on the Judgment passed in the case of **Millenium Express Cargo Pvt. Ltd. Vs. Commr. of Cus., New Delhi reported in 2017 (346) E.L.T. 471 (Tri. - Del.),** wherein it has been held that documents filed by a Customs Broker are treated with a certain degree of trust by Customs Authorities and it is expected that Customs broker has made efforts to verify the genuineness of the antecedents of their client. The relevant portion of the said judgment is reproduced below:-

" 7. The documents filed by CHA are treated with a certain degree of trust by the Customs and such trust was completely violated in the present case. Filing of bill of entry filed in the name of a non-existent importer is a grave offence on the part of CHA and it becomes graver

when it turns out that CHA did not make minimum efforts to verify the genuineness of the importer and its address. Such acts of omission and commission on the part of CHA can potentially have even more serious financial/security consequences and therefore such a CHA hardly deserves any leniency….."

18.7.5 I find that grant of Customs Broker licence has got a definite purpose and intent under the provisions of Customs Act and its regulations wherein, it is expected from a CB that he/she shall ensure that he does not act as an Agent for carrying out certain illegal activities of any of the persons who avail their services. When licence is granted under CBLR regulations, the Customs Brokers have great trust and responsibility bestowed upon them, which in the present case has been breached by the CB by allowing illegal activity to take place under Customs Notified Area and the same is not acceptable specially when the CB has vast experience and is well reputed. With regards to greater responsibility of licenced Customs broker for ensuring they do not become a part of illegal activity, I rely on the Judgment passed by the Hon'ble Double Bench of High court of Madras in the case of **SRI KAMAKSHI AGENCY Vs. COMMISSIONER OF CUSTOMS, MADRAS reported in 2001 (129) E.L.T. 29 (Mad.)** wherein it has been held that:-

" 9. …….. The very purpose of granting a licence to a person to act as Custom House Agent is for transacting any business relating to the entry or departure of conveyance or the import or export of goods at any customs station. For that purpose, under Regulation 9 necessary examination is conducted to test the capability of the person in the matter of preparation of various documents, determination of value procedures for assessment and payment of duty, the extent to which he is conversant with the provisions of certain enactments etc. Therefore, the grant of licence to act as a Custom House Agent has got a definite purpose and intent. On a reading of the Regulations relating to the grant of licence to act as Custom House Agent, it is seen that while Custom House Agent should be in a position to act as agent for the transaction of any business relating to the entry or departure of conveyance or the import or export of goods at any customs station, he should also ensure that he does not act as an Agent for carrying on certain illegal activities of any of the persons who avail his services as Custom House Agent. In such circumstances, the person playing the role of Custom House Agent has got greater responsibility. The very prescription that one should be conversant with the various procedure including the offences under the Customs Act to act as a Custom House Agent would show that while acting as Custom House Agent, he should not be a cause for violation of those provisions. A CHA cannot be permitted to misuse his position as a CHA by taking advantage of his access to the Department. The grant of licence to a person to act as Custom House Agent is to some extent to assist the Department with the various procedures such as scrutinising

the various documents to be presented in the course of transaction of business for entry and exit of conveyance or the import or export of the goods. In such circumstances, great confidence is reposed in a Custom House Agent. Any misuse of such position by the Custom House Agent will have far reaching consequences in the transaction of business by the Custom House officials…….”

18.7.6 I find that when Customs Brokers are granted licence, they are expected to work with greater responsibility and have certain duties. Customs Broker have greater responsibility with regards to assist Department in scrutinizing various documents presented in import or export and the Customs Broker as per the provisions of CBLR are obliged to ensure that they do not act Agent for carrying out illegal activities of unscrupulous persons and should not be a cause for violation of law. The said view has been followed in the Judgment passed in the case of **Cappithan Agencies Versus Commissioner of Customs, Chennai-VIII by the Hon’ble High Court of Madras reported in 2015 (326) E.L.T. 150 (Mad.).** The relevant portion of the said judgment is reproduced below:-

*“ **13.** The very purpose of granting a licence to a person to act as a Customs House Agent is for transacting any business relating to the entry or departure of conveyance or the import or export of goods in any customs station. For that purpose, under Regulation 9 necessary examination is conducted to test the capability of the person in the matter of preparation of various documents determination of value procedures for assessment and payment of duty, the extent to which he is conversant with the provisions of certain enactments, etc. Therefore, the grant of licence to act as a Custom House Agent has got a definite purpose and intent. On a reading of the Regulations relating to the grant of licence to act as CHA, it is seen that while CHA should be in a position to act as agent for the transaction of any business relating to the entry or departure of conveyance or the import or export of goods at any customs station, he should also ensure that he does not act as an Agent for carrying on certain illegal activities of any of the persons who avail his services as CHA. In such circumstances, the person playing the role of CHA has got greater responsibility. The very description that one should be conversant with the various procedures including the offences under the Customs Act to act as a Custom House Agent would show that while acting as CHA, he should not be a cause for violation of those provisions. A CHA cannot be permitted to misuse his position as CHA by taking advantage of his access to the Department. The grant of licence to a person to act as CHA is to some extent to assist the Department with the various procedures such as scrutinizing the various documents to be presented in the course of transaction of business for entry and exit of conveyances or the import or export of the goods. In such circumstances, great confidence is reposed in a CHA. Any misuse of such position by the CHA will have far reaching consequences in the transaction of business by the customs house officials. Therefore, when, by such malpractices, there is loss of revenue to the custom house, there is every justification for the Respondent in treating*

the action of the Petitioner Applicant as detrimental to the interest of the nation and accordingly, final order of revoking his licence has been passed."

The above judgment has been further affirmed by the double bench of the **Hon'ble High Court of Madras reported as 2016 (336) ELT 524(Mad)**.

18.7.7 Further, in cases where the documents have been received through intermediaries and the Customs Broker are not in direct contact with their client, it is expected from the Customs Broker that they show due diligence with respect to scrutiny of information and documents before submitting the same to the Customs Authorities. Similar view has been taken by The Hon'ble CESTAT, Delhi in the case of **Sriaanshu Logistics Vs. Commissioner of Customs, New Delhi report in 2019 (369) E.L.T. 1431 (Tri. - Del.).** The relevant portion of the said judgment is reproduced below:-

"7. …….. Once he had no such knowledge and he was not actually processing the papers, but had just received the KYC on E-mail, the possibility of said E-mail to be a mere formality cannot be ruled out and it became apparent on record that there was no connection between the appellant and both the impugned importing firms to be advised by the appellant thereby resulting into violation of Regulation 11(d) nor there arises any occasion for the appellant in the given circumstances to exercise due diligence for ascertaining the correctness of any information. Thereby confirming the violation of Regulation 11(e) on part of the appellant."

18.7.8 In view of the discussion and findings in the foregoing paragraphs, I find that the Customs Broker has failed to fulfil the obligations cast upon them under the provisions of Regulation 10(a), 10(d), 10(e), and 10(n) of the CBLR, 2018, and has thereby rendered itself liable for penal action under the provisions of the CBLR, 2018.

19.1 The Customs Broker has relied on various judgments pronounced by various appellate foras, wherein the Hon'ble courts have held that when verification of IEC, GSTIN & KYC documents has been done by the Customs broker then the obligations cast upon the Customs Broker are deemed to be fulfilled. I have gone through the facts and circumstances of such cases and find them quite different from the facts and circumstances of the present case. The ratio of case laws relied upon by the Customs Broker in support of their contentions are not squarely applicable to the facts and circumstances of the present case. All the case laws cited by the Customs Broker are not discussed at length, but on perusal of the said case laws I find that the facts and circumstances of the said cases are quite different from the facts and circumstances of the present case and the ratio of case laws relied upon by the Customs Broker in support of their contentions are not squarely applicable to this case.

19.2 There are judicial pronouncements which ruled that each and every case has to be looked into with the facts and circumstances of that particular case. In this regard, I would like to rely on the judgment of the Hon'ble Supreme Court of India in the case of **Escorts Ltd. Versus Commissioner Of Central Excise, Delhi-II, reported at 2004 (173) E.L.T. 113 (S.C.),** wherein the Hon'ble apex court observed that:

> *"10. Circumstantial flexibility, one additional or different fact may make a world of difference between conclusions in two cases. Disposal of cases by blindly placing reliance on a decision is not proper."*

Further reliance is placed on the judgment of the Hon'ble Apex court in case of '**Collector of Central excise, Calcutta Vs Alnoori Tobacco Products' (2004 (170) ELT 135 SC)**, where it was observed by the Hon'ble Apex Court-

> *"11.Courts should not place reliance on decisions without discussing as to how the factual situation fits in with the fact situation of the decision on which reliance is placed. Observations of Courts are neither to be read as Euclid's theorems nor as provisions of the statute and that too taken out of their context. These observations must be read in the context in which they appear to have been stated. Judgments of Courts are not to be construed as statutes. To interpret words, phrases and provisions of a statute, it may become necessary for judges to embark into lengthy discussions but the discussion is meant to explain and not to define. Judges interpret statutes, they do not interpret judgments. They interpret words of statutes; their words are not to be interpreted as statutes. In London Graving Dock Co. Ltd. v. Horton (1951 AC 737 at p. 761), Lord Mac Dermot observed :*
>
> > *"The matter cannot, of course, be settled merely by treating the ipsissima vertra of Willes, J as though they were part of an Act of Parliament and applying the rules of interpretation appropriate thereto. This is not to detract from the great weight to be given to the language actually used by that most distinguished judge."*
>
> *12.In Home Office v. Dorset Yacht Co. [1970 (2) All ER 294] Lord Reid said, "Lord Atkin's **speech......... is not to be treated as if it was a statute definition. It will require qualification in new circumstances."** Megarry, J in (1971) 1 WLR 1062 observed: **"One must not, of course, construe even a reserved judgment of Russell L.J. as if it were an Act of Parliament."** And, in Herrington v. British Railways Board [1972 (2) WLR 537] Lord Morris said :*
>
> > *"There is always peril in treating the words of a speech or judgment as though they are words in a legislative enactment, and it is to be remembered that judicial utterances made in the setting of the facts of a particular case."*

13.Circumstantial flexibility, one additional or different fact may make a world of difference between conclusions in two cases. Disposal of cases by blindly placing reliance on a decision is not proper.

14.The following words of Lord Denning in the matter of applying precedents have become locus classicus :

> *"<u>Each case depends on its own facts and a close similarity between one case and another is not enough because even a single significant detail may alter the entire aspect, in deciding such cases, one should avoid the temptation to decide cases (as said by Cordozo) by matching the colour of one case against the colour of another.</u> To decide therefore, on which side of the line a case falls, the broad resemblance to another case is not at all decisive."*
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> *** *** ***
>
> *"Precedent should be followed only so far as it marks the path of justice, but you must cut the dead wood and trim off the side branches else you will find yourself lost in thickets and branches. My plea is to keep the path to justice clear of obstructions which could impede it.""*

19.3 In view of the judgments passed by the Hon'ble Supreme Court, I find that every case has to be dealt on its own merits after considering the facts and evidences available on record and thus, I find that the ratio of case laws cited by the Customs Broker do not apply to the present case at hand.

20. The Customs Broker in their defence submission dated 26.05.2026 have requested for Proportionality and Alternative Relief in the present case, wherein the Customs Broker has contended that even if any technical lapse is assumed, without admitting the same, revocation of licence and forfeiture of security deposit are not warranted. For the same they have taken the ground that CB licence has remained under suspension since 18.11.2025; their business has remained closed for more than six months; Dispute relates to single export transaction; KYC documents were collected and retained by CB; query was raised by CB; No IGST refund was released; No financial benefit, refund sharing, extra consideration or collusion is proved against CB; No past record is shown against CB.

20.1 In this regard, I find that the doctrine of proportionality in respect of administrative action that affects the right to livelihood of a Customs Broker in case of contravention of CBLR regulation has been dealt with by the Hon'ble Double Bench of Bombay High Court in the case of **Commissioner of Customs (General) Vs. Worldwide Cargo Movers** reported in **2010 (253) ELT 190 (Bom.)** wherein it has been observed that :-

" 27. ....Here, we are concerned with revocation which has been resorted to after a due enquiry. <u>We are conscious that the punishment</u>

has to be commensurate with the misconduct and that by revocation the respondent and its employees are going to suffer. At the same time, we cannot forget that though it is the right of a citizen to carry on his business or profession, it is subject to reasonable restrictions and conditions……. "

20.2 The above observation made by the Hon'ble High Court has been followed by the Hon'ble Double Bench of CESTAT, Kolkata in the case of **Welcome Air Express P. Ltd. Vs. CC (Admin. & Airport), Kolkata** reported in **2015 (325) ELT 156 (Tri.- Kolkata)** wherein it has been observed that :-

" *6.4 As regards the doctrine of proportionality, the Hon'ble Supreme Court in the case of Chairman & M.D. V.S.P. & Ors. v. Goparaju Sri Prabhakara Hari Babu, 2008 (2) G.L.H. 146, observed that -*

"17. Once it is found that all the procedural requirements have been complied with, the Court would not ordinarily interfere with the quantum of punishment imposed upon a delinquent employee. The Superior Courts only in some cases may invoke the doctrine of proportionality. If the decision of an employer is found to be within the legal parameters, the jurisdiction would ordinarily not be invoked when the misconduct stands proved. (See Sangeroid Remedies Ltd. v. Union of India & Ors. [1999 (1) SCC 259 = 1998 (103) E.L.T. 5 (S.C.)].

17.1 The High Court in exercise of its jurisdiction under Article 226 of the Constitution of India also cannot, on the basis of sympathy or sentiment, overturn a legal order."

In view of the above principle laid down by the Hon'ble Supreme Court, the proportionality was considered in case of Worldwide Cargo Movers - 2010 (253) E.L.T. 190 (Bom.), wherein the Hon'ble Bombay High Court observed that while punishment imposed on the CHA has to be commensurate with gravity of proved act of misconduct as on revocation of licence, the CHA would suffer, it must not be lost sight that it is right of citizen to carry out of his business or profession, it is subject to reasonable restrictions and conditions, which are stipulated under CHALR, 2004."

20.3 In the case of **Commissioner of Customs (Airport & Administration) Vs. Marico Logistics Pvt. Ltd.** reported in **(2023) 2 Centax 129 (Cal.)** the Hon'ble Double Bench of High Court of Calcutta has observed that :-

" 6. Lastly, the tribunal has proceeded to invoke the doctrine of proportionality and held to the punishment of revocation of licence to be very harsh. In our view, such observation and order passed by the tribunal is based on misplaced sympathy. It is to be noted that there is no vested right in the respondent to handle cargo in a Customs area and such right is conferred pursuant to a licence granted under the CBLR 2013 which licence comes with conditions and the respondent has bound himself to comply with the conditions and the relevant laws by executing

a bond and furnishing a security deposit. The trust and confidence reposed on the respondent as a Customs House Agent is in a higher pedestal and he serves as a link between the client and the department and is bound to be neutral and righteous."

20.4 In the case of **OTA Kandla Pvt. Ltd. Vs. Union of India** reported in **2011 (269) ELT 457 (Guj.)** the Hon'ble Double Bench of Gujarat High Court has observed that :-

" *10. <u>So far as the "Doctrine of Proportionality" as sought to be canvassed</u> by learned advocate Mr. D.C. Dave for the petitioner is concerned, <u>it cannot be gainsaid that ordinarily the High Court would not interfere with the ~~we~~ reasoned order of punishment, on the ground of sympathy o sentiments.</u> It may be stated that the principles of judicial review of administrative action and of proportionality of punishment have been considered by the Hon'ble Supreme Court in catena of decisions……*

14. In view of the above principles laid down by the Hon'ble Supreme Court in various judgments it clearly transpires that <u>the judicial review of administrative action or of proportionality of punishment is permissible only if the decision of the decision maker is found to be illegal, unreasonable, irrational or suffering from any procedural impropriety</u>, and that the High Court in exercise of jurisdiction under Article 226 or 227 should not interfere with the legal orders of Administrative Authorities……."

20.5 The Hon'ble Double Bench of High Court of Andhra Pradesh in the case of **Commissioner of Customs & C. Ex., Hyderabad-II Vs. HB Cargo Services** reported in **2011 (268) ELT 448 (A.P.)** has observed that :-

16. While great emphasis is placed by Sri C. Kodandaram, Learned Senior Counsel appearing on behalf of the respondent, <u>on the previous unblemished record of the CHA, it must be borne in mind that a single act of corruption is sufficient to award the maximum penalty which, under the CHALR, is of revocation of the license</u>…………………….. Ordinarily, <u>matters of discipline lie in the realm of the competent authority i.e., the Commissioner of Customs who is best placed to understand the importance of the CHA in a customs area, and the trust and confidence reposed on him by the customs department. In an appeal, preferred against an order imposing punishment under the CHALR, the CESTAT should not be swayed by considerations of misplaced sympathy</u>……."

20.6 In view of the judgments passed by superior Judiciary with regard to the doctrine of proportionality in respect of administrative action that affects the right to livelihood of a Customs Broker, I find that Customs Broker has the right to carry out their business with regard to handling of cargo in Customs Area, but the licence granted to the Customs Broker comes with certain restrictions and conditions and the licence holder is bound to comply with those restrictions and conditions, as stipulated under the CBLR, 2018, which I find the Customs Broker has failed to comply with in the present case. The licence issuing authority in the matter of administrative decisions that are to be taken in respect of conduct of Customs Broker in Customs Area under CBLR regulations cannot be swayed by consideration of sympathy or sentiments of loss of livelihood of CB and their employees and a single act of omission on the part of a Customs Broker is sufficient to award maximum penalty as prescribed under the provisions of CBLR, 2018.

20.7 In the present case I find that the Customs Broker, through their defence reply, failed to demonstrate absence of negligence or connivance in the present case, wherein several red flags existed. It is observed that the Customs Broker neither personally interacted with the exporter to verifying the exporter's credentials nor obtained authorization directly from the exporter and merely depended upon the documents provided through an intermediary. The suspicious circumstances surrounding the exporter were ignored by the Customs Broker. Further, the mis-match in the invoice value vis-à-vis FOB value and fake invoices produced by the exporter in the name of M/s. S. K. Enterprise were within the knowledge of the Customs Broker. However, instead of bringing these facts to the notice of the Customs Department, which they were duty bound to do under Regulation 10(d) of the CBLR, 2018, they proceeded with processing the export consignments and thereby knowingly facilitated the functioning of a dummy/non-existent firm. Therefore, the conduct of the Customs Broker clearly establishes failure to comply with the obligations mandated under Regulation 10(d) and Regulation 10(n) of the Customs Brokers Licensing Regulations, 2018 and renders them liable for penal action under the said Regulations.

21. In view of the foregoing discussions, the evidences available on record, and the findings arrived at during the course of the inquiry conducted under Regulation 17 of the Customs Brokers Licensing Regulations, 2018, I hold that the Customs Broker has failed to discharge the obligations cast upon them under the provisions of the CBLR, 2018 with the degree of diligence and responsibility expected of a licensed Customs Broker. The lapses established in the present case are not merely procedural in nature but reflect serious disregard of the statutory obligations entrusted to a Customs Broker, particularly in a matter connected to fraudulent availment of refund of IGST by mis-declaring the value and quantity of export goods. Such failures compromise the integrity of the Customs clearance mechanism and cause huge loss to the Government Exchequer. In these circumstances, any lenient view would defeat the very purpose of the regulatory framework governing Customs Brokers and would fail to convey the necessary deterrent message to other stakeholders operating in the Customs clearance system. Therefore, considering the gravity of the violations, the role and responsibility entrusted to a licensed Customs Broker, and the larger interest of maintaining the sanctity and security of the Customs clearance system, I find that this is a fit case for taking strict action under the provisions of the Customs Brokers Licensing Regulations, 2018, so as to uphold the regulatory discipline and to serve as a deterrent to other Customs Brokers to ensure scrupulous compliance with their statutory obligations.

22. In view of the above, I pass the following order:

ORDER

22.1 I hereby order for revocation of the Customs Broker licence bearing no. CHA/ABD/R/01/2019 (BRDPS4686R) issued to M/s. Startek Enterprise under the Regulation 14 read with Regulation 17 of CBLR, 2018 for the violation of Regulations 10(a), 10(d), 10(e) & 10(n) of CBLR, 2018 as confirmed above.

22.2 I hereby order for forfeiture of the security deposit under Regulation 14 read with Regulation 17 of the CBLR, 2018 made by the Customs Broker in respect of Customs Broker Licence bearing no. CHA/ABD/R/01/2019 (BRDPS4686R) issued to M/s. Startek Enterprise.

22.3 I hereby impose a penalty of **Rs. 50,000/- (Fifty Thousand only)** upon M/s. Startek Enterprise in terms of Regulation 18 of CBLR, 2018.

The Show Cause Notice bearing number 03/2025-26 dated 10.12.2025 issued vide F.No. GEN/TECH/Misc/2208/2025-TECH is disposed off accordingly.

Digitally signed by
Manish Kulhary
Date: 02-06-2026
17:45:06

(Manish Kulhary)
Commissioner

GEN/TECH/Misc/2208/2025-TECH
BY E-MAIL/SPEED POST
To,
M/s.Startek Enterprise,
Customs Broker Licence No. CHA/ABD/R/01/2019(BRDPS4686R)
401, F-Block, Hayat Residency, Survey No 560,
Near Gulshane Maher School, Opp City Pulse,
Sarkhej Road, Ahmedabad - 382210 (Gujarat)
e-mail: startekenterprise@gmail.com

Copy to:
1. The Chief Commissioner, Customs Gujarat Zone, Ahmedabad
2. The Principal Commissioner/Commissioner, Customs Commissionerate – Jamnagar / Kandla / Mundra
3. All Ports/ICDs under jurisdiction of Customs Commissionerate, Ahmedabad
4. The Additional Director, Directorate of Revenue Intelligence, Regional Unit, Surat w.r.t. letter dated 14.10.2025 & e-mail dated 11.11.2025.

5. The Superintendent, Systems Section, Customs Ahmedabad for uploading the Order on Customs Ahmedabad website.