प्रधान आयुक्त का कार्यालय, सीमा शुल्क ,अहमदाबाद
"सीमाशुल्क भवन" ,पहली मंजिल ,पुराने हाईकोर्ट के सामने ,नवरंगपुरा ,अहमदाबाद – 380 009.
दूरभाष :(079) 2754 4630 **E-mail:** cus-ahmd-adj@gov.in फैक्स :(079) 2754 2343

DIN: 20261071MN00003A2B6F

PREAMBLE

A	फ़ाइल संख्या/ File No.	:	GEN/ADJ/ADC/1336/2026-ADJN-O/o PR COMMR-CUS-AHMEDABAD
B	कारण बताओ नोटिस संख्या-तारीख /Show Cause Notice No. and Date	:	F.No. CUS/SIIB/INT/707/2025-PREV-O/o PR COMMR-CUS-AHMEDABAD dated 10.04.2026
C	मूल आदेश संख्या/ Order-In-Original No.	:	101/ADC/SR/O&A/HQ/2026-27
D	आदेश तिथि/ Date of Order-In-Original	:	27.10.2026
E	जारी करनेकी तारीख/ Date of Issue	:	27.10.2026
F	द्वारापारित/ Passed By	:	**Shravan Ram** Additional Commissioner, Customs Ahmedabad
G	आयातक का नाम औरपता / Name and Address of Importer / Passenger	:	Shri Naru Khan, Proprietor of M/s. N K and Company (IEC: CWYPK0865M), situated at 306, Near Water Tanki, Odhav GIDC, Odhav Road, Odhav Ahmedabad.
	यह प्रति उन व्यक्तियों के उपयोग के लिए निःशुल्क प्रदान की जाती है जिन्हे यह जारी की गयी है।		
(2)	कोई भी व्यक्ति इस आदेश से स्वयं को असंतुष्ट पाता है तो वह इस आदेश के विरुद्ध अपील इस आदेश की प्राप्ति की तारीख के 60 दिनों के भीतर आयुक्त कार्यालय, सीमा शुल्क)अपील(, चौथी मंज़िल, हुडको भवन, ईश्वर भुवन मार्ग, नवरंगपुरा, अहमदाबाद में कर सकता है।		
(3)	अपील के साथ केवल पांच5.00)) रुपये का न्यायालय शुल्क टिकिट लगा होना चाहिए और इसके साथ होना चाहिए:		
(i)	अपील की एक प्रति और;		
(ii)	इस प्रति या इस आदेश की कोई प्रति के साथ केवल पांच5.00)) रुपये का न्यायालय शुल्क टिकिट लगा होना चाहिए।		
(4)	इस आदेश के विरुद्ध अपील करने इच्छुक व्यक्ति को 7.5 % (अधिकतम 10 करोड़) शुल्क अदा करना होगा जहां शुल्क या ड्यूटी और जुर्माना विवाद में है या जुर्माना जहां इस तरह की दंड विवाद में है और अपील के साथ इस तरह के भुगतान का प्रमाण पेश करने में असफल रहने पर सीमा		

शुल्क अधिनियम, 1962 की धारा 129 के प्रावधानों का अनुपालन नहीं करने के लिए अपील को खारिज कर दिया जायेगा।

Brief Facts of Case

1. M/s. N K and Company(hereinafter referred to as "the noticee") (IEC: CWYPK0865M), (GSTN: 24CWYPK0865M1ZQ) situated at 306, Near Water Tanki, Odhav GIDC, Odhav Road Odhav Ahmedabad have filed Shipping Bill No. 6093401 dated 13.10.2025 (RUD-1 of SCN), at Customs ICD Khodiyar (Kaligam Sabarmati), Ahmedabad through their appointed Customs Broker M/s Startek Enterprise, Ahmedabad (CHA License No. BRDPS4686RCH001). The export consignment covered under aforesaid Shipping Bills were declared as Pan Masala (No Tobacco- No Nicotine). The said exporter claims to use small pouches of Rajnigandha Pan Masala as raw material for manufacture of Pan Masala under their brand name "Fifi" Pan Masala. The exporter also claims that his export product i.e. Fifi Pan Masala contains small quantity of Saunf (Fennel seeds) which is added to Rajnigandha Pan Masala. Rajnigandha Pan Masala used by the exporter is purchased by them in small pouches (1-2 grams pouches). M/s. N K and Company is packing their Fifi Pan Masala in 1 KG packets of non-woven bags. The fact that while all manufacturers of Pan Masala pack their product in small and suitably sealed pouches to maintain freshness and flavor, M/s. NK and Company was packing their Pan Masala in 1 KG woven bags which appeared to be impractical to preserve the freshness and shelf life of the product. Use of such a well-known brand of Pan Masala as raw material for their unknown Pan Masala also appeared to be unusual and impractical, particularly as most of the cost of Pan Masala is attributable to marketing, brand value and taxes. By cutting open the Rajnigandha Pan Masala and mixing it with Saunf to make an unknown brand Pan Masala does not make any business sense and therefore, it was decided to examine the export consignment.

2. The export consignment under Shipping Bill No. 6093401 dated 13.10.2025, available at Customs ICD Khodiyar, Ahmedabad were examined by the officer of Customs (Preventive), Headquarters, Ahmedabad on 04.11.2025 in presence of independent witnesses, Chartered Engineer Shri Bhaskar G. Bhatt, representative of the Customs Broker M/s. Startek Enterprise and representative of custodian M/s. Concor, ICD, Khodiyar under Panchnama dated 04.11.2025 (RUD-2 of SCN). Representative samples of the export consignment were drawn during the Panchnama proceedings. Samples drawn during the Panchnama were handed over to the exporter's Customs Broker M/s. Startek Enterprise and the Chartered Engineer Shri Bhaskar G. Bhatt during Panchnama dated 04.11.2025. Shri Bhaskar G. Bhatt, Chartered Engineer was requested to give his report by comparing the export product vis-à-vis Rajnigandha pan masala and he was also requested to give the market value.

3. The samples so drawn were examined by the Chartered Engineer Shri Bhaskar G. Bhatt. After examining the samples, the Chartered Engineer has given

his report dated 17.11.2025 issued from F.N. BB/K-12/25/NKC/ICD-KHODIYAR (RUD-3 of SCN). The said report inter alia provides details in response to the aforesaid queries as under:

a) Whether physical, chemical and market parameters of sample are similar to those of Rajnigandha pan masala?

No, FIFI brand pan masala contains smaller sized Areca nuts, and Catechu as compared to Rajnigandha Pan Masala. Further, there is absence of fragrance and flavour in FIFI Pan Masala which is found in Rajnigandha Brand Pan masala. There is absence of cardamom in FIFI Pan Masala. In View of the above, it is considered that FIFI Pan Masala is much inferior as compared to Rajnigandha Pan Masala and it is very cheap product. Its cost maybe taken as approximately 10% of Rajnigandha.

b) What could be the market price of similar products?

From the market survey carried out in this regard, the value of FIFI brand Pan Masala is given as Rs.103/- per KG. As such the total value of 4200 Kg has been ascertained to Rs. 4,32,600/-.

4. The Chartered Engineer further reported that "I hereby declare that; estimated FOB value of the Shipping Bill of consignment is Rs.4,32,600/-as against the declared FOB Invoice Value of Rs.80,20,320/- which is disproportionately higher than the estimated FOB value." The examination report issued by the Chartered Engineer Shri Bhaskar G. Bhatt clearly indicates that the export consignment was highly overvalued as per details tabulated hereinunder:

Sr. No.	Shipping Bill no.	Date	Nos./ Quantity (Kgs)	Total declared FOB value (Rs.)	Chartered Engineer's Certificate No. and date	Actual Value as provided by Chartered Engineer (Rs.)
1	6093401	13.10.2025	4200	80,20,320.88	BB/K-12/25/NKC/ICD-KHODIYAR dated 17.11.2025	4,32,600

5. The examination of the export consignment and subsequent valuation report issued by the Chartered Engineer, clearly indicates that the export consignment was highly overvalued and as such mis-declared in Shipping Bill. Moreover, the exporter has claimed to have manufactured their export product Fifi Pan Masala by mixing Saunf in Rajnigandha Pan Masala pouches. However, the Chartered Engineer's report clearly indicates that the export goods do not contain Rajnigandha Pan Masala as the size, colour and fragrance of Rajnigandha pan Masala is not present in the export goods. Further, costly items like cardamom are not present in the export goods. Thus, it is seen that the export consignment is not made by use of Rajnigandha Pan Masala as claimed by the exporter. However, the exporter has been claiming IGST refund in respect of such Pan Masala exported by them. The refund is claimed on the value of unutilized GST accumulated by the exporter pertaining to purported raw material i.e. Rajnigandha Pan Masala.

However, as seen from the Chartered Engineer's report, the export goods do not contain Rajnigandha Pan Masala, which indicates that the exporter has wrongly claimed to use Rajnigandha Pan Masala to manufacture their export goods. They have merely used the purchase invoices of Rajnigandha Pan Masala to avail the Input tax credit and claim refund of unutilized GST credit on the basis of such exports. It appeared that Rajnigandha Pan Masala so purchased by them has been clandestinely removed without payment of GST on the same and some other goods have been used for manufacture of their export product i.e. Fifi Pan Masala. Thus, in absence of Rajnigandha Pan Masala in the export goods, the exporter is not entitled to avail refund of ITC on the basis of invoices used by them.

6. In view of mis-declaration and over-valuation of the export goods, the aforesaid consignment was seized on 25.11.2025 (RUD-4 of SCN) under the provisions of Section 110(1) of the Customs Act, 1962 on the reasonable belief that the same are liable to confiscation under the provisions of the Customs Act, 1962. Later on the said seized consignment was provisionally released on 06.01.2026 upon submission of Bank guarantee no. 03258GOPG2536301 dated 31.12.2025 issued by Canara Bank for Rs. 81,74,320/- and E-Bond No. 2002559010 for Rs. 81,74,320.

7. Summons dated 30.10.2025, 31.10.2025, 04.11.2025, 11.11.2025, 25.11.2025 and 24.02.2026 (RUD-5 of SCN) have been issued to the proprietor of M/s. N K and Company to give his statement.

Statement of Shri Naru Khan son of Shri Yakub Khan, the proprietor of M/s. N K and Company was recorded under Section 108 of the Customs Act, 1962 on 01.12.2025 (RUD-6 of SCN), wherein he inter alia stated as under:

1. On being asked, I state that my name is Shri Naru Khan son of Shri Yakub Khan, my Date of birth is 19.09.1985. I am residing at Heera Factory Road, Subhash Nagar, Bhilwara, rajasthan-311001. I hereby produce a copy of my Aadhar Card and PAN card. My family includes my wife Smt. Sabina Banu (housewife) and my two sons Shri Soyeb Khan (age: 21 years) who is working along with me and Shri Sameer Khan (age: 18 years), who is presently unemployed. I am educated upto 8th standard from Lal Bahadur Shastri School, Bhilwara. I am working as proprietor of M/s. NK and Company, 306, Near water Tanki, Odhav GIDC, Odhav Road, Odhav, Ahmedabad and my firm is engaged in manufacturer of Pan masala of Fifi brand. The Pan Masala manufactured by us is sold in Hongkong.

2. On being asked I state that I am having bank account no. 120003025695 in Canara Bank, Odhav branch, Ahmedabad. This is the only bank account used for my firm. My personal bank account is also in Canara Bank, Bhilwara branch, Bhilwara but I am not able to remember the account number.

I give my statement in question-and-answer format as under:

3. Please provide complete details of your firm including name, address/es, PAN, GST registration details, nature of business etc. Since when is your firm in business? What products are you dealing in?

Ans: My firm is M/s. NK and Company, 306, Near water Tanki, Odhav GIDC, Odhav Road, Odhav, Ahmedabad. The firm is registered with GST department under GST No. 24CWYPK0865M1ZQ. My firm's PAN no. is CWYPK0865M. My firm is in business since January, 2023. Prior to starting this firm, I was working as Mechanic of Tractor Mechanic in Latur for previous 6-7 years. Prior to that I was running a small grocery shop in Bhilwara. In M/s. NK and Company, I am dealing in manufacture of Pan Masala. The Pan Masala is sold under brand name "Fifi".

4. Since when is your firm engaged in manufacture of Pan Masala? Please provide copies of your GSTR-1, 2A, 2B and GSTR-3 returns for this period.

Ans: My above firm is in manufacture of Pan Masala since January, 2023. My employee Shri Kadam Doshi has submitted copies of GSTR-1, and GSTR-3B from April, 2025 onwards. I will submit the remaining details in 4-5 days time.

5. What is your business? What are your raw material, process of manufacture and finished goods?

Ans: My business is to manufacture of Pan Masala. Our final product is Pan masala. Our main ingredients are Pan Masala and Saunf. We manufacture Fifi Pan Masala by mixing Rajnigandha Pan Masala and Saunf. Our special recipe of Fifi Pan Masala includes 90% Rajnigandha Pan Masala and 10% Saunf. We buy small packets of Rajnigandha Pan Masala, cut open these packets and mix in a mixture machine with Saunf. Once these parts are mixed, we pack the final product in 1 Kg packets and send for export.

6. Please inform as to what is the reason for using a finished product like Rajnigandha Pan Masala in manufacture of Pan Masala?

Ans: I state that we tried to make a different product and tried with different products like Tansen Pan Masala mixed with Saunf but it was not good. So finally when we mixed Rajnigandha with Saunf, our buyer liked it and we started exporting this product to Hongkong.

7. Please provide the details of your major suppliers and buyers giving details of names, address, invoice-wise quantity purchased from them.

Ans: We buy Rajnigandha Pan Masala from Yogesh Trading, Utsav Marketing etc. We buy saunf from Narayan Impex and Vishnu Empire of Madhupura market, Delhi Darwaja, Ahmedabad. I state that most of the day-to-day work and accounts etc. are taken care by Kadam Doshi and as such he will be in a position to provide complete details.

8. What is the name of your final product? What is the name of your raw material?

Ans: Our final product is Pan Masala and our raw material is also Pan Masala. Only difference is that we are mixing saunf in the Pan Masala manufactured by us.

9. What are the costs involved in manufacture of your Pan Masala? What happens to the taxes applicable on the input Rajnigandha Pan masala?

Ans: The main cost involved in manufacture of Pan Masala is Rajnigandha Pan Masala. About 60-70% of the cost of Rajnigandha pan Masala is in form of GST and Cess. These taxes are received as input tax credit by our firm. However, when the Fifi Pan Masala is exported, we claim the refund of the ITC accumulated on the

purchase of Rajnigandha Pan Masala. As such, the entire ITC credit taken by us on the Rajnigandha pan masala is received by us as refund on export of Fifi Pan masala.

10. What is the percentage of Rajnigandha Pan Masala is your final product of Pan Masala?

Ans: Rajnigandha Pan masala is appx. 90% in our final product Fifi Pan Masala.

11. Whether you will be required to incur the cost of Cess if you manufactured Pan Masala from raw material like supari, katha, flavours etc. instead of buying finished Pan Masala in retails packing and then using it in making your Pan Masala?

Ans: No, we would not incur these costs. But we have to use Rajnigandha Pan Masala in order to meet the requirements of our buyers.

12. What is the per Kg value of Rajnigandha in case of small packets, to medium packets to large packets? Whether there is any difference in quality on the basis of size of the packets?

Ans: The small packets of 2.2 grams and 4 grams are very expensive and they cost about Rs. 4 per gram to Rs. 5 per gram and the 100 grams tin is cheaper as it costs appx. Rs. 3.5 per gram. As it is difficult to get large quantity of 100 grams tins, we have to use small packets to meet our requirements. There is no difference in quality of Pan Masala in small or large packets.

13. Why are you using more expensive small packages for ultimately making bulk package Pan Masala?

Ans: Most of the Rajnigandha products available in market are in small packets and we are not in a position to get large packets from the company. So, we are using small packets to meet our requirements.

14. Is it true that by cutting open small packets of Rajnigandha and using it in making 1 kg packets of your unknown brand Pan Masala, you have rendered the brand value to zero?

Ans: It is true that the brand name of Rajnigandha Pan Masala is lost in the process but we are in process of making our own product and if we are successful, we may make a good brand name for us.

15. What is the rationale for using a well-known branded finished product ready for consumption as raw material for making an unbranded product?

Ans: We are in process of making our own unique product and therefore we are using Rajnigandhaa with Saunf.

16. What is the key ingredient in your pan masala that makes it unique? Is there any other product of similar nature in market?

Ans: The key ingredient is Rajnigandha Pan Masala blended with Saunf which makes it unique product. As per my knowledge there is no similar product in market.

17. Who are the major buyers of your products?

Ans: The major buyers of our products are Zen Trading Company, Vansh Entreprises, Xing International HK Ltd. AH Star HK Ltd. and Yi Lian Trading Ltd. of Hongkong.

18. How did you reach the Hong Kong based buyers?

Ans: We reached our overseas buyers through online advertisement placed by us. Thereafter, we received enquiry from Hongkong buyer on whatsapp. Thereafter, we communicated on whatsapp and we got our orders.

19. Why is it so that your products are sold in Hongkong and nowhere else in the world, particularly not in India, UAE or other places where there are substantial number of Indians who consume Pan Masala.

Ans: We had started export to Hongkong based firm and we got repeat orders. So we are continuing our export to Hongkong. However, we will try to sell our product to other places also in future.

20. Please provide complete details of full time and part-time workers involved in your firm? Please also provide complete details of their work, role and responsibilities.

Ans: My full-time employee is Shri Kadam Kanhaiyalal Doshi. Apart from him we are using part time workers for cutting of Pan Masala and mixing it and then making large 1 Kg packets. We procure part-time workers from GUDC Odhav labourers. Some of the regular labourers are Ravi Kumar Singh, Pinki, Jagruti and Meenaben.

21. Whether the product recipe is the same from beginning to date? Who has the details of this recipe?

Ans: Yes. Our product recipe has remained the same from the beginning of our exports till today. It contains 90% Rajnigandha and 10% Saunf.

22. What has been the package size of the export consignments exported by you in past? What is the unit package size in use at present?

Ans: Yes. Our product package size has also been 1 Kg packets from the beginning of our exports till today.

23. Whether your products exported in previous consignments, were in the same size, quality, price, and other specification as those covered under Shipping Bill no. 6093401 dated 13.10.2025? If no, please provide the details?

Ans: Yes. Our products were same in the above shipping Bill in terms of packaging, quality, price and all other specifications as they were in all the past export consignments.

24. Please provide all the registers like raw material, work in process and finished goods registers.

Ans: We are maintaining these registers. If required, we will submit these registers in a week's time.

25. Please provide the Purchase, Sales invoices including supporting documents like e-way bills, transportation documents/ weighment slips.

Ans: We have submitted some documents pertaining to Purchase/ sales invoices and supporting documents like e-way bills. I will submit all the remaining documents shortly.

26. Please provide export details (Shipping bill wise details i.e. with payment of IGST and under LUT) alongwith documents including Shipping Bills, Invoices, B/Ls., BRC, Bank statements, purchase orders?

Ans: As per my knowledge we have exported Pan masala by following Shipping bills. We have submitted part documents in this respect and we will submit the remaining Shipping Bills, Invoices, B/Ls., BRC, Bank statements

shortly.

Sr. No.	Shipping Bill No.	Shipping Bill date	Quantity (kgs)	FOB. (Rs. In Lakhs)
1	2020662	26-06-23		
2	2943179	03-08-23		
3	6327818	27-12-23	2820	46.29
4	7111642	30-01-24	3000	49.29
5	8514997	21-03-24	2940	47.73
6	9512717	30-04-24	2880	47.28
7	1267977	29-05-24	2700	45.75
8	1889264	24-06-24	2520	42.67
9	1890350	24-06-24	2520	42.67
10	2280868	09-07-24	3060	52.13
11	2502244	18-07-24	3030	52.12
12	2505097	18-07-24	3030	52.12
13	2695955	25-07-24	2940	51
14	3089682	09-08-24	4500	78.11
15	3090245	09-08-24	4500	78.11
16	3142437	12-08-24	4500	78.11
17	3384303	22-08-24	3990	69.46
18	3386552	22-08-24	3990	69.46
19	3387286	22-08-24	3990	69.46
20	3650014	31-08-24	3210	55.88
21	3950348	12-09-24	4500	78.76
22	4198424	20-09-24	4290	74.86
23	4200116	20-09-24	4290	74.86
24	4394397	27-09-24	4470	78
25	4676645	08-10-24	4560	80.14
26	4913530	18-10-24	4530	79.9
27	5120918	25-10-24	4470	78.84
28	5280621	30-10-24	330	5.65
29	5280621	30-10-24	270	2.74
30	9961271	15-04-25	4500	81.76
31	1232117	24-04-25	4440	80.85
32	1403796	30-04-25	4470	81.21
33	1581971	07-05-25	4470	80.58
34	1772637	14-05-25	4560	82.4
35	1939884	19-05-25	4500	82.14
36	1940604	19-05-25	4500	82.14
37	1941124	19-05-25	4500	82.14
38	1945663	19-05-25	4500	82.14
39	2118821	24-05-25	4470	81.78
40	2222175	28-05-25	4200	76.84
41	3527761	14-07-25	4500	82.32
42	3635893	17-07-25	4230	77.21
43	3637107	17-07-25	4230	77.21

44	3772979	22-07-25	4200	77.38
45	3899499	26-07-25	4260	78.31
46	4569921	20-08-25	4320	81.28
47	4570422	20-08-25	4320	81.28
48	4572840	20-08-25	4320	81.28
49	4576812	20-08-25	4320	81.28
50	4580393	20-08-25	4320	81.28
51	4723224	25-08-25	4290	80.25
52	4727948	25-08-25	4290	80.25
53	4977768	03-09-25	4200	78.56
54	5227644	12-09-25	4260	80.52
55	5230481	12-09-25	4260	80.52
56	5523074	22-09-25	4230	80
57	5677065	26-09-25	4290	81.13
58	5850629	03-10-25	4260	81.54
59	5851331	03-10-25	4260	81.54
60	6093401	13-10-25	4200	80.2
			226,500	**4078.71**

27. Whether you are availing any export benefits like refund of IGST/ drawback etc.? Please provide the details of the same. Please provide the bank details wherein the Refunds are received.

Ans: Yes. We are availing refund of ITC balance available in our ledger from time to time from State GST authorities. The refund is received in Canara Bank, Odhav branch.

28. Where do you apply for refund? Under which provisions do you apply for refund? Which taxes are claimed for refund by you? Please provide complete details of refund applied for and refund received by you so far.

Ans: The refund of ITC credit is applied by our consultant. I am not fully aware of this matter. I will submit the complete details of application of refund by our firm in 4-5 days' time.

29. Whether your product has been registered as a brand? Whether you have conducted any R&D for development of your product? What are your test results? Whether you have any expert for manufacture of Pan Masala? Whether you have any patent for the Pan Masala which is being exported to Hong Kong?

Ans: This is an unregistered brand as of now. We have not done any research in this regard and as such there are no test results. I am myself the expert employee of my firm for giving the recipe of Pan masala. No, we have no patent of our product.

30. What are the equipment installed at your business premises.

Ans: We have a sewing machine, mixture machine, weighing scale in our factory.

31. Please see the certificate no. Ref:BB/K-12/25/NKR/ICD-Khodiyar dated 17.11.2025 issued by the Chartered Engineer Shri Bhaskar G. Bhatt which indicates that your export product is highly overvalued. Please offer your

comments in this regard.

Ans: I have seen this certificate dated 17.11.2025. I state that at this moment, I am not able to explain in this regard. However, I will examine this issue and give my submissions in short period of time.

8. Shri Naru Khan had sought some time for submission of certain details as above. Accordingly, fresh summons dated 24.02.2026 was issued to Shri Naru Khan seeking the details which remained pending in his statement. Shri Naru Khan, vide his authorisation letter dated Nil received by email dated 27.02.2026 (RUD-7 of SCN) has authorised Shri Kadamkumar Kanaiyalal Doshi to appear on his behalf and claimed that his statement will be binding on him. Accordingly, Shri Kadamkumar Kanaiyalal Doshi appeared on 02.03.2026 and gave his statement under Section 108 of the Customs Act, 1962 (RUD-8 of SCN) where he stated as under:

1. Please peruse the statement dated 01.12.2025 of Shri Naru Khan recorded under Section 108 of the Customs Act, 1962 and offer your comments on the same.

Ans: I have carefully seen the statement dated 01.12.2025 of Shri Naru Khan and I state that all the facts narrated therein as true and correct to the best of my knowledge. However, I find that Shri Naru Khan has inadvertently given some Shipping Bill numbers which are not actually exported by us. The details of the exports made by M/s. NK and Company are as under:

Sr. No.	*Shipping Bill No.*	*Shipping Bill date*	*Quantity (kgs)*	*FOB. (Rs)*
1	*2943179*	*03-08-2023*	*3060*	*4919745*
2	*2020662*	*26-06-2023*	*1980*	*3092601*
3	*6327818*	*27-12-2023*	*2820*	*4629297*
4	*7111642*	*30-01-2024*	*3000*	*4928646*
5	*8514997*	*21-03-2024*	*2940*	*4773384*
6	*9512717*	*30-04-2024*	*2880*	*4727794*
7	*1267977*	*29-05-2024*	*2700*	*4579676*
8	*1889264*	*24-06-2024*	*2520*	*4267116*
9	*2280868*	*09-07-2024*	*3060*	*5213243*
10	*2505097*	*18-07-2024*	*3030*	*5212084*
11	*2695955*	*25-07-2024*	*2940*	*5099900*
12	*3142437*	*12-08-2024*	*4500*	*7810684*
13	*3387286*	*22-08-2024*	*3990*	*6996328*
14	*3650014*	*31-08-2024*	*3210*	*5588474*
15	*3950348*	*12-09-2024*	*4500*	*7876383*
16	*4200116*	*20-09-2024*	*4290*	*7486285*
17	*4394397*	*27-09-2024*	*4470*	*7800394*
18	*4676645*	*08-10-2024*	*4560*	*8014495*
19	*4913530*	*18-10-2024*	*4530*	*7990194*
20	*5120918*	*25-10-2024*	*4470*	*7884363*
21	*5280621*	*30-10-2024*	*600*	*839238*

22	*9961271*	*15-04-2025*	*4500*	*8175871*
23	*1232117*	*24-04-2025*	*4440*	*8085463*
24	*1403796*	*30-04-2025*	*4470*	*8121119*
25	*1581971*	*07-05-2025*	*4470*	*8058405*
26	*1772637*	*14-05-2025*	*4560*	*8239772*
27	*1941124*	*19-05-2025*	*4500*	*8213781*
28	*2118821*	*24-05-2025*	*4470*	*8177954*
29	*2222175*	*28-05-2025*	*4200*	*7683984*
30	*3527761*	*14-07-2025*	*4500*	*8232413*
31	*3637107*	*17-07-2025*	*4230*	*7720595*
32	*3772979*	*22-07-2025*	*4200*	*7738143*
33	*3899499*	*26-07-2025*	*4260*	*7830561*
34	*4580393*	*20-08-2025*	*4320*	*8127582*
35	*4727948*	*25-08-2025*	*4290*	*8024618*
36	*4977768*	*03-09-2025*	*4200*	*7856268*
37	*5230481*	*12-09-2025*	*4260*	*8051592*
38	*5523074*	*22-09-2025*	*4230*	*7999584*
39	*5677065*	*26-09-2025*	*4290*	*8113056*
40	*5850629*	*03-10-2025*	*4260*	*8153640*
41	*6093401*	*13-10-2025*	*4200*	*8020320*
			1,56,900	***28,03,55,045***

2. What is the name of your final product? What is the name of your raw material?

Ans: Our final product is Fifi brand Pan Masala and our raw material is Rajnigandha Pan Masala (90%) and Saunf (10%).

3. What happens to the taxes applicable on the input Rajnigandha Pan masala?

Ans: About 60-70% of the cost of Rajnigandha pan Masala is in form of GST and Cess. These taxes are received as input tax credit by our firm. However, when the Fifi Pan Masala is exported, we claim the refund of the ITC accumulated on the purchase of Rajnigandha Pan Masala. As such, the entire ITC credit taken by us on the Rajnigandha pan masala is received by us as refund on export of Fifi Pan masala.

4. Please provide complete Shipping Bills wise export details in respect of M/s. NK and Company.

Ans: We have exported Pan masala under following Shipping bills. Today I have submitted copies of Shipping Bills no. 2020662 and 2943179 which were not provided earlier. The details of exports made by our firm are as under:

Sr. No.	*Shipping Bill No.*	*Shipping Bill date*	*Quantity (kgs)*	*FOB. (Rs)*
1	*2943179*	*03-08-2023*	*3060*	*4919745*
2	*2020662*	*26-06-2023*	*1980*	*3092601*
3	*6327818*	*27-12-2023*	*2820*	*4629297*

4	7111642	30-01-2024	3000	4928646
5	8514997	21-03-2024	2940	4773384
6	9512717	30-04-2024	2880	4727794
7	1267977	29-05-2024	2700	4579676
8	1889264	24-06-2024	2520	4267116
9	2280868	09-07-2024	3060	5213243
10	2505097	18-07-2024	3030	5212084
11	2695955	25-07-2024	2940	5099900
12	3142437	12-08-2024	4500	7810684
13	3387286	22-08-2024	3990	6996328
14	3650014	31-08-2024	3210	5588474
15	3950348	12-09-2024	4500	7876383
16	4200116	20-09-2024	4290	7486285
17	4394397	27-09-2024	4470	7800394
18	4676645	08-10-2024	4560	8014495
19	4913530	18-10-2024	4530	7990194
20	5120918	25-10-2024	4470	7884363
21	5280621	30-10-2024	600	839238
22	9961271	15-04-2025	4500	8175871
23	1232117	24-04-2025	4440	8085463
24	1403796	30-04-2025	4470	8121119
25	1581971	07-05-2025	4470	8058405
26	1772637	14-05-2025	4560	8239772
27	1941124	19-05-2025	4500	8213781
28	2118821	24-05-2025	4470	8177954
29	2222175	28-05-2025	4200	7683984
30	3527761	14-07-2025	4500	8232413
31	3637107	17-07-2025	4230	7720595
32	3772979	22-07-2025	4200	7738143
33	3899499	26-07-2025	4260	7830561
34	4580393	20-08-2025	4320	8127582
35	4727948	25-08-2025	4290	8024618
36	4977768	03-09-2025	4200	7856268
37	5230481	12-09-2025	4260	8051592
38	5523074	22-09-2025	4230	7999584
39	5677065	26-09-2025	4290	8113056
40	5850629	03-10-2025	4260	8153640
41	6093401	13-10-2025	4200	8020320
Total			**1,56,900**	**28,03,55,045**

5. Whether you are availing any export benefits like refund of IGST/ drawback etc.? Please provide the details of the same. Please provide the bank details wherein the Refunds are received.

Ans: Yes. We are availing refund of ITC balance available in our ledger from time to time from State GST authorities. The refund is received in Canara

Bank, Odhav branch. I am submitting copies of the relevant Refund Orders in form RFD-06 issued by the State GST authorities from time to time. I further state that in respect of refund of June-July, 2024, the Refund Order is not readily available and therefore, I am submitting copy of the RFD-5 order which is payment advice in respect of the refund for period June-July, 2024. The details of the ITC refund received by our firm are as under:

Sr. No.	*Applied for Period*	*Refund amount Applied (Rs.)*	*Refund amount Received (Rs.)*	*Relevant Refund Order/ Refund Payment Advice submitted by me today*
1	*Jun-23*	*43,96,858*	*43,96,858*	*RFD-06 dated 12.10.2023*
2	*Aug-23*	*28,75,628*	*28,75,628*	*RFD-06 dated 28.12.2023*
3	*Dec-23*	*48,00,000*	*48,00,000*	*RFD-06 dated 08.02.2024*
4	*Jan-24*	*46,00,000*	*46,00,000*	*RFD-06 dated 13.03.2024*
5	*Feb to Apr 2024*	*97,00,000*	*97,00,000*	*RFD-06 dated 28.05.2024*
6	*May-24*	*55,71,000*	*55,71,000*	*RFD-06 dated 03.08.2024*
7	*Jun -Jul 2024*	*2,50,00,000*	*2,49,39,274*	*RFD-05 dated 19.09.2024*
8	*Aug-24*	*1,31,00,000*	*1,30,99,338*	*RFD-06 dated 18.11.2024*
9	*Sep-24*	*2,21,00,000*	*2,21,00,000*	*RFD-06 dated 24.01.2025*
10	*Oct-24*	*2,35,00,000*	*2,35,00,000*	*RFD-06 dated 10.03.2025*
11	*Nov to April 2025*	*2,36,00,000*	*2,33,66,814*	*RFD-06 dated 27.06.2025*
12	*May - Jun 2025*	*3,83,00,000*	*3,83,00,000*	*RFD-06 dated 02.09.2025*
13	*Jul-25*	*2,60,00,000*	*2,60,00,000*	*RFD-06 dated 04.10.2025*
14	*Aug-25*	*1,87,00,000*	*1,87,00,000*	*RFD-06 dated 30.10.2025*
15	*Sep-25*	*2,69,00,000*	*2,69,00,000*	*RFD-06 dated 06.12.2025*
	Total	***24,91,43,486***	***24,88,48,912***	

6. Before Which authority do you apply for refund? Under which provisions do you apply for refund? Which taxes are claimed for refund by you? Please provide complete details of refund applied for and refund received by you so far.

Ans: The refund of ITC credit is applied by or firm before the Deputy Commissioner of State Goods and Service Tax, Range:6, Division:2, Ahmedabad having his office at Rajya Kar Bhavan, Ashram Road, Ahmedabad. We are applying for refund under the provisions of Section 54(3) of the CGST Act, 2017 i.e. we are applying for the accumulated ITC and Cess. I state that 100% of goods manufactured by us are exported to Hongkong based buyers under free shipping bills. We are not paying GST on these exports. Therefore, the ITC availed by us on the purchase of Rajnigandha Pan Masala is accumulated in our ITC credit ledger which remains unutilised and therefore, we are applying for refund of such accumulated ITC of IGST, CGST, SGST and Cess before State GST office. I state that so far, our firm has availed ITC refund of Rs. 24,88,48,912 /- from the SGST office, Ahmedabad on the basis of ITC accumulated in our ITC ledger by way of exporting our finished goods i.e. Fifi Pan Masala.

7. Please see the certificate no. Ref: BB/K-12/25/NKR/ICD-Khodiyar dated 17.11.2025 issued by the Chartered Engineer Shri Bhaskar G. Bhatt. Please offer your comments/ explanations regarding the discrepancies mentioned in the said report in respect of goods covered in the said export consignment covered in Shipping Bill no. 6093401 dated 13.10.2025.

Ans: I have seen the certificate dated 17.11.2025 issued by the Chartered Engineer. As per this certificate, the Pan Masala exported by our firm under Shipping Bill No. 6093401 dated 13.10.2025 has actual value of Rs. 4,32,600/- as against our declared value of Rs. 80,20,320/-. I state that our product is a different type of Pan Masala which contains Pan Masala as well as Saunf which gives it a special taste and it is liked by our buyer. Therefore, we have been receiving the full export value mentioned in the Shipping Bills from our buyers.

9. Statement of Shri Hasib Shaikh son of Shri Anwarhussain Shaikh, Proprietor of Customs Broker M/s. Startek Enterprise, was recorded under Section 108 of the Customs Act, 1962 on 03.03.2026 (RUD-9 of SCN) where he inter alia stated as under:

1. Please give your complete details including your name, address, education, profession, work profile and registration details if any.

Ans: My name and address are as above. I am educated upto PG Diploma in Shipping Management from Narottam Morarji Institute of Shipping, Mumbai in year 2011-12. I have been doing Customs clearance work since 2019 in the name of my above firm. My firm is holding Customs Broker License No. BRDPS4686RCH001. Apart from me, Shri Atith Gajjar, Sr. Executive and H card holder of my firm is also assisting me in the Customs Brokerage work. I state that the following export consignments of Fifi brand Pan Masala exported by M/s. NK

and Company were handled by my firm as Customs Broker. I am also submitting copies of these Shipping Bills:

Sr. No.	*Shipping Bill No.*	*Shipping Bill date*	*Quantity (kgs)*	*FOB. (Rs)*
1	*6327818*	*27-12-2023*	*2820*	*4629297*
2	*7111642*	*30-01-2024*	*3000*	*4928646*
3	*8514997*	*21-03-2024*	*2940*	*4773384*
4	*9512717*	*30-04-2024*	*2880*	*4727794*
5	*1267977*	*29-05-2024*	*2700*	*4579676*
6	*1889264*	*24-06-2024*	*2520*	*4267116*
7	*2280868*	*09-07-2024*	*3060*	*5213243*
8	*2505097*	*18-07-2024*	*3030*	*5212084*
9	*2695955*	*25-07-2024*	*2940*	*5099900*
10	*3142437*	*12-08-2024*	*4500*	*7810684*
11	*3387286*	*22-08-2024*	*3990*	*6996328*
12	*3650014*	*31-08-2024*	*3210*	*5588474*
13	*3950348*	*12-09-2024*	*4500*	*7876383*
14	*4200116*	*20-09-2024*	*4290*	*7486285*
15	*4394397*	*27-09-2024*	*4470*	*7800394*
16	*4676645*	*08-10-2024*	*4560*	*8014495*
17	*4913530*	*18-10-2024*	*4530*	*7990194*
18	*5120918*	*25-10-2024*	*4470*	*7884363*
19	*5280621*	*30-10-2024*	*600*	*839238*
20	*9961271*	*15-04-2025*	*4500*	*8175871*
21	*1232117*	*24-04-2025*	*4440*	*8085463*
22	*1403796*	*30-04-2025*	*4470*	*8121119*
23	*1581971*	*07-05-2025*	*4470*	*8058405*
24	*1772637*	*14-05-2025*	*4560*	*8239772*
25	*1941124*	*19-05-2025*	*4500*	*8213781*
26	*2118821*	*24-05-2025*	*4470*	*8177954*
27	*2222175*	*28-05-2025*	*4200*	*7683984*
28	*3527761*	*14-07-2025*	*4500*	*8232413*
29	*3637107*	*17-07-2025*	*4230*	*7720595*
30	*3772979*	*22-07-2025*	*4200*	*7738143*
31	*3899499*	*26-07-2025*	*4260*	*7830561*
32	*4580393*	*20-08-2025*	*4320*	*8127582*
33	*4727948*	*25-08-2025*	*4290*	*8024618*
34	*4977768*	*03-09-2025*	*4200*	*7856268*
35	*5230481*	*12-09-2025*	*4260*	*8051592*
36	*5523074*	*22-09-2025*	*4230*	*7999584*
37	*5677065*	*26-09-2025*	*4290*	*8113056*
38	*5850629*	*03-10-2025*	*4260*	*8153640*
39	*6093401*	*13-10-2025*	*4200*	*8020320*
Total			***1,51,860***	***27,23,42,699***

2. Please inform as to what export benefits have been claimed by M/s. NK and Company in respect of the aforesaid export consignments?

Ans: I state that the export consignments were exported under Free Shipping Bills and as such no export incentives were applied or received by the exporter on these exports from Customs authorities. However, when the Shipping Bill no. 6093401 was held up, we learnt that M/s. NK and Company was availing refund of the unutilized ITC from State GST department.

3. Please inform as to whether you or any of your office staff had ever met the proprietor of M/s. NK and Company, 306, Near water Tanki, Odhav GIDC, Odhav Road, Odhav, Ahmedabad?

Ans: I state that for the export related work, we were in contact and communication with Shri Kadamkumar Kanaiyalal Doshi of M/s. NK and Company. However, we have never met anyone else including Shri Naru Khan, the proprietor of M/s. NK and Company.

4. Please inform as to whether you have any contractual agreement with the aforesaid M/s. NK and Company?

Ans: We had issued a quotation to M/s. NK and Company and thereafter we are working for them as per terms and conditions mentioned in the said quotation. Apart from that we do not have any written agreement with the said firm.

5. Please inform as to whether you being a registered Customs Broker, advise your client M/s. NK and Company to comply with the provisions of the Act, other allied Acts and the rules and regulations thereof.

Ans: Yes. We had orally informed M/s. NK and Company to abide by the provisions of Customs Act and ensure that all the details in the export invoice and packing list are correct.

6. Please see the certificate no. Ref: BB/K-12/25/NKR/ICD-Khodiyar dated 17.11.2025 issued by the Chartered Engineer Shri Bhaskar G. Bhatt. regarding export consignment covered in Shipping Bill no. 6093401 dated 13.10.2025. The above-said exporters had failed to declare the correct value and description of export goods in the Shipping Bills; did you bring the matter to the notice of the Deputy Commissioner of Customs or Assistant Commissioner of Customs?

Ans: I state that at the time of export, we relied upon the value declared by the said exporter. In cases of trader exporters/ merchant exporters, we also examine the purchase documents to see that the value declared in the export invoices are correct. However, as the said exporter M/s. NK and Company was a

manufacturer, we did not have any means to verify the value of the export consignments. I state that as per the said valuation report the export consignment covered in Shipping Bill no. 6093401 dated 13.10.2025 was highly overvalued.

7. Please inform whether you have received authorization to act as Customs Broker by your client M/s. NK and Company?

Ans: Yes. We have obtained authorization and KYC form from M/s. NK and Company before starting working for them as Customs Broker. I am submitting a copy of the said authorization letter and KYC format. Further, we had taken copies of Shipping Bills no. 2943179 dated 03.08.2023 and 2020662 dated 26.06.2023 for our KYC purpose and reference regarding similar export done by the said party from Customs, Mundra through some other Customs Broker.

8. Please inform as to what is the present status of the export consignment covered in Shipping Bill no. 6093401 dated 13.10.2025?

Ans: I state that the said Shipping Bill was filed on 13.10.2025. Subsequently, M/s. NK and Company received letter dated 02.12.2025 from the Assistant Commissioner of Customs, ICD, Khodiyar whereby M/s. NK and Company was advised that the Competent Authority has allowed for provisional release of the export goods upon execution of Bond of an amount equivalent to the value of the goods and furnishing of Bank guarantee of equal amount of declared value. Subsequently, the exporter has issued Bank guarantee no. 03258GOPG2536301 dated 31.12.2025 issued by Canara Bank for Rs. 81,74,320/- and E-Bond No. 2002559010 for Rs. 81,74,320/-. Subsequently, the goods were allowed to be exported by the Customs Authorities of ICD, Khodiyar and the Let Export Order was issued on 06.01.2026. As such the goods have been exported. I hereby submit copies of these documents.

9. Please inform as to what fees and other charges are receiving in respect of export consignments of M/s. NK and Company?

Ans: We are receiving Rs. 3500/- per container in respect of the export consignments of M/s. NK and Company. Apart from that we are receiving CONCOR charges, Freight and Forwarding charges etc. from M/s. NK and Company, which are fully paid to the concerned agency.

10. Further statement of Shri Naru Khan was recorded on 23.03.2026 under Section 108 of the Customs Act, 1962, (RUD-10 of SCN) wherein he inter alia stated as under:

1. Please carefully peruse your earlier statement dated 01.12.2025 recorded under Section 108 of the Customs Act, 1962 and offer your comments on the same.

Ans: I have carefully seen my earlier statement dated 01.12.2025 and I state that all the facts narrated therein as true and correct however, I had inadvertently

given some Shipping Bill numbers which are not actually exported by us. The complete details of the exports made by M/s. NK and Company are as under:

Sr. No.	*Shipping Bill No.*	*Shipping Bill date*	*Quantity (kgs)*	*FOB. (Rs)*
1	*2943179*	*03-08-2023*	*3060*	*4919745*
2	*2020662*	*26-06-2023*	*1980*	*3092601*
3	*6327818*	*27-12-2023*	*2820*	*4629297*
4	*7111642*	*30-01-2024*	*3000*	*4928646*
5	*8514997*	*21-03-2024*	*2940*	*4773384*
6	*9512717*	*30-04-2024*	*2880*	*4727794*
7	*1267977*	*29-05-2024*	*2700*	*4579676*
8	*1889264*	*24-06-2024*	*2520*	*4267116*
9	*2280868*	*09-07-2024*	*3060*	*5213243*
10	*2505097*	*18-07-2024*	*3030*	*5212084*
11	*2695955*	*25-07-2024*	*2940*	*5099900*
12	*3142437*	*12-08-2024*	*4500*	*7810684*
13	*3387286*	*22-08-2024*	*3990*	*6996328*
14	*3650014*	*31-08-2024*	*3210*	*5588474*
15	*3950348*	*12-09-2024*	*4500*	*7876383*
16	*4200116*	*20-09-2024*	*4290*	*7486285*
17	*4394397*	*27-09-2024*	*4470*	*7800394*
18	*4676645*	*08-10-2024*	*4560*	*8014495*
19	*4913530*	*18-10-2024*	*4530*	*7990194*
20	*5120918*	*25-10-2024*	*4470*	*7884363*

21	5280621	30-10-2024	600	839238
22	9961271	15-04-2025	4500	8175871
23	1232117	24-04-2025	4440	8085463
24	1403796	30-04-2025	4470	8121119
25	1581971	07-05-2025	4470	8058405
26	1772637	14-05-2025	4560	8239772
27	1941124	19-05-2025	4500	8213781
28	2118821	24-05-2025	4470	8177954
29	2222175	28-05-2025	4200	7683984
30	3527761	14-07-2025	4500	8232413
31	3637107	17-07-2025	4230	7720595
32	3772979	22-07-2025	4200	7738143
33	3899499	26-07-2025	4260	7830561
34	4580393	20-08-2025	4320	8127582
35	4727948	25-08-2025	4290	8024618
36	4977768	03-09-2025	4200	7856268
37	5230481	12-09-2025	4260	8051592
38	5523074	22-09-2025	4230	7999584
39	5677065	26-09-2025	4290	8113056
40	5850629	03-10-2025	4260	8153640
41	6093401	13-10-2025	4200	8020320
			1,56,900	28,03,55,045

2. Please carefully see the statement dated 02.03.2026 of Shri Kadamkumar Kanaiyalal Doshi, your authorised representative which was recorded under Section 108 of the Customs Act, 1962 and offer your comments.

Ans: I have carefully seen the statement of Shri Kadamkumar Kanaiyalal Doshi and I find that the same is factually correct and I agree with the same.

3. Please carefully see the statement dated 03.03.2026 of Shri Hasib Shaikh Proprietor of Customs Broker M/s. Startek Enterprise, F-401, Hyatt Residency, Opp. City Pulse, Sarkhej, Ahmedabad-382210 which was recorded under Section 108 of the Customs Act, 1962 and offer your comments.

Ans: I have carefully seen the statement of Shri Hasib Shaikh and I find that the same is factually correct and I agree with the same.

4. What is the name of your final product? What is the name of your raw material?

Ans: Our final product is Fifi brand Pan Masala and our raw material is Rajnigandha Pan Masala (90%) and Saunf (10%).

5. What happens to the taxes applicable on the input Rajnigandha Pan masala?

Ans: About 60-70% of the cost of Rajnigandha pan Masala is in form of GST and Cess. These taxes are received as input tax credit by our firm. However, when the Fifi Pan Masala is exported, we claim the refund of the ITC accumulated on the purchase of Rajnigandha Pan Masala. As such, the entire ITC credit taken by us on the Rajnigandha pan masala is received by us as refund on export of Fifi Pan masala.

6. Whether you are availing any export benefits like refund of IGST/ drawback etc.? Please provide the details of the same. Please provide the bank details wherein the Refunds are received.

Ans: Yes. We are availing refund of ITC balance available in our ledger from time to time from State GST authorities. The refund is received in Canara Bank, Odhav branch. My employee and authorised signatory Shri Kadamkumar Kanaiyalal Doshi had submitted copies of the relevant Refund Orders in form RFD-06 to you during his statement dated 02.03.2026. The details of the ITC refund received by our firm are as under:

Sr. No.	*Applied for Period*	*Refund amount Applied (Rs.)*	*Refund amount Received (Rs.)*	*Relevant Refund Order/ Refund Payment Advice*
1	*Jun-23*	*43,96,858*	*43,96,858*	*RFD-06 dated 12.10.2023*
2	*Aug-23*	*28,75,628*	*28,75,628*	*RFD-06 dated 28.12.2023*
3	*Dec-23*	*48,00,000*	*48,00,000*	*RFD-06 dated 08.02.2024*
4				*RFD-06 dated 13.03.2024*

	Jan-24	*46,00,000*	*46,00,000*	
5	*Feb to Apr 2024*	*97,00,000*	*97,00,000*	*RFD-06 dated 28.05.2024*
6	*May-24*	*55,71,000*	*55,71,000*	*RFD-06 dated 03.08.2024*
7	*Jun -Jul 2024*	*2,50,00,000*	*2,49,39,274*	*RFD-05 dated 19.09.2024*
8	*Aug-24*	*1,31,00,000*	*1,30,99,338*	*RFD-06 dated 18.11.2024*
9	*Sep-24*	*2,21,00,000*	*2,21,00,000*	*RFD-06 dated 24.01.2025*
10	*Oct-24*	*2,35,00,000*	*2,35,00,000*	*RFD-06 dated 10.03.2025*
11	*Nov to April 2025*	*2,36,00,000*	*2,33,66,814*	*RFD-06 dated 27.06.2025*
12	*May -Jun 2025*	*3,83,00,000*	*3,83,00,000*	*RFD-06 dated 02.09.2025*
13	*Jul-25*	*2,60,00,000*	*2,60,00,000*	*RFD-06 dated 04.10.2025*
14	*Aug-25*	*1,87,00,000*	*1,87,00,000*	*RFD-06 dated 30.10.2025*
15	*Sep-25*	*2,69,00,000*	*2,69,00,000*	*RFD-06 dated 06.12.2025*
	Total	*24,91,43,486*	*24,88,48,912*	

7. Before Which authority do you apply for refund? Under which provisions do you apply for refund? Which taxes are claimed for refund by you? Please provide complete details of refund applied for and refund received by you so far.

Ans: The refund of ITC credit is applied by or firm before the Deputy Commissioner of State Goods and Service Tax, Range:6, Division:2, Ahmedabad

having his office at Rajya Kar Bhavan, Ashram Road, Ahmedabad. We are applying for refund under the provisions of Section 54(3) of the CGST Act, 2017 i.e. we are applying for the accumulated ITC and Cess. I state that 100% of goods manufactured by us are exported to Hongkong based buyers under free shipping bills. We are not paying GST on these exports. Therefore, the ITC availed by us on the purchase of Rajnigandha Pan Masala is accumulated in our ITC credit ledger which remains unutilised and therefore, we are applying for refund of such accumulated ITC of IGST, CGST, SGST and Cess before State GST office. I state that so far, our firm has availed ITC refund of Rs. 24,88,48,912 /- from the SGST office, Ahmedabad on the basis of ITC accumulated in our ITC ledger by way of exporting our finished goods i.e. Fifi Pan Masala.

8. Please see the certificate no. Ref: BB/K-12/25/NKR/ICD-Khodiyar dated 17.11.2025 issued by the Chartered Engineer Shri Bhaskar G. Bhatt. Please offer your comments/ explanations regarding the discrepancies mentioned in the said report in respect of goods covered in the said export consignment covered in Shipping Bill no. 6093401 dated 13.10.2025.

Ans: I have seen the certificate dated 17.11.2025 issued by the Chartered Engineer. As per this certificate, the Pan Masala exported by our firm under Shipping Bill No. 6093401 dated 13.10.2025 has actual value of Rs. 4,32,600/- as against our declared value of Rs. 80,20,320/-. I state that there is huge difference in the value declared by our firm in the said export documents and the value found by the said Chartered Engineer after thorough examination and the Chartered Engineer has found that our export goods did not contain Rajnigandha Pan masala. I state that we have a mixture of Pan Masala with Saunf which makes it different product and our buyers are also sending full value mentioned in the Shipping Bills.

9. Do you want to add any further details in this regard?

Ans: No.

I have given my above statement voluntarily and willingly without any threat, coercion or duress and I have been explained my above statement in Hindi and after understanding the same, in token of the above statement being true and correct, I put my signature on all pages of this statement. My employee and authorised signatory Shri Kadamkumar Kanaiyalal Doshi has remained present during the recording of this statement and he has also assisted me in recording of this statement as per my narration. I had requested the officer to type the statement on the computer and the same has been recorded as per my say and my above statement is true and correct.

11. From the above, it is seen that M/s. NK and Company have been availing refund of GST credit available in their ITC balance. Further, the present consignment exported vide Shipping Bill No. 6093401 dated 13.10.2025 is being exported without payment of IGST payable thereon. As such, the exporter becomes eligible and he is likely to claim export benefits in terms of unutilized ITC available in their balance. Vide letter dated 09.02.2026 (RUD-11 of SCN), M/s. NK and Company has provided the details and corresponding purchase invoices of the

inputs used for manufacture of the export goods i.e. 4200 Kgs. of Fifi Pan Masala. The details inter alia indicate that M/s. NK and Company have purchased 3818 Kgs. Rajnigandha Pan Masala/ RMD Pan Masala and 382 Kgs of Saunf for manufacture of 4200 Kgs of Fifi Pan Masala. From perusal of these details and corresponding purchase invoices, it is seen that the exporter has claimed to have used Rajnigandha/ RMD Pan Masala export details and corresponding documents which indicate that the quantum of ITC refund on the present consignment was Rs. 79,42,611/- as calculated below:

Sr No.	Name of the Supplier	Invoice Details	Date	QTY	KG	Taxable Amount	Central tax	State Tax	Cess
1	F F STORES	GST/3236/25-26	01/10/2025	1872 TIN	189.45	3,02,890	42,405	42,405	2,09,664
	F F STORES	GST/3236/25-26	01/10/2025	1068 PKT	251.79	4,80,090	67,213	67,213	3,23,482
2	F F STORES	GST/3251/25-26	02/10/2025	2544 PKT	210.58	6,16,248	86,275	86,275	4,80,768
3	VISHNU EMPIRE	VE/923/25-26	03/10/2025	382KG	382	91,680	2,292	2,292	-
4	UTSAV MARKETING	UT241/25-26	03/10/2025	1600 PKT	334.85	5,97,135	83,599	83,599	4,12,467
5	F F STORES	GST/3329/25-26	06/10/2025	1740 PKT	375.84	7,60,380	1,06,453	1,06,453	5,07,801
	F F STORES	GST/3329/25-26	06/10/2025	144 TIN	14.4	23,544	3,296	3,296	16,128
6	F F STORES	GST/3389/25-26	07/10/2025	1940 PKT	351.07	6,31,742	88,444	88,444	4,47,539
	F F STORES	GST/3389/25-26	07/10/2025	360 TIN	36	58,860	8,240	8,240	40,320
7	JAY AMBE ENTERPRISE	1249	07/10/2025	2340 PKT	561.6	10,41,300	1,45,782	1,45,782	6,82,906
8	JAY AMBE ENTERPRISE	1250	07/10/2025	2460 PKT	590.4	10,94,700	1,53,258	1,53,258	7,17,926
9	UTSAV MARKETING	UT244/25-26	07/10/2025	1740 PKT	340.31	6,24,875	87,483	87,483	4,30,157
	UTSAV MARKETING	UT244/25-26	07/10/2025	600 TIN	60	97,800	13,692	13,692	67,200
10	F F STORES	GST/3432/25-26	08/10/2025	1648 PKT	171.67	5,81,028	81,344	81,344	4,71,245
	F F STORES	GST/3432/25-26	08/10/2025	216 TIN	21.6	35,208	4,929	4,929	24,192
11	UTSAV MARKETING	UT247/25-26	08/10/2025	600 TIN	60	6,91,897	96,866	96,866	4,77,107
12	YOGESH ENTERPRISE	1312	11/10/2025	720 PKT	175.25	3,26,707	45,739	45,739	2,21,184
13	YOGESH ENTERPRISE	1313	11/10/2025	540 PKT	73.2	1,85,567	25,979	25,979	1,25,952
	TOTAL				**4200**		**11,43,288**	**11,43,288**	**56,56,038**
	Total Tax involved								**79,42,613**

12. However, as revealed from the above said Chartered Engineer's report dated 17.11.2025, the export goods did not contain Rajnigandha Pan Masala as claimed by the exporter. When the proprietor of M/s. NK and Company Shri Naru

Khan was asked to explain in this regard, he could not provide any explanation in this regard. Similarly, Shri Kadamkumar Doshi, the authorised representative of Shri Naru Khan also stated that their product is a different type of Pan Masala which contains Pan Masala as well as Saunf which gives it a special taste and it is liked by their buyer. However, he failed to give any clarification regarding overvaluation of their export product. This indicates that the claimed input i.e. Rajnigandha Pan Masala was not used for manufacture of the export product i.e. Fifi Pan Masala and therefore the same appeared to have been illegally diverted by M/s. NK and Company. Since the claimed inputs i.e. Rajnigandha Pan Masala has not been used in manufacture of the export goods, the exporter is not eligible for any export benefits including the refund of the accumulated GST in terms of Section 54(3) of the CGST Act, 2017. Moreover, Shri Naru Khan, in his statement dated 01.12.2025 has claimed that their product recipe has remained the same from the beginning of their exports till today. It contains 90% Rajnigandha and 10% Saunf. Accordingly, it can be seen that the export product is claimed to have the same ingredients i.e. 90% Rajnigandha Pan Masala and 10% Saunf in respect of all the past consignments as well as the consignment subjected to examination by the Chartered Engineer and therefore the report dated 17.11.2025 is applicable in respect of all the earlier export consignments also. Further, as the present export consignment was not found to be having Rajnigandha Pan Masala, it is apparent that all the previous export consignments also did not have Rajnigandha Pan Masala and they were also highly overvalued as done in the present export consignment covered in the Shipping Bill No. 6093401 dated 13.10.2025.

13. From the above, it appeared that the aforesaid export consignment covered in the Shipping Bill No. 6093401 dated 13.10.2025 was highly overvalued with intent to avail undue export benefits including refund of the unutilized input tax credit. Further, the Chartered Engineer's report clearly indicates that the export goods did not contain Rajnigandha Pan Masala, the key ingredient claimed by the exporter and which forms major part of the export goods. On being asked to explain the same, the proprietor of M/s. NK and Company as well as his authorised representative have failed to explain the same during their statements. Thus, it appeared that the exporter M/s. NK and Company had grossly overvalued their export consignment to Rs. 80,20,320.88, whereas the actual value is only Rs. 4,32,600/-. Further, by mis-declaring the value of the export goods, the exporter has rendered the export goods liable for confiscation in terms of Section 113 of the Customs Act, 1962 and the exporter is also liable for penalty under the provisions of Section 114 of the Customs Act, 1962 in as much as they have mis-declared their export consignments. The exporter is also liable for penalty under Section 114AA of the Customs Act, 1962 in as much as they have deliberately given wrong declaration of value in the Shipping Bills filed by them. Further, M/s. NK and Company have submitted Bank guarantee no. 03258GOPG2536301 dated 31.12.2025 issued by Canara Bank for Rs. 81,74,320/- (RUD-12 of SCN) and E-Bond No. 2002559010 for Rs. 81,74,320/-(RUD-13 of SCN) for provisional release of the seized goods. Subsequently, the goods were allowed to be exported by the Customs Authorities of ICD, Khodiyar and the Let Export Order was issued on

06.01.2026 (RUD-14 of SCN).

14. Applicable legal provisions

14.1) Section 14. Valuation of goods.

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

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

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

(i) the circumstances in which the buyer and the seller shall be deemed to be related;

(ii) the manner of determination of value in respect of goods when there is no sale, or the buyer and the seller are related, or price is not the sole consideration for the sale or in any other case;

(iii) the manner of acceptance or rejection of value declared by the importer or exporter, as the case may be, where the proper officer has reason to doubt the truth or accuracy of such value, and determination of value for the purposes of this section:

[(iv) the additional obligations of the importer in respect of any class of imported goods and the checks to be exercised, including the circumstances and manner of exercising thereof, as the Board may specify, where, the Board has reason to believe that the value of such goods may not be declared truthfully or accurately, having regard to the trend of declared value of such goods or any other relevant criteria:]

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

(2) ***

In exercise of the powers conferred by section 156 read with section 14 of the Customs Act, 1962(52 of 1962) the Central Government has framed the Customs Valuation (Determination of Value of Export Goods) Rules, 2007. Some of application rules of customs valuation rules are reproduced as under:

14.2)The Customs Valuation (Determination of Value of Export Goods) Rules, 2007

Rule 3. Determination of the method of valuation. - (1) Subject to rule 8, the value of export goods shall be the transaction value.

(2) The transaction value shall be accepted even where the buyer and seller are related, provided that the relationship has not influenced the price.

(3) If the value cannot be determined under the provisions of sub-rule (1) and sub-rule (2), the value shall be determined by proceeding sequentially through rules 4 to 6.

Rule 4. Determination of export value by comparison. - (1) The value of the export goods shall be based on the transaction value of goods of like kind and quality exported at or about the same time to other buyers in the same destination country of importation or in its absence another destination country of importation adjusted in accordance with the provisions of sub-rule (2).

(2) In determining the value of export goods under sub-rule (1), the proper officer shall make such adjustments as appear to him reasonable, taking into consideration the relevant factors, including-

(i) difference in the dates of exportation,

(ii) difference in commercial levels and quantity levels,

(iii) difference in composition, quality and design between the goods to be assessed and the goods with which they are being compared,

(iv) difference in domestic freight and insurance charges depending on the place of exportation.

6. Residual method. - (1) Subject to the provisions of rule 3, where the value of the export goods cannot be determined under the provisions of rules 4 and 5, the value shall be determined using reasonable means consistent with the principles and general provisions of these rules provided that local market price of the export goods may not be the only basis for determining the value of export goods.

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

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

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

(i) This rule by itself does not provide a method for determination of value,

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

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

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

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

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

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

14.3) "SECTION 113. Confiscation of goods attempted to be improperly exported, etc. — The following export goods shall be liable to confiscation: -

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

14.4) SECTION 114. Penalty for attempt to export goods improperly, etc. - Any person who, in relation to any goods, does or omits to do any act which act or omission would render such goods liable to confiscation under section 113, or abets the doing or omission of such an act, shall be liable, -

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

1[(ii) in the case of dutiable goods, other than prohibited goods, subject to the provisions of section 114A, to a penalty not exceeding ten per cent. of the duty sought to be evaded or five thousand rupees, whichever is higher:

Provided that where such duty as determined under sub-section (8) of section 28 and the interest payable thereon under section 28AA is paid within thirty days from the date of communication of the order of the proper officer determining such duty, the amount of penalty liable to be paid by such person under this section shall be twenty-five per cent. of the penalty so determined;]

(iii) in the case of any other goods, to a penalty not exceeding the value of the goods, as declared by the exporter or the value as determined under this Act, whichever is the greater.

14.5) SECTION 114AA. Penalty for use of false and incorrect material. - If a person knowingly or intentionally makes, signs or uses, or causes to be made,

signed or used, any declaration, statement or document which is false or incorrect in any material particular, in the transaction of any business for the purposes of this Act, shall be liable to a penalty not exceeding five times the value of goods.

15. Role of Shri Naru Khan in violations of the Provisions of Customs Act, 1962:

(i) Shri Naru Khan, proprietor of M/s. NK and Company have exported Fifi Brand Pan Masala export consignment covered in the Shipping Bill No. 6093401 dated 13.10.2025 having declared value of Rs. 80,20,320.88. However, as per Chartered Engineer's report dated 17.11.2025, the actual value of the export consignment was merely Rs. 4,32,600/-. Shri Naru Khan, proprietor of M/s. NK and Company was asked to explain this fact but Shri Naru Khan could not provide any explanation in this regard. Similarly, Shri Kadamkumar Doshi, the authorised representative of Shri Naru Khan was also asked to explain the same but he stated that their product is a different type of Pan Masala which contains Pan Masala as well as Saunf which gives it a special taste and it is liked by their buyer. This averment of Shri Naru Khan is contradicted by the Opinion given by the Chartered Engineer which shows that Rajnigandha Pan Masala was not found in the export goods. Further, it does not make any business sense to use a well known Pan Masala like Rajnigandha to make an unknown Pan Masala and lose all the brand value, good will and huge amount of taxes involved in each pouch of the Rajnigandha Pan Masala. Further, he also failed to give any clarification regarding overvaluation of their export product. This indicates that the claimed input i.e. Rajnigandha Pan Masala was not used for manufacture of the export product i.e. Fifi Pan Masala and therefore the said input i.e. Rajnigandha Pan Masala appeared to have been illegally diverted by M/s. NK and Company. Since the claimed inputs i.e. Rajnigandha Pan Masala has not been used in manufacture of the export goods, the exporter is not eligible for any export benefits including the refund of the accumulated GST in terms of Section 54(3) of the CGST Act, 2017. M/s. NK and Company have grossly mis-declared the value of the export consignment in respect of Shipping Bill no. 6093401 dated 13.10.2025. Such mis-declaration of the value in the export consignment makes the consignment liable for confiscation in terms of Section 113 (i) of the Customs Act, 1962.

(ii) Shri Naru Khan, proprietor of M/s. NK and Company, by his act of giving wrong declaration in the Shipping Bills and Export invoices, has rendered the export consignment liable for confiscation under the provisions of Section 113 (i) of the Customs Act, 1962, and thereby he has rendered himself liable for penalty under Section 114 of the Customs Act, 1962.

(iii) Further, Shri Naru Khan, proprietor of M/s. NK and Company has knowingly and intentionally made, signed and used their declaration in form of their Export Invoice no. NKEX/2526/1020 and Shipping Bill no. 6093401 dated 13.10.2025, wherein value of goods was overvalued. By resorting to mis-declaration in their export invoices and Shipping Bill, Shri Naru Khan, proprietor of M/s. NK

and Company have rendered themselves liable for penalty under Section 114AA of the Customs Act, 1962.

(iv) Further, Shri Naru Khan, proprietor of M/s. NK and Company has not cooperated during the investigation and he failed to make his appearance on due dates in response to Summons dated 30.10.2025, 31.10.2025, 04.11.2025, 11.11.2025 and 24.02.2026 on various unsubstantiated grounds. By continuous non-cooperation and non-appearance in response to summons issued by the Investigating Officer, Shri Naru Khan has rendered himself liable for penalty under Section 117 of the Customs Act, 1962.

16. Accordingly, a Show Cause Notice bearing SCN No. CUS/SIIB/INT/707/2025-PREV-O/o PR COMMR-CUS-AHMEDABAD dated 10.04.2026 was issued to M/s N K and Company(IEC-CWYPK0865M) through its proprietor Shri Naru Khan, as to why:

(i) The declared value Rs. 80,20,320.88 /- export goods as declared in shipping bill no. 6093401 dated 13.10.2025 should not be rejected and redetermined as Rs. 4,32,600/- under section 14 of the Customs Act read with Rule 8 of the Customs Valuation (Determination of Value of Export Goods) Rules, 2007.
(ii) The goods having declared value of Rs. 80,20,320.88/- and actual value of Rs. 4,32,000/- as declared in the Shipping Bill no. 6093401 dated 13.10.2025 should not be held liable for confiscation under 113 (i) of the Customs Act, 1962.
(iii) Penalty should not imposed him under Section 114 (iü) of the Customs Act 1962.
(iv) Penalty should not be upon him under Section 114AA of the Customs Act 1962.
(v) Penalty should not be imposed upon him under Section 117 of the Customs Act 1962.
(vi) The Bank Guarantee dated no. 03258GOPG2536301 dated 31.12.2025 and Bond No. 2002559010 dated 26.12.2025, furnished for provisional release of goods should not be appropriated.

17. **Defense reply and record of personal hearing:**

17.1 The Noticee vide letter dated 13.08.2026 submitted the following defense reply:

A. Show Cause Notice (SCN) is Vague and Violates Natural Justice

- SCN does not provide adequate reasons or evidence for proposed confiscation and penalties.
- Exporter submitted invoices, purchase records of inputs, and supporting documents.
- Department failed to consider these documents and payment receivable from foreign buyer.
- Therefore, SCN is alleged to be vague and violative of natural justice.

B. Declared Transaction Value Must Be Accepted

- Export goods: FIFI Brand Pan Masala.
- Buyer and seller are unrelated; price based on commercial negotiations and supported by invoices.
- No evidence of undervaluation, overvaluation, or manipulation of price.
- Export proceeds are realizable through banking channels and supported by BRCs.
- Under Section 14 of Customs Act and Rule 3 of Export Valuation Rules, transaction value should be accepted.
- Department has not established circumstances necessary for rejecting transaction value.

C. Chartered Engineer (CE) Report Cannot Solely Justify Rejection of Value

- Entire case is based on CE report of Shri Bhaskar G. Bhatt.
- Report does not explain methodology for valuation.
- Estimated FOB value (Rs. 4.32 lakh) is drastically lower than declared FOB value (Rs. 80.20 lakh) without proper basis.
- CE report is based on assumptions and verbal opinions of local dealers.
- Case laws cited to argue that transaction value cannot be rejected solely on CE certificate.

D. Export Product is a Unique Item

- Product is a blend of Pan Masala and Saunf, making it distinct from other products.
- Difference in flavour and fragrance compared to Rajnigandha is natural due to blending.
- Foreign buyers prefer this unique product and pay the declared price.
- Uniqueness should be considered while determining valuation.

E. Cross-Examination of Chartered Engineer Must Be Allowed

- SCN relies heavily on CE report.
- Noticee was not given opportunity to challenge methodology or findings.
- Under Section 138B of Customs Act, statements can be relied upon only after statutory conditions are fulfilled.
- CE should be examined as witness before relying on report as evidence.
- Denial of cross-examination would violate principles of natural justice.

F. Rule 8 of Export Valuation Rules Not Properly Invoked

- Rule 8 permits rejection of declared value only after raising doubts and seeking explanation from exporter.
- Exporter supplied all documents supporting declared value.
- Department did not communicate written grounds for doubting value as required under Rule 8(2).
- Mandatory procedure under Rule 8 was therefore not followed.

G. Goods Not Liable for Confiscation under Section 113(i)

- No misdeclaration of value or other particulars in Shipping Bill.
- Mere enhancement of value does not justify confiscation.
- Misdeclaration must be intentional; no such evidence exists.
- Export value declared corresponds to actual transaction value.
- Therefore, confiscation proposal is unsustainable.

H. No Penalty is Imposable
Section 114

- Penalty under Section 114 arises only when goods are liable to confiscation.
- As goods are allegedly not liable to confiscation, penalty cannot survive.

Section 114AA

- No false declaration or forged documents were used.
- Provision was intended for fraudulent "paper exports" and false export benefit claims.
- Actual export of goods took place; dispute is only on valuation.
- Hence penalty under Section 114AA is not attracted.

Section 117

- No undue benefit or revenue loss shown.
- Therefore penalty under Section 117 is also not sustainable.

I. Request for Release of Bank Guarantee

- Bank Guarantee and E-Bond of Rs. 81.74 lakh were furnished for provisional release of goods.
- Since goods are allegedly not liable for confiscation, continuation of Bank Guarantee is unjustified.
- Request made for release of Bank Guarantee and bond.

In addition, the noticee has also submitted various case laws cited in support of their contention vide email dated 08.09.2026.

18. Personal Hearing

In adherence to the principles of natural justice, the Noticee was granted an opportunity of personal hearing, which was conducted through virtual mode on 30.09.2026 before the Additional Commissioner of Customs, Ahmedabad. Shri Manish Jain, appeared as the authorized representative of M/s N K and Company for the personal hearing on 30.09.2026. During the hearing, he reiterated the submissions already made vide their written reply dated 13.08.2026 and cited case laws. He requested that the case be decided on the basis of the records available on file and the written submissions already made.

19. Discussion and Findings:

19.1 I have carefully gone through the Show Cause Notice, the submissions made by the noticees in written as well as during the course of the personal hearing and available records of the case. The issues for consideration before me in these proceedings are as under:-

i. Whether the declared FOB value of Rs. 80,20,320.88 in Shipping Bill No. 6093401 dated 13.10.2025 is liable to be rejected under Section 14 of the Customs Act, 1962 read with Rule 8 of the Customs Valuation (Determination of Value of Export Goods) Rules, 2007 and re-determined as

Rs. 4,32,600/- as proposed in the SCN or not.

ii. Whether the export goods covered under Shipping Bill No. 6093401 were misdeclared in respect of value and/or description and consequently become liable for confiscation under Section 113(i) of the Customs Act, 1962 or not.

iii. Whether Shri Naru Khan, Proprietor of M/s. N K and Company, is liable to penalty under Sections 114(iii), 114AA and 117 of the Customs Act, 1962 or not.

iv. Whether the Bank Guarantee and Bond furnished for provisional release are liable for appropriation or not.

Request for Cross-Examination of the Chartered Engineer

19.2 I have carefully considered the request of the noticee seeking cross-examination of Shri Bhaskar G. Bhatt, Chartered Engineer. I find that neither Section 122 nor Section 124 of the Customs Act, 1962 confers an absolute right of cross-examination. The provisions relating to examination of persons are contained in Section 138B of the Customs Act, 1962, which employs the expression "so far as may be", indicating that grant of cross-examination is not automatic and has to be considered in the facts and circumstances of each case. The principles of natural justice require that a noticee be afforded a fair opportunity to know, comment upon and rebut the material relied upon against him. However, natural justice does not invariably mandate formal cross-examination in every proceeding.

19.3 I find that the report of the Chartered Engineer was duly supplied to the noticee and adequate opportunity was provided to rebut the findings contained therein. However, neither the noticee nor his authorised representative produced any independent expert opinion, laboratory report, technical literature, valuation report or scientific evidence contradicting the conclusions recorded by the Chartered Engineer. Further, the findings in the present case are not based solely on the Chartered Engineer's report but are independently corroborated by the examination of the export goods, Panchnama proceedings, statements recorded under Section 108 of the Customs Act, 1962, the admitted composition of the export product, the admitted procurement cost of Rajnigandha Pan Masala and the commercial improbabilities emerging from the noticee's own declarations. Therefore, no prejudice can be said to have been caused to the noticee.

19.4 I further observe that the request for cross-examination has been made in a general manner without identifying any specific infirmity in the Chartered Engineer's report or indicating the precise purpose for which such cross-examination is sought. So long as the party charged has a fair and reasonable opportunity, to see, comment and criticise the evidence, statement or record on which the charge has been made against him, the demand and test of the natural justice statisfied. Cross examination in that sense is not the technical cross examination in a court of Law in the witness box, as held in judgment of Kishanlal Agarwal vs. Collector of Land Customs, AIR 1967. Further, it is held that denial of cross examination does not lead to violation of principles of natural justice. The following case laws are relevant and further support the above view:-

(i) Poddar Tyres (Pvt) Ltd vs. Commissioner-2000 (126) E.L.T 737:- wherein it has been held that cross examination not a part of natural justice but only that of procedural justice and not a ‘sine qua non’.

(ii) Shivom Ply N-wood Pvt Ltd Vs. Commissioner of Customs & Central Excise, Aurangabad-2004 (177) E.L.T 1150 (Tri. Mumbai):- wherein it has been held that cross examination not to be claimed as a matter of right.

19.5 I also find that Cross Examination sought without indicating specific reasons, is not admissible in view of following case laws:-

1) In the case of Fortune Impex vs. Commissioner of Customs, Calcutta [2001(138) ELT 556 (Tri. Kolkata)] Hon'ble Tribunal observed that:- "……it is not required that in each and every case, cross examination should necessarily be allowed. There is no absolute right of cross examination provided in the Customs Act. The Advocate had given a lsit of 26 persons for cross examoination without indicating the specific reason for cross examination. The …….it cannot be said that there was violation of principles of natural justice by not allowing the cross examination of the person sought.". This view taken by the tribunal has been affirmed by the Hon'ble Supreme Court-2004 (164) ELT 4 (S.C) & 2004 (167) ELTA 134 (S.C).

2) Hon'ble CESTAT, Kolkata in its decision in Dipu Das Vs. Commissioner of Customs, Kolkata reported as 2010 (261) ELT 408 (Tri.Del) has held that:- "……..in adjudication proceedings, cross examination cannot be claimed as a matter of right on mere asking for it, without furnishing reasons for the same."

19.6 In view of the above discussions, I find that demanding of cross examination in the present case is solely for the purpose of delaying the adjudication proceedings **and I reject the request for cross examination.**

Whether the declared FOB value of Rs. 80,20,320.88 in Shipping Bill No. 6093401 dated 13.10.2025 is liable to be rejected under Section 14 of the Customs Act, 1962 read with Rule 8 of the Customs Valuation (Determination of Value of Export Goods) Rules, 2007 and re-determined as Rs. 4,32,600/- as proposed in the SCN or not.

19.7 I have carefully gone through the Show Cause Notice, the written submissions of the noticee, the statements of Shri Naru Khan and Shri Kadamkumar Kanaiyalal Doshi recorded under Section 108 of the Customs Act, 1962, the Panchnama dated 04.11.2025, the report dated 17.11.2025 of Shri Bhaskar G. Bhatt, Chartered Engineer, and all other records available on file.

19.8 I find that the export consignment covered under Shipping Bill No. 6093401 dated 13.10.2025 was subjected to detailed examination under Panchnama dated 04.11.2025 and representative samples were drawn in the presence of independent witnesses, representatives of the Customs Broker, custodian and the Chartered Engineer. The samples so drawn were examined by the Chartered Engineer, who was specifically requested to assess the nature, composition and market value of the export goods vis-à-vis Rajnigandha Pan Masala claimed to constitute about 90% of the product. In his report dated 17.11.2025, the Chartered Engineer recorded that the export goods lacked the characteristic fragrance, flavour and cardamom content ordinarily associated with Rajnigandha Pan Masala and were substantially inferior in quality. On the basis of examination and market verification, he assessed the value of the export goods at Rs. 103 per kg and the value of the entire consignment at Rs. 4,32,600/- as against the declared FOB value of Rs. 80,20,320.88/-.

19.9 I further find that the findings of the Chartered Engineer were repeatedly

put to the noticee during the course of investigation. However, neither Naru Khan nor his authorised representative produced any independent expert opinion, laboratory report, technical literature, valuation report, costing data or any scientific evidence capable of rebutting the findings recorded by the Chartered Engineer. The defence advanced by the noticee was confined to the contention that the overseas buyers were willing to pay the declared price and that export proceeds had been realised through banking channels. Such assertions, unsupported by any corroborative evidence, cannot displace an expert report backed by physical examination of the export goods.

19.10 I also find that the report of the Chartered Engineer is corroborated by the noticee's own statements. The exporter consistently maintained that FIFI Pan Masala contained approximately 90% Rajnigandha Pan Masala and 10% Saunf. He further admitted that Rajnigandha Pan Masala used by him was procured at approximately Rs. 4 to Rs. 5 per gram. Applying the noticee's own formulation, the cost of 900 grams of Rajnigandha Pan Masala alone would work out to approximately Rs. 3,600/- to Rs. 4,500/- per kilogram, excluding the cost of Saunf, packing, labour and other expenses. However, the declared FOB value of the export product works out to only about Rs. 1,910/- per kilogram. The noticee has failed to explain this inherent contradiction. This commercial improbability lends independent support to the Chartered Engineer's conclusion that the exported product did not possess the characteristics or value claimed by the exporter. Despite being specifically questioned, the noticee could not offer any plausible explanation as to how a product allegedly containing 90% Rajnigandha Pan Masala could entirely lose the distinguishing characteristics of the principal ingredient. Consequently, the findings of the Chartered Engineer remain unrebutted and therefore acquire substantial evidentiary value.

19.11 I further observe that the difference between the declared value and the value assessed by the Chartered Engineer is not marginal but extraordinary. While the declared value works out to approximately Rs. 1,910/- per kg, the value determined on examination is only Rs. 103/- per kg. Such a variation of nearly eighteen times cannot be attributed to ordinary market fluctuations or differences in commercial perception and constitutes a valid ground for doubting the truth and accuracy of the declared export value.

19.12 I further find from the statements recorded under Section 108 of the Customs Act, 1962 that Shri Naru Khan has categorically admitted that the formulation of “FIFI” Pan Masala remained unchanged throughout the period of exports and that all exports effected under earlier shipping bills pertained to the very same product manufactured using approximately 90% Rajnigandha Pan Masala and 10% Saunf. The noticee has also admitted that substantial refund of accumulated Input Tax Credit (ITC), amounting to approximately Rs. 24.88 Crores, had been sanctioned in respect of such exports. In view of the said unequivocal admission, the noticee cannot now contend that the findings recorded in respect of the impugned consignment are confined only to the present shipping bill. Since the noticee himself has confirmed that the composition, formulation and manufacturing process of the exported product remained identical across all export consignments, the findings emerging from the examination of the impugned goods acquire wider evidentiary significance. The Chartered Engineer's finding that the exported product did not exhibit the essential characteristics of Rajnigandha Pan

Masala, coupled with the extraordinary disparity between the declared FOB value and the re-determined value and the commercial improbabilities arising from the admitted cost structure, strike at the very basis of the declarations made by the exporter regarding the nature, composition and value of the product. The noticee has failed to produce any contemporaneous manufacturing records, formulation changes, technical evidence or expert opinion to establish that the impugned consignment was materially different from the goods exported under earlier shipping bills. **Therefore, the evidence gathered in the present proceedings not only undermines the credibility of the declarations made in respect of the impugned export but also raises serious questions regarding the correctness of similar declarations made in respect of earlier exports of the same product. These facts raise serious doubts regarding the correctness of the basis on which the export-linked ITC refunds were sanctioned and may warrant examination by the competent GST authorities in accordance with the applicable provisions of the GST law.**

19.13 The noticee has contended that the transaction value is required to be accepted in terms of Rule 3 of the Customs Valuation (Determination of Value of Export Goods) Rules, 2007 and that realization of export proceeds establishes genuineness of the declared value. I am unable to accept this contention. Rule 3 itself makes acceptance of transaction value subject to Rule 8. Under Rule 8, where reasonable doubt exists regarding the truth or accuracy of the declared value, the proper officer is empowered to reject such value. In the instant case, the Chartered Engineer's findings, the admitted composition of the goods, the admitted cost structure and the unexplained inconsistencies between the declared composition and the physical characteristics of the export product collectively created substantial and reasonable doubt regarding the correctness of the declared value. Mere realization of export proceeds cannot by itself establish the correctness of value for Customs purposes.

19.14 I have also considered the judicial authorities relied upon by the noticee, namely Eicher Tractors Ltd., Tolin Rubbers Pvt. Ltd., Siddachalam Exports Pvt. Ltd., Vishal Exports Overseas Ltd., Hanil Automotive India Pvt. Ltd., Standard Cartons Pvt. Ltd., Champion Photostat Industrial Corporation, Vijay Traders, International Conveyors Ltd., Marvel Agencies and Marque Enterprises. I find that the aforesaid decisions were rendered in facts materially distinguishable from the present case and generally involved situations where the Department had either failed to establish valid grounds for rejection of the declared transaction value or sought to alter valuation substantially on the basis of a Chartered Engineer's opinion or market enquiry alone, without adequate corroborative evidence. In the present case, however, the rejection of the declared value is not founded solely upon the Chartered Engineer's report. The findings are supported by contemporaneous examination of the export goods, Panchnama proceedings, market verification, statements recorded under Section 108 of the Customs Act, 1962, the noticee's own admissions regarding the composition of the product and procurement cost of Rajnigandha Pan Masala, the unexplained commercial improbability arising from the declared composition vis-à-vis the declared FOB value, and the complete failure of the noticee to produce any scientific, technical or valuation evidence in support of the declarations made in the Shipping Bill. The Chartered Engineer's report, therefore, constitutes only one link in a chain of corroborative evidence establishing misdeclaration of value and material

particulars. Accordingly, I find that the aforesaid decisions do not advance the case of the noticee and are not applicable to the facts of the present case.

19.15 I find support from the judgment of the Hon'ble Supreme Court in Om Prakash Bhatia v. Commissioner of Customs, wherein it was held that overvaluation of export goods undertaken with a view to obtaining unintended export benefits cannot be protected under Section 14 and Customs authorities are empowered to reject such unrealistic values. It was held that :

> "…..18. Hence, in cases where the export value is not correctly stated but there is international over-invoicing for some other purpose, that is to say not mentioning true sale consideration of the goods, then it would amount to violation of the conditions for import/export of the goods. The purpose may be money laundering or some other purpose, but it would certainly amount to illegal/unauthorized money transaction**. In any case, over-invoicing of the export goods would result in illegal/irregular transactions in foreign currency.**
>
> 19. Learned Senior Counsel Mr. Dave submitted that in some cases, exporter may get much higher value of the goods than the market price prevailing in the country and therefore, merely because higher export value is mentioned, it cannot be inferred that it is not the true sale consideration. In some cases, this hypothetical contention may be right. However this would depend upon facts and circumstances as well as evidence on record in each case. If the goods are easily available in the market, then it would be difficult to arrive at the conclusion that a foreign buyer - a prudent businessman would pay ten times more than the prevailing market price of readymade clothes, particularly, in the days where information is easily available through internet or various other sources. In any case, when margin of profit appears, on the face of it, unreasonable, it is for the exporter to establish that it was true export value stated in the shipping bill. **Section 14 itself contemplates that the price at which such or like goods are ordinarily sold or offered for sale in the course of international trade would be the value of the goods……..**"

19.16 Having held that reasonable doubt exists regarding the truth and accuracy of the declared value, I proceed to determine the value in accordance with the Customs Valuation (Determination of Value of Export Goods) Rules, 2007. I find that valuation under Rule 4 is not feasible as no contemporaneous export of identical goods at the relevant commercial level is available on record. Likewise, determination under Rule 5 is not possible in the absence of reliable contemporaneous data relating to similar goods of like kind and quality. The valuation therefore necessarily falls to be determined under Rule 6, being the residual method prescribed under the Rules.

19.17 For determination under Rule 6, I find that the best evidence available on record comprises the contemporaneous examination of the goods, the Chartered Engineer's report, comparison of the export product with the declared principal raw material, market verification undertaken by the expert, the admitted formulation furnished by the exporter. Based on these considerations, the Chartered Engineer determined the value of the export goods at Rs. 103 per kg and the value of the entire consignment at Rs. 4,32,600/-. Significantly, this valuation remains unrebutted and stands corroborated by the surrounding evidence on

record.

19.18 **In view of the foregoing, I reject the declared FOB value of Rs. 80,20,320.88 /- under Section 14 of the Customs Act, 1962 read with Rule 8 of the Customs Valuation (Determination of Value of Export Goods) Rules, 2007 and re-determine the value of the export goods at Rs. 4,32,600/- under Rule 6 of the said Rules.**

Whether the export goods covered under Shipping Bill No. 6093401 were misdeclared in respect of value and/or description and consequently become liable for confiscation under Section 113(i) of the Customs Act, 1962 or not.

19.19 I observe that the goods covered under Shipping Bill No. 6093401 dated 13.10.2025 were declared as "FIFI Pan Masala" having an FOB value of Rs. 80,20,320.88. The exporter consistently claimed that the product was manufactured using approximately 90% Rajnigandha Pan Masala and 10% Saunf and that the formulation remained unchanged throughout the period of export. The SCN has alleged that the goods were misdeclared in respect of value as well as material particulars and, therefore, were liable to confiscation under Section 113(i) of the Customs Act, 1962.

19.20 The noticee has contended that the goods exported were correctly declared as FIFI Brand Pan Masala and that the declared FOB value represented the actual transaction value agreed with the overseas buyer. The noticee has also argued that export proceeds were realized through banking channels and therefore there was no misdeclaration.

19.21 I further observe that representative samples of the export goods were drawn under Panchnama dated 04.11.2025 and examined by Shri Bhasker G. Bhatt, Chartered Engineer. In his report dated 17.11.2025, the Chartered Engineer observed that the export goods did not possess the characteristic fragrance, flavour and cardamom content ordinarily associated with Rajnigandha Pan Masala and were substantially inferior in quality. Based on examination and market verification, he assessed the value of the export consignment at Rs. 4,32,600/- as against the declared FOB value of Rs. 80,20,320.88. The findings of the Chartered Engineer remained unrebutted by any laboratory report, technical opinion or independent expert evidence produced by the noticee.

19.22 I further find that the findings of the Chartered Engineer stand corroborated by the noticee's own statements recorded under Section 108 of the Customs Act, 1962. Shri Naru Khan admitted that Rajnigandha Pan Masala purchased by him cost approximately Rs. 4 to Rs. 5 per gram and that the same constituted about 90% of the export product. On this basis, the cost of Rajnigandha Pan Masala alone would work out to approximately Rs. 3,600/- to Rs. 4,500/- per kilogram, whereas the declared FOB value of the finished product works out to only about Rs. 1,910/- per kilogram. The noticee failed to explain this inherent contradiction. Thus, either the declared composition of the product was incorrect or the declared value did not reflect the true nature and value of the goods exported. Despite repeated opportunities, the noticee failed to produce any technical records, formulation data, scientific evidence or expert opinion capable of disproving the findings emerging from examination and investigation. Mere reliance on realization of

export proceeds through banking channels cannot establish correctness of the declarations made before Customs when substantial evidence exists showing inconsistencies in composition, quality and value of the export goods.

19.23 I also find that the decisions relied upon by the noticee in Nitish Tools Pvt. Ltd., Handtex and Sree Nakoda Impex are distinguishable on facts. In those cases, confiscation was proposed substantially on account of valuation enhancement alone. In the present case, the Department has brought on record independent and corroborative evidence in the form of the Chartered Engineer's report, physical examination findings, statements recorded under Section 108, admitted costing structure and unexplained contradictions in the declared composition and value of the export goods. Therefore, the ratio of the aforesaid decisions does not assist the noticee.

19.24 I find support from the judgment of the Hon'ble Supreme Court in Om Prakash Bhatia v. Commissioner of Customs, wherein it was held that overvaluation of export goods undertaken with a view to obtaining unintended export benefits cannot be protected under Section 14 and Customs authorities are empowered to reject such unrealistic values.

19.25 In view of the foregoing evidence, I find that the export goods did not correspond with the declarations made regarding their value and material particulars. The discrepancies noticed are not confined to valuation alone but extend to the very composition and description of the export product. Consequently, the goods entered for export did not correspond in respect of value and material particulars with the declaration made under the Customs Act, 1962.

19.26 Accordingly, I hold that the export goods covered under Shipping Bill No. 6093401 dated 13.10.2025 were misdeclared in respect of value and material particulars and, therefore, became liable to confiscation under Section 113(i) of the Customs Act, 1962. Since the goods have already been provisionally released and exported, and the same are no longer available for physical confiscation. Nevertheless, it is well settled that redemption fine under Section 125 may be imposed where goods were liable to confiscation even though they are no longer physically available.

19.27 I also find support from the decision of the Hon'ble Madras High Court in Dadha Pharma Pvt. Ltd. v. Secretary to Government of India, wherein it was held that penalty and confiscation proceedings can be sustained where goods are liable to confiscation even though the goods are not physically available for seizure. The Hon'ble High Court Court held that :

> "…
> 14. A careful reading of the sections would clearly show that it is the liability to confiscation that is spoken to and not the actual confiscation. Therefore, it would mean that the power to adjudicate upon for the imposition of penalty for improper importation, springs from the liability to confiscate, and not actual confiscation. This is because not only Section 110 occurs under a different chapter, but the purpose of that section relates only to seizure about which I have already noted. There again the words are "any goods are liable to confiscation under this Act." Merely because the department by reason of its inaction is not in a position to seize the goods, does not and cannot disable it adjudicating upon the liability for action under Section 111

read with Section 112 of the Act. In other words, the language of both the sections above referred to does not warrant the actual confiscation, but merely speaks of the liability of the goods being confiscated. This is the plain and most unambiguous meaning of the phraseology 'liable to confiscation' spoken to in these two sections.

15. I am fortified in my conclusion by referring to Collector of Customs and Central Excise v. Amrutalakshmi, AIR 1975 Mad., 43 and Munilal v. Collector, Central Excise, Chandigarh, AIR 1975 Punj. and Haryana 130. In both these cases, though this line of interpretation has not been adopted, it has been categorically found that having regard to the scope of these two sections viz. Section 110 on the one hand and Section 111 read with Section 112 on the other, being independent of each other, seizure is not necessary for confiscation. This will be an added reasoning to any conclusion. Therefore, the second point raised by the petitioner also has to be rejected…"

19.28 I further find that even in the case where goods are not physically available for confiscation, redemption fine is imposable in light of the judgment in the case of M/s. Visteon Automotive Systems India Ltd. reported at 2018(009) GSTL 0142(Mad) wherein the Hon'ble High Court of Madras has observed as under:

"23. The penalty directed against the importer under Section 112 and the fine payable under Section 125 operate in two different fields. The fine under Section 125 is in lieu of confiscation of the goods. The payment of fine followed up by payment of duty and other charges leviable, as per sub-section (2) of Section 125, fetches relief for the goods from getting confiscated. By subjecting the goods to payment of duty and other charges, the improper and irregular importation is sought to be regularised, whereas, by subjecting the goods to payment of fine under sub-section (1) of Section 125, the goods are saved from getting confiscated. Hence, the availability of the goods is not necessary for imposing the redemption fine. The opening words of Section 125, "Whenever confiscation of any goods is authorised by this Act ....", brings out the point clearly. The power to impose redemption fine springs from the authorisation of confiscation of goods provided for under Section 111 of the Act. When once power of authorisation for confiscation of goods gets traced to the said Section 111 of the Act, we are of the opinion that the physical availability of goods is not so much relevant. The redemption fine is in fact to avoid such consequences flowing from Section 111 only. Hence, the payment of redemption fine saves the goods from getting confiscated. Hence, their physical availability does not have any significance for imposition of redemption fine under Section 125 of the Act. We accordingly answer question No. (iii)."

19.29 I also find that Hon'ble High Court of Gujarat by relying on this judgment in case of Synergy Fertichem Ltd. Vs. Union of India, reported in 2020 (33) GSTL 513 (Guj.), has held inter alia as under:

"…

174. …… In the aforesaid context, we may refer to and rely upon a decision of the Madras High Court in the case of M/s. Visteon Automotive Systems v. The Customs, Excise & Service Tax Appellate Tribunal, C.M.A. No. 2857 of 2011, decided on 11th August, 2017 [2018 (9) G.S.T.L. 142 (Mad.)], wherein the following has been observed in Para-23;

"23. The penalty directed against the importer under Section 112 and the fine payable under Section 125 operate in two different fields. The fine under Section 125 is in lieu of confiscation of the goods. The payment of fine followed up by payment of duty and other charges leviable, as per sub-section (2) of Section 125, fetches relief for the goods from getting confiscated. By subjecting the goods to payment of duty and other charges, the improper and irregular importation is sought to be regularised, whereas, by subjecting the goods to payment of fine under sub-section (1) of Section 125, the goods are saved from getting confiscated. Hence, the availability of the goods is not necessary for imposing the redemption fine. The opening words of Section 125, "Whenever confiscation of any goods is authorised by this Act....", brings out the point clearly. The power to impose redemption fine springs from the authorisation of confiscation of goods provided for under Section 111 of the Act. When once power of authorisation for confiscation of goods gets traced to the said Section 111 of the Act, we are of the opinion that the physical availability of goods is not so much relevant. The redemption fine is in fact to avoid such consequences flowing from Section 111 only. Hence, the payment of redemption fine saves the goods from getting confiscated. Hence, their physical availability does not have any significance for imposition of redemption fine under Section 125 of the Act. We accordingly answer question No. (iii)."

175. We would like to follow the dictum as laid down by the Madras High Court in Para-23, referred to above."

19.30 **In view of above, I hold that the export goods covered under Shipping Bill No. 6093401 dated 13.10.2025 were misdeclared in respect of value and material particulars and therefore became liable to confiscation under Section 113(i) of the Customs Act, 1962. I further hold that, considering that the goods have already been exported and are not physically available, redemption fine under Section 125 of the Customs Act, 1962 is imposable in lieu of confiscation.**

Whether Shri Naru Khan, Proprietor of M/s. N K and Company, is liable to penalty under Sections 114(iii), 114AA and 117 of the Customs Act, 1962 or not.

19.31 I find that Naru Khan is the sole proprietor of M/s. N K and Company and was responsible for procurement of inputs, manufacture of the export goods, filing of export documents and declarations made before Customs authorities. The impugned Shipping Bill No. 6093401 dated 13.10.2025 was filed under his authority and responsibility.

19.32 As discussed in para 19.7 to 19.30 above, I have already held that the export goods covered under Shipping Bill No. 6093401 were liable to confiscation under Section 113(i) of the Customs Act, 1962 on account of misdeclaration of value and material particulars. Once the goods are held liable to confiscation under Section 113(i), the provisions of Section 114 become attracted against the person responsible for such acts and omissions.

Penalty under Section 114(iii)

19.33 I find that the exporter declared an FOB value of Rs. 80,20,320.88/- whereas the Chartered Engineer assessed the value at Rs. 4,32,600/-. Despite claiming that the product contained approximately 90% Rajnigandha Pan Masala, the noticee failed to explain the absence of the essential characteristics of Rajnigandha Pan

Masala noticed during examination and recorded in the Chartered Engineer's report. The noticee was also unable to produce any documentary evidence such as laboratory reports, formulation records, technical literature, costing data or independent expert opinion to substantiate the declarations made before Customs.

19.34 I further find that the noticee could not furnish any documentary evidence such as laboratory reports, independent valuation reports, costing records, technical studies or product specifications to support the declarations made in the Shipping Bill. The explanations offered were vague, unsupported and incapable of explaining the enormous discrepancy noticed during investigation.

19.35 I find that the acts and omissions of Shri Naru Khan directly rendered the export goods liable to confiscation under Section 113(i) of the Customs Act, 1962. **Accordingly, I hold that he is liable to penalty under Section 114(iii) of the Customs Act, 1962.**

19.35.1 **The section 114 of the Customs Act, 1962 retaliated as under:**

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

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

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

(ii) in the case of dutiable goods, other than prohibited goods, subject to the provisions of section 114A, to a penalty not exceeding ten per cent. of the duty sought to be evaded or five thousand rupees, whichever is higher:

Provided that where such duty as determined under sub-section (8) of section 28 and the interest payable thereon under section 28AA is paid within thirty days from the date of communication of the order of the proper officer determining such duty, the amount of penalty liable to be paid by such person under this section shall be twenty-five per cent of the penalty so determined;

(iii) in the case of any other goods, to a penalty not exceeding the value of the goods, as declared by the exporter or the value as determined under this Act, whichever is the greater."

19.35.2 I observe that Section 114(iii) of the Customs Act, 1962 provides for imposition of penalty not exceeding the value of the goods, as declared by the exporter or as determined under the Act, whichever is greater. In the present case, the FOB value declared by the noticee in respect of the export goods covered under Shipping Bill No. 6093401 dated 13.10.2025 is Rs. 80,20,320.88, whereas the value determined in terms of Section 14 of the Customs Act, 1962 read with the Customs Valuation (Determination of Value of Export Goods) Rules, 2007 is Rs. 4,32,600/-. Since the declared FOB value of Rs. 80,20,320.88 is higher than the re-determined value of Rs. 4,32,600/-, the former represents the statutory ceiling prescribed under Section 114(iii) for the purpose of imposition of penalty. Considering the gravity of the misdeclaration established in the present proceedings, **I find it appropriate to take the value of Rs. 80,20,320.88 into account for determining the quantum of penalty imposable under Section 114(iii) of the Customs Act, 1962.**

Penalty under Section 114AA

19.36 I further find that Shipping Bill No. 6093401, export invoice and other export documents containing declarations regarding the value and composition of the export goods were filed under the authority of Shri Naru Khan. As discussed in para 19.7 to 19.30, the declared value and material particulars were found to be incorrect and unsupported by the evidence available on record. The discrepancy between the declared value and the determined value as per Chartered Engineer's report, is substantial and not attributable to any clerical or inadvertent error. Additionally, the declared composition of the goods was found inconsistent with the characteristics of the goods examined.

19.37 I find that these declarations were made by the noticee in documents used in the course of export transactions under the Customs Act, 1962. Consequently, the ingredients of Section 114AA stand satisfied as the noticee knowingly used and signed documents containing materially incorrect particulars relating to the export goods.

19.38 **Accordingly, I hold that Shri Naru Khan, is liable to penalty under Section 114AA of the Customs Act, 1962.**

Penalty under Section 117

19.39 I find that the Show Cause Notice has proposed imposition of penalty upon Shri Naru Khan under Section 117 of the Customs Act, 1962 on the ground that he failed to comply with summons issued during the course of investigation and did not cooperate with the investigating authority in a timely manner.

19.40 I observe from the records that several summons were issued to Shri Naru Khan requiring his appearance and production of relevant documents. Though statements of Shri Naru Khan were eventually recorded under Section 108 of the Customs Act, 1962 and his authorised representative, Shri Kadamkumar Kanaiyalal Doshi, also appeared before the investigating authority on certain occasions, the records reveal repeated instances of non-compliance and delayed response to lawful directions issued during investigation. Such conduct resulted in avoidable delay in the investigation.

19.41 I find that compliance with summons and lawful directions issued by Customs officers is a statutory obligation. The noticee has not produced any convincing evidence to establish that his repeated non-appearance and delayed compliance were due to circumstances beyond his control. Therefore, I am unable to accept the contention that no contravention occurred. The conduct of the noticee reflects failure to duly comply with the requirements of the Customs Act, 1962 and the directions issued thereunder. Although penalties are separately imposable under Sections 114(iii) and 114AA for misdeclaration of value and material particulars, the contravention arising from non-compliance with summons and failure to extend timely cooperation during investigation constitutes a distinct violation of statutory obligations. Since no specific penalty is provided elsewhere in the Act for such conduct, the same is appropriately covered under the residuary provisions of Section 117 of the Customs Act, 1962.

19.42 Accordingly, I hold that Shri Naru Khan, Proprietor of M/s. N K and Company, is also liable to penalty under Section 117 of the Customs Act, 1962 for failure to comply with lawful requirements and directions issued during the course of investigation.

Whether the Bank Guarantee and Bond furnished for provisional release are liable for appropriation or not?

19.43 I find that the export goods covered under Shipping Bill No. 6093401 dated 13.10.2025 were seized under Section 110 of the Customs Act, 1962 and were subsequently provisionally released vide letter dated 02.12.2025 upon execution of Bank Guarantee No. 03258GOPG2536301 dated 31.12.2025 and Bond No. 2002559010 dated 26.12.2025, each for an amount of Rs. 81,74,320/-. Thereafter, the goods were exported.

19.44 I have already held that the goods covered under Shipping Bill No. 6093401 were liable to confiscation under Section 113(i) of the Customs Act, 1962 on account of misdeclaration of value and material particulars. I have also held that Shri Naru Khan, Proprietor of M/s. N K and Company, is liable to penalties under Sections 114(iii) and 114AA of the Customs Act, 1962.

19.45 I observe that the Bank Guarantee and Bond were furnished specifically as security for provisional release of the seized goods and to safeguard Government revenue pending adjudication of the proceedings initiated under the Customs Act, 1962. The purpose of such security would be defeated if, after establishing the liability of the goods to confiscation and the liability of the noticee to penalty, the securities furnished by the noticee are released without adjustment of the dues arising from this Order.

19.46 Since the goods have already been exported pursuant to provisional release, actual confiscation is no longer possible. In such circumstances, the Bank Guarantee and Bond furnished at the time of provisional release constitute the only available security for protecting Government interests and ensuring recovery of the liabilities arising out of this adjudication.

19.47 Accordingly, **I hold that the Bank Guarantee No. 03258GOPG2536301 dated 31.12.2025 and Bond No. 2002559010 dated 26.12.2025 furnished by Shri Naru Khan, Proprietor of M/s. N K and Company, for provisional release of the seized goods are liable for appropriation towards the liabilities arising from this adjudication order.**

20. In view of the foregoing discussions, findings and conclusions recorded hereinabove, I pass the following order:

ORDER

i. I reject the declared FOB value of Rs. 80,20,320.88/- in respect of the export goods covered under Shipping Bill No. 6093401 dated 13.10.2025 under Section 14 of the Customs Act, 1962 read with Rule 8 of the Customs Valuation (Determination of Value of Export Goods) Rules, 2007 and re-determine the value as Rs. 4,32,600/- under Rule 6 of the Customs Valuation (Determination of Value of Export Goods) Rules, 2007.

ii. I hold that the export goods covered under Shipping Bill No. 6093401 dated 13.10.2025 were misdeclared in respect of value and material particulars and accordingly were liable to confiscation under Section 113(i) of the Customs Act, 1962. Since the goods have already been exported and are not physically available for seizure/confiscation, I impose a Redemption Fine of **Rs. 4,00,000/- (Rupees Four Lakh Only)** on M/s N K and Company under Section 125 of the Customs Act, 1962 in lieu of confiscation.

iii. I impose a penalty of **Rs. 80,20,321/- (Rupees Eighty Lakh Twenty Thousand Three Hundred Twenty-One only)** upon Shri Naru Khan, Proprietor of M/s. N K and Company, under Section 114(iii) of the Customs Act, 1962.

iv. I impose a penalty of **Rs. 20,00,000/- (Rupees Twenty Lakh only)** upon Shri Naru Khan, Proprietor of M/s. N K and Company, under Section 114AA of the Customs Act, 1962.

v. I impose a penalty of **Rs. 4,00,000/- (Rupees Four Lakhs only)** upon Shri Naru Khan, Proprietor of M/s. N K and Company, under Section 117 of the Customs Act, 1962.

vi. I order appropriation of Bank Guarantee No. 03258GOPG2536301 dated 31.12.2025 and Bond No. 2002559010 dated 26.12.2025, furnished by Shri Naru Khan, Proprietor of M/s. N K and Company, towards the liabilities arising out of this Order, including redemption fine and penalties.

21. The Show Cause Notice F.No. CUS/SIIB/INT/707/2025-PREV-O/o PR COMMR-CUS-AHMEDABAD dated 10.04.2026 is disposed of in above terms.

Digitally signed by Shravan Ram
Date: 27-10-2026 18:23:15

(Shravan Ram)
Additional Commissioner

F.No. GEN/ADJ/ADC/1336/2026-ADJN-O/o PR COMMR-CUS-AHMEDABAD
DIN-20261071MN00003A2B6F

To
Shri Naru Khan, Proprietor of M/s. N K and Company
(IEC: CWYPK0865M), situated at 306, Near Water Tanki,
Odhav GIDC,
Odhav Road, Odhav Ahmedabad.

Copy to:
(i) The Commissioner, Customs Ahmedabad (K/A: RRA Section).
(ii) The Joint Commissioner, Division-2, Range-6, Ghatak-23, Gujarat State GST, to take necessary action in light of para 19.12 (email: jc-ahd2-gstn@gujarat.gov.in). C-3 RAJYA KAR BHAVAN ASHRAM ROAD AHMEDABAD-9.
(iii) The Deputy/Assistant Commissioner of Customs, ICD Khodiyar.
(iv) The Superintendent, Customs, H.Q. (Systems), Ahmedabad
(v) The Superintendent (Task Force), Customs-Ahmedabad
(vi) Guard File