



प्रधान सीमाशुल्क आयुक्त (आयात) का कार्यालय
OFFICE OF THE PRINCIPAL COMMISSIONER OF CUSTOMS (IMPORT)
हवाई माल परिसर, सहार, अंधेरी (पूर्व), मुंबई - ४०००९९
AIR CARGO COMPLEX, SAHAR ANDHERI (EAST) MUMBAI -99
फोन नं. २६८२८९४७, फैक्स नं. २६८२८१८७
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F. No. GEN/ADJ/COMM/441/2025-Adjn
DIN No. : 202602790A000000FE28

Date of Order : 27.02.2026
Date of Issue : 27.02.2026

Party's Name : M/s Diavon Fine Jewels LLP (IEC- ABIFA1644F)
(SCN No.109/2025-26 dated 10.06.2025)

Passed by : Shri Manish Chandra,
Principal Commissioner of Customs (Import), ACC, Mumbai Zone-III

CAO NO : CC-MC/80/2025-26 Adj (I) ACC

मूल आदेश /ORDER-IN-ORIGINAL

1. यह प्रति उस व्यक्ति के प्रयोग में लाये जाने के लिए निशुल्क दी जाएगी, जिसके लिए इसे जारी किया गया है।
This copy is granted free of charge for the use of the persons to whom it is issued.
2. यदि कोई व्यक्ति इस आदेश से असन्तुष्ट हो तो वह मांगे गये शुल्क, जहां शुल्क या शुल्क और जुर्माना विवादित हों अथवा जुर्माना जहां सिर्फ जुर्माना विवादित हो, के 7.5 प्रतिशत भुगतान के बाद सीमाशुल्क अधिनियम 1962 की धारा 129A के तहत उक्त न्यायाधिकरण के सहायक रजिस्ट्रार को संबोधित करते हुए, सीमाशुल्क, उत्पादशुल्क, सेवा कर न्यायाधिकरण, मुंबई (सी ई एस टी ए टी), पश्चिम क्षेत्रीय शाखा, 34 पी डिमेलो मार्ग, मस्जिद (पूर्व), मुंबई ४००००९, के समक्ष अपील दाखिल कर सकता है।
Any person aggrieved by this order can file an appeal against this order to Customs, Excise, Service Tax Tribunal, Mumbai (CESTAT), Western Zonal Bench, 34, P.D'Mello Road, Masjid Bunder (East), Mumbai 400009, addressed to the Assistant Registrar of the said Tribunal under Section 129A of the Customs Act, 1962 on payment of 7.5% of the duty demanded where duty or duty and penalty are in dispute, or penalty, where penalty alone is in dispute.
3. अपील जैसा कि सीमाशुल्क (अपील) नियम, 1982 के नियम 6 में बताया गया है, इन नियमों से संलग्न फॉर्म सी. ए. 3 में की जानी चाहिए। अपील चार प्रतियों में निम्नलिखित के साथ होनी चाहिए:-
The appeal is required to be filed as provided in Rule 6 of the Customs (Appeal) Rules, 1982 in form C.A. 3 appended to these rules. The Appeal should be in quadruplicate and shall be in quadruplicate and shall be accompanied by:-
 - (i) विरुद्ध अपील आदेशों की चार प्रतियां (कम से कम एक प्रति प्रमाणित होनी चाहिए)
Four copies of the order appealed against (at least one of which should be a certified copy)
 - (ii) न्यायाधिकरण शाखा के सहायक रजिस्ट्रार अथवा शाखा से नजदीक स्थित किसी राष्ट्रीय कृत बैंक के पक्ष में उपयुक्त राशि का एक रेखांकित बैंक ड्राफ्ट
A crossed Bank Draft of an applicable amount as mentioned below in favour of the Assistant Registrar, CESTAT, Mumbai.
- अ) रु. १,०००/- जहां शुल्क राशि एवं मांगा गया ब्याज और उगाहा गया जुर्माना रु. ५ लाख या कम हो
Where the amount of duty and interest demanded and penalty imposed is five lakh rupees or less, one thousand rupees.
- आ) रु. ५,०००/- जहां शुल्क राशि एवं मांगा गया ब्याज और उगाहा गया जुर्माना रु. ५ लाख से अधिक पर रु. ५० लाख से ज्यादा न हो
Where the amount of duty and interest demanded and penalty imposed is more than five lakh rupees but not exceeding fifty lakh rupees, five thousand rupees.
- इ) रु. १०,०००/- जहां शुल्क राशि एवं मांगा गया ब्याज और उगाहा गया जुर्माना रु. ५० लाख से अधिक हो
Where the amount of duty and interest demanded and penalty imposed is more than fifty lakh rupees, ten thousand rupees.
4. अपील, इस आदेश की संसूचना की तिथि से 3 माह के भीतर दाखिल की जा सकती है।
Appeal can be filed within 3 months from date of communication of this order.
5. विधि के उपबंधों के लिए तथा ऊपर यथा संदर्भित एवं अन्य संबंधित मामलों के लिए, सीमाशुल्क (अपील) नियम 1982, सीमाशुल्क, उत्पादशुल्क एवं सेवा कर अपील अधिकरण (प्रक्रिया) नियम 1982 का संदर्भ लिया जाए।
For the provisions of Law and Form as referred above and other related matters. Customs Act, Customs (Appeals) Rules, 1982, Customs, Excise, Service Tax Tribunal (Procedure) Rules, 1982 may be referred.

SCN NO. 109/2025-26 dated 10.06.2025

BRIEF FACTS OF THE CASE

The case originated from the investigation initiated by the Directorate of Revenue Intelligence (DRI), Sub-Regional Unit, Vapi, Gujarat in the month of June 2023. DRI had received the information that the Importer M/s Diavon Fine Jewels LLP (Partners - Shri Hemang Mukesh Shah and Shri Chirag Nalin Shah) having registered address at office 701, The Capital, G- Block, Bandra Kurla Complex, Behind ICICI Bank Plot - C70, Bandra East, Mumbai Suburban, Maharashtra 400051 and having branch addresses at (i) 1009, 10th Floor, A Wing, Plaza Panchshil, Nyaymurti Sitaram Patkar Marg, Nr. Dharam Palace, Gamdevi Grant Road, Mumbai, Maharashtra, 400007 and (ii) Office No. 302/B, Third Floor, Morali Chambers, Jadakhadi, Mahidharpura, Surat, Gujarat, 395003 had sold / diverted the imported gold domestically, in contravention of Para 4.16(i) of Foreign Trade Policy (2015-20) and condition (x) of the Customs Notification. Further information was gathered that in the copy of Advance Authorization License, M/s D B GOLD, 204, 2nd Floor, Soni Diamond Shopping, Yashwantrao Tawde Road, Dahisar, East, Mumbai Suburban, Mumbai, Maharashtra, 400068 had been shown as a supporting manufacturer although the imported gold was never sent for processing /manufacturing to the premises of the declared supporting manufacturer.

1.1 During the search of the registered office premise of the Importer at office 701, The Capital, G- Block, Bandra Kurla Complex, Behind ICICI Bank Plot - C70, Bandra East, Mumbai Suburban, Maharashtra 400051, it was learnt that the registered place was a virtual office or dummy office. It was found that the company “Centre India Pvt. Ltd.” was the owner of the building and they used to lease the said office premises and it was provided to Diavon as per agreement. It was learnt that this address was used by Diavon solely for receiving/sending correspondences. However, in the Advance Authorization License, the said address was shown as the address of the factory unit. It appeared that incorrect/false information was filed with the Directorate General of Foreign Trade (DGFT) at the time of obtaining the said license.

1.2 During search of the other office premises of the Importer i.e. 1009, 10th Floor, A Wing, Plaza Panchshil, Nyaymurti Sitaram Patkar Marg, Nr. Dharam Palace, Gamdevi Grant Road, Mumbai, Maharashtra - 400007 on 12.06.2023, it was found that the said premises have two cabins for Directors and a small working area for

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the employees. It was informed by an employee - Smt.Priyanka Suresh Jain that Diavon is engaged in the business of trading of Gold/Silver/Diamonds/Jewellery and that Diavon is a partnership firm and Shri Hemang Mukesh Shah and Shri Chirag Nalin Shah are Partners in the firm. Shri Chirag Nalin Shah used to visit this premises frequently and Shri Hemang Mukesh Shah used to visit this premises 3-4 times in a month. It was informed that the said premise was being used for documentation purpose only and no manufacturing activity was being carried out from the said premises. She informed that as on the said date, no stock of Gold/Silver/Diamonds/Jewellery was lying and that till date she had seen gold being brought to the premises only on one instance in the month of Jan/Feb-2023.

1.3 During the search of the premises of the declared supporting manufacturer - M/s D.B. Gold, 204, 2nd Floor, Soni Diamond Shopping, Yashwantrao Tawde Road, Dahisar East, Mumbai Suburban, Mumbai, Maharashtra, 400068 on 12.06.2023, it was gathered that for the last two years they were not doing any mass production of jewellery; that they did little job work by themselves and at that time they did not have any worker in their firm; that their GST registration had been cancelled/blocked by the GST department due to non-payment of GST dues. It was informed that D.B. Gold had not received any gold bar from Diavon for job work or any other purpose. Shri Dushyant Soni, the proprietor of D.B Gold informed that Shri Hemang Mukesh Shah and Shri Chirag Nalin Shah, Partners of Diavon, had contacted him for becoming their supporting manufacturer for the purpose of Advance Authorization License and that they offered him job work for manufacturing of around 25 Kgs to 30 Kgs of gold jewellery per month. Shri Dushyant Soni informed that he was never sent any gold for further job work as no gold had ever been received from Diavon. During the search no stock of plain gold bar or articles made of gold were noticed in the said premises. Further, documents such as vouchers issued by Diavon, consent letter etc. were recovered from the premises for investigation. It was also gathered that the vouchers were issued by Diavon to M/s D. B. Gold for manufacturing gold jewellery and the proprietor of M/s D B Gold informed that a total of 5 vouchers were received by them, showing receipt of 31 kgs of gold, without any physical delivery of gold bars.

1.4 During the search of the residential premises of Shri Chirag Nalin Shah, it was gathered that Shri Chirag Nalin Shah is one of the partners in Diavon. Shri

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Chirag Nalin Shah informed that no Jewellery manufacturing facility was available at their registered office at Bandra Kurla Comple (BKC) as it was a virtual premise being shared with a lot of companies. He also informed that Shri Hemang Mukesh Shah is another Partner in the firm and that he is the main person/financer of the firm. Shri Hemang Mukesh Shah used to visit the registered BKC premise 3-4 times a month just for conference/ meetings purpose as the BKC office was just on paper for the sake of obtaining GST registration and DGFT registration; that there is no particular room or office allotted to their firm at the BKC office. Shri Chirag Nalin Shah further informed that they had imported 37 KGs Gold under Advance Authorization Scheme and that they had not exported anything under the scheme. Shri Chirag Nalin Shah informed that Shri Hemang Mukesh Shah is the proper person who could answer questions regarding the operations. Shri Chirag Nalin Shah called Shri Hemang Mukesh Shah on phone and Shri Hemang Mukesh Shah confirmed telephonically that nothing had been exported until then.

1.5 STATEMENTS:

During the course of Investigation various statements as given in table below were recorded: -

Sr. No	Name of the Person (Shri, Smt/Ms) and relationship with M/s Diavon Fine Jewels LLP.	Date of Statement	Brief of the Statement
1	Dushyant Ashok Soni, Proprietor of M/s D B Gold	12.06.2023	He stated that Shri Chirag Shah has contacted him to become supporting manufacturer, that he had never received gold from Diavon.

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	(Supporting Manufacturer)		
2	Chirag Nalin Shah, Partner of M/s Diavon Fine Jewels LLP	12.06.2023	He stated that Diavon had diverted the gold imported duty-free in the local market and that they had not sent any gold to D B Gold, that the premises at the Bandra Kurla Complex was dummy office.
3	Pramod Vasant Narkar, Sr. Manager, M/s B.V. Chinai and Co. (India) Pvt. Ltd. (Customs Broker)	16.06.2023	He stated that Shri Hemang Mukesh Shah had provided all the necessary documents. They had cleared 37 KGs of Gold through 8 Bills of Entry.
4	Uday B. Chinai, Managing Director, M/s B.V. Chinai and Co. (India) Pvt. Ltd. (Customs Broker)	26.06.2023	He stated that Shri Hemang Mukesh Shah and Shri Chirag Nalin Shah had provided the KYC related documents and that Lingama Logisol Private Limited, another Customs Broker had already done their KYC verification.
5	Bhupendra D. Tailor, Manager AF Ferrai Secure Logitech Pvt. Ltd. (Logistics Provider)	28.06.2023	He stated that they provided logistics solutions to Diavon for 3 consignments of GOLD Bar of 1, 5 and 6 Kgs and handed over the imported gold to Shri Hemang Mukesh Shah and Shri Chirag Nalin Shah.

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6	Chirag Nalin Shah, Partner, Ms/ Diavon Fine Jewels LLP	17.07.2023	He stated that he is also a Proprietor/ Partner / Director in C N Enterprise, Diacube Pvt. Ltd., Dialuck Diamonds Pvt. Ltd., Capitalmine India and Diavon Fine Jewels LLP. Shri Hemang Mukesh Shah is Partner with him in Diavon Fine Jewels LLP, Capitalmine India and a Director in Dialuck Diamond Pvt. Ltd. In Diavon all the activities are looked after by Shri Hemang Mukesh Shah. He further stated that they had sold 37 Kg of Gold imported to M/s Choksi Ashok Kumar & Co. and M/s Ronak Gems Pvt. Ltd. Shri Sushil and Shri Rohit were the concerned persons of M/s Choksi Ashok Kumar & Co., Shri Sagarbhai Zaveri was the concerned person of M/s Ronak Gems Pvt. Ltd. M/s Choksi Arvind Jewellers, M/s Choksi Ashok Kumar & Co. and M/s Ronak Gems Pvt. Ltd. made the complete payments through RTGS.
7	Hemang Mukesh Shah, Partner, Ms/ Diavon Fine Jewels LLP	17.07.2023	He stated that he is Partner/Director in M B Shah Exports, Diavon, Dialuck Diamonds Pvt. Ltd. and Capitalmine India, that he holds 82% share in Diavon and Shri Chirag Nalin Shah holds only 18% share, Rs. .03 Crores approximately was still pending for payment to overseas suppliers. He further stated that Diavon had diverted the imported gold in local market and had not sent any gold to D B Gold and that they had not exported any finished product. He further added that he had intentionally evaded Customs duty on the gold imported duty-free under Advanced Authorization. Further, he stated that they had sold the entire gold imported under Advanced

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			Authorization Scheme to Ronak Gems Pvt. Ltd. and Choksi Ashok Kumar and Co.
8	Hemang Mukesh Shah, Partner, Ms/Diavon Fine Jewels LLP	24.07.2023	He stated that they had taken the gold from overseas suppliers on Credit, who were asking for payments and due to financial crunch, they decided to sell the imported Gold in the local market; that they they had sold the entire gold imported under Advanced Authorization Scheme to Ronak Gems Pvt. Ltd. and Choksi Ashok Kumar and Co. and that they M/s Chokshi Arvind Jewellers, M/s Choksi Ashok Kumar & Co. and M/s Ronak Gems Pvt. Ltd. made the complete payment through RTGS.
9	Priyanka Suresh Jain, Accountant, Ms/Diavon Fine Jewels LLP	21.09.2023	She stated that she had not seen any gold or diamond or any other related jewelley item manufactured of gold or diamond and had only once seen gold in their premises in the month of Jan 2023 or Feb 2023.
10	Sagar Yogin Jhaveri of M/s Ronak Gems Pvt. Ltd. (Buyer of the Gold from M/s Diavon Fine Jewels LLP)	07.08.2023	He stated that they had not purchased any imported Gold Bars from Diavon and that they had purchased standard Gold Bars from Diavon and made payment through RTGS.
11	Sushil Ashok Raka, Proprietor M/s Choksi	17.08.2023	He stated that they had not purchased any imported Gold Bars from Diavon and that they

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	Ashokkumar and Co. (Buyer of the Gold from M/s Diavon Fine Jewels LLP)		had purchased standard Gold Bars from Diavon and made payment through RTGS.
12	Mukesh Shah, Partner M/s M B Shah Exports (Shown as Seller of Gold to M/s Diavon Fine Jewels LLP)	01.11.2023	He stated that his son, Shri Hemang Mukesh Shah is the correct person to provide any documents related to M/s M B Shah Exports.
13	Chirag Nalin Shah, Director, Ms/ Diacubes Pvt. Ltd. (Shown as Seller of Gold to M/s Diavon Fine Jewels LLP)	16.01.2024	He agreed that M/s Hardik Gems Export has supplied invoices to various firms without actual supply of Gold and M/s Hardik Gems Export also provided the invoices to the M/s Diacubes Pvt. Ltd. and M/s Diacubes Pvt. Ltd. has raised invoices to Diavon without actual supply of Gold.
14	Hemang Mukesh Shah, Director, M/s Dialuck Diamonds Pvt. Ltd. (Shown as Seller of Gold to M/s Diavon	17.01.2024	He stated that M/s Om Jewellers has issued invoices to M/s Dialuck Diamonds Pvt. Ltd. and payment is due.

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	Fine Jewels LLP)		
15	Hemang Mukesh Shah, Partner, M/s M B Shah Exports (Shown as Seller of Gold to M/s Diavon Fine Jewels LLP)	17.01.2024	He agreed that M/s Hardik Gems Export provided invoices to M/s M B Shah Exports without actual supply of Gold and that the M/s Diacubes Pvt. Ltd. has also issued invoices to M/s M B Shah Exports.
16	Hemang Mukesh Shah, Partner, Ms/ Diavon Fine Jewels LLP	18.01.2024	He disagreed with his earlier statements regarding the goods not sent for job work to D B Gold, admission of liability, sale of imported gold in domestic market, but admitted to his liability to payment of Customs duty, issuance of fake invoices. He stated that he does not remember the date and name of person when and whom the gold was handed over in D B Gold. He also does not remember the name of person, who has handed over the gold to Shri Dushyant Ashok Soni and does not have any proof of handing over the gold to Shri Dushyant Ashok Soni apart from the Job Work Challans. He further stated that no FIR had been registered and no judicial proceedings are pending before any court for recovery of gold from Shri Dushyant Ashok Soni. He saw the vouchers issued by Diavon to D B Gold and stated that they had sent gold to M/s D B Gold. He agreed that M/s Hardik Gems Export issued invoice to Diavon without actual supply of

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			gold and that M/s Diacubes Pvt. Ltd. has also issued invoices to M/s M B Shah Exports and M/s Diavon Fine Jewels LLP without actual supply of gold.
17	Dushyant Ashok Soni, Proprietor M/s D B Gold (Supporting Manufacturer) called for confrontation with the Shri Hemang Mukesh Shah and Shri Chirag Nalin Shah Partners of Diavon.	19.01.2024	<p>The Partners of Diavon and Proprietor of D B Gold were giving contradictory statements. Shri Dushyant Ashok Soni Proprietor of D B Gold and Partners of Diavon were called for confrontation. Statement of Shri Dushyant Ashok Soni was recorded on 19.01.2024, where he stated that he received only vouchers without actual supply of gold and that on the day of search on 12.06.2023, Shri Hemang Mukesh Shah has instructed him not to go the premises of D B Gold as DRI enquiry would be going on; that Shri Hemang Mukesh Shah instructed him to purchase 1 gm artificial jewellery and place the same in premises of D B Gold. If his intention would have been malafide, he would not have appeared in the premises of D B Gold on the day of search. He further stated that if Shri Hemang Mukesh Shah and Shri Chirag Nalin Shah had given imported gold to him, why they have not lodged any police complaint or had not taken any action for recovery.</p> <p>Partners of Diavon did not join for confrontation.</p>
18	Dushyant Ashok Soni, Proprietor M/s D B Gold (Supporting Manufacturer)	24.01.2024	Shri Dushyant Ashok Soni Proprietor of D B Gold and Partners of Diavon were again summoned for confrontation. Shri Dushyant Ashok Soni joined the proceedings and stated that Shri Chirag Nalin Shah had seen him on 19.01.2024 at the ground floor of DRI Vapi Office and he did not come to the

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	regarding confrontation with the Shri Hemang Mukesh Shah and Shri Chirag Nalin Shah Partners of Diavon		DRI Office that day in order to avoid confrontation. Partners of Diavon did not join for confrontation.
19	Dushyant Ashok Soni, Proprietor M/s D B Gold regarding confrontation with the Shri Hemang Mukesh Shah and Shri Chirag Nalin Shah Partners of Diavon.	30.01.2024	Shri Dushyant Ashok Soni Proprietor of D B Gold and Partners of Diavon were again summoned for confrontation. Shri Dushyant Ashok Soni joined the proceedings and stated that he met both the Partners of Diavon at their BKC Office; that they assured him that they would never confront him in front of the investigating agency and advised him to skip the Summons as well. Further, he stated that Shri Hemang Mukesh Shah told him that the imported gold was already sold to various buyers and he would continue telling the DRI officers that Gold was sent to D B Gold to misguide the officers.
20	Ayushi Shah, Accountant, M/s Het Gems (has Purchase and Sell transactions with Diavon)	06.02.2024	She stated that they had never purchased any gold from the Diavon.
21	Chirag Nalin Shah, Partner, Ms/ Diavon	13.02.2024	He disagreed with his earlier statement that the registered premises of Diavon is a dummy office and stated that by default the office was shown

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	Fine Jewels LLP		as factory unit. Further, he disagreed with his earlier statement that the imported gold was sold in domestic market. He stated that he had met Shri Dushyant Ashok Soni personally to recover the gold, although no FIR or criminal complaint has been registered in this regard. He disagreed with the statements of Shri Dushyant Ashok Soni dated 19.01.2023, 24.01.2023 and 30.01.2023 and stated that on 19.01.2023 he had come to the DRI Office but suddenly he started feeling unwell and so he could not attend the proceedings.
22	Hemang Mukesh Shah, Partner, Ms/ Diavon Fine Jewels LLP	13.02.2024	He stated that he did not have any other documentary proof in support of sending gold to D B Gold other than the vouchers. He used to personally deliver the gold to Shri Ashok Dushyant Soni. He disagreed with the statements of Shri Ashok Dushyant Soni dated 19.01.2023, 24.01.2023 and 30.01.2023 and stated that he is unable to find the 6 th voucher of 6 kg but would submit the same as soon as it is found.
23	Kapil Kumar Parekh, Partner, M/s Choksi Arvind Jewellers (Buyer of Gold from M/s Diavon Fine Jewels LLP)	15.02.2024	He stated that they had never purchased any imported gold bars from Diavon. They have purchased the local/standard gold bars from Diavon and that the standard gold bars mean domestic gold bars.
24	Sushil Ashok Raka, Proprietor M/s	28.02.2024	He agreed that M/s Hardik Gems Export has supplied invoices to various firms without actual supply of gold. Further, he stated that as general

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	Choksi Ashokkumar and Co. (Buyer of Gold from M/s Diavon Fine Jewels LLP)		practice if imported gold bars are sent for job work or when they are purchased or sold, the consignee particularly mentions the Gold bars Sr. No. and details of marks and stated that they had not purchased any imported Gold Bars from Diavon. They had only purchased local gold bars from Diavon. He stated that he did not have any proof of purchase of only local marka/marks gold from Diavon from Dec 2022 to Feb 2023.
25	Sagar Yogin Jhaveri, M/s Ronak Gems Pvt. Ltd. (Buyer of Gold from M/s Diavon Fine Jewels LLP)	12.03.2024	He stated that standard gold bar has Indian local gold marka / marks and mainly comes in the unit of 100 gms, whereas imported gold bars have foreign origin gold marka / marks with proper Serial No. and marka / marks of the the refinery, and that it mainly comes in units of 1 Kg. Further, he stated that M/s Ronak Gems Pvt. Ltd. had not purchased any imported gold from Diavon. They had purchased approximately 22 Kgs of gold from Diavon from 28.12.2022 to 31.03.2023.
26	Chirag Nalin Shah, Partner, Ms/ Diavon Fine Jewels LLP	14.05.2024	He stated that Shri Hemang Mukesh Shah would be able to answer the questions. However, he stated that they had not taken any action against M/s D B Gold for recovery of gold.
27	Hemang Mukesh Shah, Partner, Ms/ Diavon Fine Jewels LLP	14.05.2024	He stated that he did not have any other documentary proof or evidence of sending gold to D B Gold and he does not have remaining voucher related to the 6 Kgs of gold. He further stated that they had not taken any action against D B Gold.
28	Dushyant Ashok Soni,	15.05.2024	He stated that Diavon had never sent gold to D B Gold. He only received 5 vouchers without any

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	Proprietor M/s D B Gold (Supporting Manufacturer) (in presence of Chirag Nalin Shah and Hemang Mukesh Shah Partners of Diavon)		delivery of gold. He stood by his earlier statements dated 19.01.2024, 24.01.2024 and 30.01.2024.
29	Hemang Mukesh Shah, Partner, Ms/ Diavon Fine Jewels LLP	21.05.2024	He stated they had sent imported gold to M/s D B Gold and that he did not have any other documentary proof or evidence of sending gold to D B Gold. He does not have remaining voucher related to the 6 Kgs of gold. Further he denied having sold imported gold bars to M/s Choksi Ashok Kumar, Ronak Gems Private Limited, Choksi Arvind Jewellers etc. which he had stated in his two statements dated 17.07.2023 and 24.07.2023.
30	Rahil Arora, Partner M/s National India Bullion Refinery ACA Sons (Buyer of Gold from M/s Diavon Fine Jewels LLP).	22.05.2024	He stated that standard gold bar is manufactured in India and usually comes in units of 50 Grams and 100 Grams. Foreign origin gold bars have marka / marks with proper Sr. No. and marka / marks of the refinery and come mainly in the unit of 1 Kg. Foreign origin gold bars are imported through nominated agency/IIBX/TRQ License holders or otherwise Advance License holders as per Policy. When imported gold bars are sent for job work or for sale, the supplier mentions the gold bar Serial No. and details of marka / marks

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			on their voucher/challans. Further he stated that they had received standard gold bars from M/s Diavon Fine Jewels LLP.
31	Chirag Nalin Shah, Partner, Ms/ Diavon Fine Jewels LLP	05.07.2024	He stated that gold imported under Advanced Authorization was not sold to M/s National India Bullion Refinery ACA Sons or M/s National India Bullion Refinery HCA Sons, M/s Empire Bullion, M/s Rajgir Gems LLP, M/s Kia Gems, M/s Notandas Sons or M/s Notandas Gems Private Limited.
32	Hemang Mukesh Shah, Partner, Ms/ Diavon Fine Jewels LLP	05.07.2024	He stated that gold imported under Advanced Authorization was not sold to M/s National India Bullion Refinery ACA Sons, M/s Empire Bullion, M/s Rajgir Gems LLP, M/s Kia Gems, M/s Notandas Sons and M/s Notandas Gems Private Limited. Further he stated that Shri Bhupeshbahi Dave is the concerned person for Sehyog Gold Private Limited but he does not remember Shri Deepak Kumar Behera (Prop. of M/s Om Jewellers).
33	Chetan Kumar R. Modi, Chief Accountant, M/s Notandas & Sons, M/s Notandas Gems Pvt. Ltd. (have sale transactions with M/s	08.07.2024	He stated that M/s Notandas & Sons have sale transactions mainly related to cut and polished diamonds and some diamond studded gold jewellery with M/s Diavon Fine Jewels LLP and that M/s Notandas & Sons have also sold cut and polished Diamonds and studded gold jewellery to M/s Diacubes Private Limited, which is managed by Shri Hemang Mukesh Shah. Further he stated that M/s Notandas Gems Pvt. Ltd. had never purchased Gold from M/s Diavon Fine Jewels LLP.

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	Diavon Fine Jewels LLP).		
34	Gautam Arora, Partner of National India Bullion Refinery HCA (Buyer of Gold from M/s M B Shah, which is Partnership Firm of Shri Hemang Mukesh Shah Partner of Diavon)	10.07.2024	He stated that standard gold bar is manufactured in India and usually comes in units of 50 Grams and 100 Grams. Foreign origin gold bars have marka / marks with proper Sr. No. and marka / marks of the refinery and come mainly in the unit of 1 Kg. Foreign origin gold bars are imported through nominated agency/IIBX/TRQ License holders or otherwise Advance License holders as per Policy. Further he stated that the standard Gold Bar means Indian manufactured Gold Bar only. They had purchased local gold bars from M/s M B Shah Exports.
35	Bhaven Hemant Parikh, Proprietor M/s Astria Global (Shown as Seller of Gold to M/s Diavon Fine Jewels LLP.)	12.07.2024	He stated that he started M/s Astria Global on suggestion of Shri Chirag Nalin Shah and Shri Hemang Mukesh Shah for trading gold and silver. Further, he stated that he had not conducted any trading in Astria Global, instead Shri Chirag Nalin Shah and Shri Hemang Mukesh Shah made all decisions regarding purchases and sales; that they promised him a commission based on purchases and instructed him to handle GST payments with the funds they transferred to his account; that he had not received any commission from Shri Hemang Mukesh Shah or Shri Chirag Nalin Shah. He confirmed that M/s Hardik Gems Export had supplied invoices to various firms, including Astria Global, without actual supply of goods. He also stated the had

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			<p>never seen any physical transactions of gold. Purchase invoices from M/s Hardik Gems Export and other parties were sent to him, which he entered into his books of account. He reiterated that in the books of account of Astria Global, there were only gold purchases from Hardik Gems Export and gold sales to M/s Sehyog Gold Trading Pvt. Ltd., M/s Diavon Fine Jewels LLP, and M/s M B Shah Exports. He stated that he had shown purchase transaction of silver with Om Jewellers on advice of Shri Chirag Nalin Shah; that the transactions with Om Jewellers were only on papers and that he was unaware that the transactions were on paper only; he followed the directions of Shri Chirag Nalin Shah and Shri Hemang Mukesh Shah in good faith. Further he also stated that he received Rs. 50000/- from Shri Chirag Nalin Shah due to a medical emergency in his family.</p>
36	Anil Arora, Partner of National India Bullion Refinery ACA (Buyer of Gold from M/s M B Shah, which is Partnership Firm of Shri Hemang Mukesh Shah	25.07.2024	He stated that they had only purchased standard gold bars from M/s M B Shah Exports and that they had not purchased any imported gold bar from M/s Diavon Fine Jewels LLP during Dec. 2022 to March 2023.

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	Partner of Diavon)		
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1.6 RETRACTION BY SHRI HEMANG MUKESH SHAH AND SHRI CHIRAG

NALIN SHAH: During the course of investigation, letters dated 21.08.2023 from Shri Hemang Mukesh Shah and Shri Chirag Nalin Shah were received by DRI Vapi Office on 25.09.2023. The dates mentioned in the letters was 21.08.2023. However, on tracking the courier receipt, it was noticed that letters were dispatched to DRI Vapi Office through courier on 23.09.2023 at 09.01 PM. As per the said letters both the Partners of Diavon had retracted their earlier statements dated 12.06.2023, 17.07.2023 and 24.07.2023 citing the reason that it was non-voluntary. Accordingly, DRI Vapi Office sent a detailed rebuttal to the Partners of Diavon on 11.10.2023 informing them that the retraction letter had been sent months after recording of statement and that it was apparent that the letter was an afterthought and a dilatory tactic to create legal hurdles in the process of investigation, probably motivated by the legal advice received by them. It was further pointed out that the statements of Shri Chirag Nalin Shah were recorded on 12.06.2023 and 17.07.2023 and statements of Shri Hemang Mukesh Shah were recorded on 17.07.2023 and 24.07.2023. The statements on 17.07.2023 and 24.07.2023 were recorded after a considerable time lapse of more than one month of initiation of investigation and in accordance with the directions of Sessions Court regarding no coercive action in the matter. The appearance of Shri Hemang Mukesh Shah on 17.07.2023 and 24.07.2023 to tender his statement was on the directions of the Sessions Court of Bombay. Therefore, the contention of recording of the statements involuntarily seemed ill conceived and an after-thought. It was further stated that the argument regarding recording of involuntary statement was not brought before the Sessions Court of Bombay by Shri Hemang Mukesh Shah and Shri Chirag Nalin Shah Partners of Diavon. Further, they were advised to co-operate in the investigation and to provide the requisite details/documents for completion of investigation.

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1.7 INQUIRIES WITH DIRECTORATE GENERAL OF GOODS AND SERVICE TAX

INTELLIGENCE (DGGI): It was learnt that the Directorate General of Goods and Service Tax (DGGI) Vadodara Regional Unit was conducting an inquiry into fake GST invoices related to Soma Enterprise, Hardik Enterprise, and V K Enterprise. It also came to notice that Diavon, along with its sister concerns, had shown purchase transactions from Hardik Enterprise and V K Enterprise. Accordingly, copies of Panchnama drawn and statements recorded by the DGGI unit in respect of Soma Enterprise, Hardik Enterprise, V K Enterprise, Diavon, M B Shah Exports, Diacubes Private Limited, and Astria Global were called from the DGGI Vadodara Regional Unit. After reviewing the above-mentioned documents, it was evident that the firms being investigated for generations of fake invoices had shown several transactions with Diavon and its sister concerns, M/s. M B Shah Exports and M/s. Diacubes Private Limited in their registers. Therefore, Diavon and its sister concerns, appeared to be either directly or indirectly involved in the racket of fake invoices i.e showing sales and purchases in invoices without actual movement of goods.

1.8 Upon reviewing the Gold Stock Registers of Diavon, M/s. Diacubes Pvt. Ltd., M/s. Dialuck Diamonds Pvt. Ltd., and M/s. M B Shah Exports, it was observed that during the relevant period of import, these entities had purchased gold bars from Hardik Gems Exports, Om Jewellers, Sehyog Gold Trading Pvt. Ltd. and Astria Global. The documents provided by DGGI Vadodara Regional Unit revealed that Hardik Gems Exports and Astria Global have issued fake invoices without actual transaction in goods and only the invoices were issued in the whole transaction and that there was no physical sale/purchase of Gold. This has been accepted by the Proprietor of M/s Astria Global. Summons were issued to Sehyog Gold Trading Pvt. Ltd., Om Jewellers and Astria Global regarding gold sold to Diavon and its related entities. All remained unresponsive but the Proprietor of M/s Astria Global responded to the summons and submitted various documents and tendered statement to give evidences.

1.9 M/s Sehyog Gold Trading Pvt. Ltd. and Om Jewellers did not respond to Summons. As a result DRI visited their registered premises on 11.06.2024 under search authorizations dated 11.06.2024.

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1.9.1 Visit Report dated 11.06.2024 in respect of M/s Om Jewellers at 3rd Floor, Plot No. 149, Shop no. 301, Bherumal House, Shaikh Memon Street, Zaveri Bazaar, Mumbai, Maharashtra-400002:

On visiting the said premises, it was learnt that no such firm by the name “Om Jewellers” was in existence and working at the premises.

1.9.2 Visit Report dated 11.06.2024 in respect of M/s. Sehyog Gold Trading Private Limited at 10/21, M2, Mezzanine Floor, Flox Chamber, Tata Road No.1, Roxy Cinema, Opera House, Girgaon, Mumbai, Maharashtra 400004:

On visiting the said premises, it was learnt that no such company named Sehyog Gold Trading Private Limited was operational.

1.10 Further examination of the Ledger of Om Jewellers and Hardik Gems Exports in the books of accounts of M/s Diavon Fine Jewels LLP and its sister concerns revealed that a significant amount was still pending for payment to Om Jewellers and Hardik Gems Exports for Gold purchases from them.

1.11 It appeared that the modus operandi adopted by M/s Diavon Fine Jewels LLP was that Diavon, along with its related entities (through its Partners Shri Hemang Mukesh Shah and Shri Chirag Nalin Shah) such M/s M B Shah Exports (where Shri Hemang Shah is one of the Partners), M/s Diacubes Pvt. Ltd (wherein Shri Chirag Shah was one of the Directors), and M/s Dialuck Diamonds Pvt. Ltd. (Hemang Shah And Chirag Shah were Directors), used fake invoices to show procurement of standard Gold Bars from various suppliers such as Om Jewellers, Astria Global, Sehyog Gold Trading Pvt. Ltd. and Hardik Gems Exports, V K Enterprise etc. without actually receiving any physical goods from them. These fake invoices were then adjusted against the actual sale of gold bars imported duty-free under Advance Authorization by them. Additionally, Shri Hemang Mukesh Shah and Shri Chirag Nalin Shah issued fake Job Work challans/Vouchers to D B Gold to adjust the stock of imported Gold bars in their books of accounts and no gold was sent for Job Work to M/s D B Gold. A reconciliation of the quantity of Gold imported by them under Advance Authorization Scheme with the quantity of Gold sold locally based on the sales ledgers, stock ledgers and Bank accounts has been done and the reconciliation

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confirmed that the whole quantity of 37 kg of Gold imported duty-free was improperly diverted, leading to the act of evasion of Customs Duty and consequent revenue losses.

1.12 FINANCIAL INVESTIGATION:

1.12.1 For verification of money trail, DRI called the details from respective Banks. From the scrutiny of bank statements, it was learnt that Diavon had sent payment overseas in respect of purchase of imported gold bars through IndusInd Bank and that payment of Rs.2.86 Crores was pending to the overseas supplier. The payment to overseas supplier started from date of last Bill of Entry i.e. 25.01.2023. After that no further import was carried out by Diavon despite having the Licence for import of 150 kg. It appeared that overseas suppliers were not in a position to give gold bars on credit and after one month of first Bill of Entry, Diavon started payment to overseas supplier. Diavon had not exported any jewellery manufactured from the gold bars imported duty-free, hence the question of payment to be received from any overseas supplier did not arise. This implied that the flow of money into the account of Diavon was from domestic entities only. Accordingly, bank statements were scrutinized to get the trail of payments received by Diavon in respect of payment made to overseas suppliers.

1.12.2 From the scrutiny of IndusInd Bank account no. 259930753373 of Diavon, it was noticed that payment has been received from Choksi Ashokkumar & Co., MB Shah Exports (where Shri Hemang Mukesh Shah is a Partner), C N Enterprise (where Shri Chirag Nalin Shah is a Partner) and from another account of Diavon in IDFC Bank.

1.12.3 Thereafter, IDFC Bank Account No. 10080894725 of Diavon was scrutinized, and it was learnt that payment into this account was received from from Ronak Gems Private Limited, Kia Gems, Om Jewellers, Mr Hemang Mukesh Shah, Gold Sukh.

1.12.4 Thereafter, the bank statements of M/s MB Shah Exports, C N Enterprise, Mr. Hemang Mukesh Shah were scrutinized as these are related entities to Diavon. From HDFC Bank Account No. 50200014201666 of M/s MB Shah Exports it was found that the payments made to overseas entity by Diavon through their IndusInd

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Bank were received from MB Shah Exports, which had received the payments from Choksi Ashokkumar, National India Bullion Refinery and others.

1.12.5 Analysis of HDFC Bank Account No. 50000038758 of M/s. C. N. Enterprises revealed that the payments received from Zorin Films into the bank account of M/s C. N. Enterprises were transferred to Diavon which in turn was used by Diavon to make payments to overseas entity.

1.12.6 Further, IDFC Bank Account No. 10088390334 of Shri Hemang Mukesh Shah was scrutinized and it was found that the Choksi Ashokkumar & Co., Ronak Gems, Kia Gems, Om Jewellers, Gold Sukh, Zorin Films, National India Bullion Refinery (other than related firms of M/s Diavon Fine Jewels LLP) appeared to have funded Diavon.

1.12.7 From the Ledgers of M/s Diavon and M/s MB Shah Exports, it appeared that Diavon had sold gold to Choksi Ashokkumar & Co. and Ronak Gems Private Limited, National India Bullion Refinery ACA, National India Bullion Refinery HCA during the period from 28.12.2022 to 16.03.2024.

1.13 It emerged that some of the entities controlled by the Partners of Diavon i.e. M B Shah Exports, Diacubes Pvt. Ltd., Dialuck Diamond have shown purchase of Gold from fake entities like Hardik Gems Export, Sehyog Gold, Om Jewellers, etc. around the period of import and collected fake GST invoices from them. All these transactions with fake entities resulted into net purchase of Gold only on paper. It appeared, the actually imported gold was sold to Choksi Ashokkumar & Co., Ronak Gems Private Limited, National India Bullion Refinery ACA and National India Bullion Refinery HCA who paid the amount in the account of Diavon. Further, Shri Chirag Nalin Shah in the statement dated 12.06.2023 and 17.07.2023 and Shri Hemang Mukesh Shah in statements dated 17.07.2023 and 24.07.2023 confessed that gold bars imported duty-free under Advance Authorization Scheme were sold to Choksi Ashokkumar & Co. and Ronak Gems Private Limited. Financial investigation of the Bank statements also revealed that Diavon made payments to the overseas supplier of gold immediately on receiving payment from Choksi Ashokkumar & Co., Ronak Gems Private Limited, National India Bullion Refinery ACA and National India Bullion Refinery HCA on the same date. Further, Diavon had Diamond/Jewellery/Silver related transactions with other firms as well. Shri Hemang Mukesh Shah also stated

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in his statement dated 05.07.2024 that Diavon had only diamond related transactions with Kia Gems, Rajgir Gems LLP, Notandas and a few others. It was also noticed that the entities from whom fake purchase of Gold is shown have a huge outstanding payment to be made by M/s Diavon Fine Jewels LLP and M/s MB Shah Exports.

1.14 The question arised whether Gold was sold as such or was exchanged with the standard Gold Bar in the market. Shri Chirag Nalin Shah and Shri Hemang Mukesh Shah in their initial statements have confessed that duty-free imported gold bars were sold to Choksi Ashokkumar & Co., Ronak Gems Private limited and as such. However, these buyers i.e. Chokshi Ashok Kumar, Ronak Gems Private limited have denied this. From the documentary evidence, it appeared that most of the gold imported duty-free was sold to Choksi Ashokkumar & Co., Ronak Gems Private Limited and Choksi Arvind Jewellers. Also from the initial confessional statements of Shri Chirag Nalin Shah and Shri Hemang Mukesh Shah, it appeared that Choksi Ashokkumar & Co., Ronak Gems Private limited and Choksi Arvind Jewellers received the imported Gold Bars.

1.15 COURT PROCEEDINGS DURING INVESTIGATION: Several Summons were issued to both the Partners Shri Hemang Mukesh Shah and Shri Chirag Nalin Shah. Finally, on 14.05.2024, both the Partners appeared and statements were recorded. The Partners did not respond to the summons initially and had always remained non-cooperative and evasive. Even when they complied with the Summons, they gave evasive and unsatisfactory reply to the basic question regarding the whereabouts of the imported gold. The statements of both the Partners of Diavon were recorded on 14.05.2024, wherein they stated, without substantiating with any evidence, that they have given the imported gold to the supporting manufacturer mentioned on their DGFT License - D B Gold – a claim which had already been refuted by the Proprietor of D B Gold and had been found to be false during the search of the premises of D B gold where neither any stock of gold or jewellery was found nor did the employer have any workers. In fact, the GST registration of M/s D B Gold had been cancelled/blocked by the GST department due to non-payment of the GST dues. Again, the statement of Shri Dushyant Ashok Soni, Proprietor of D B Gold, the supporting manufacturer of Diavon Fine Jewels LLP as per their DGFT License, was recorded in the presence of both the Partners of Diavon, wherein the Partners of

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Diavon couldn't answer the cross-questions raised by Shri Dushyant Ashok Soni. In fact, Shri Dushyant Ashok Soni stated that the Partners of Divaon had tried to influence him and had advised him to not join in the investigation and to tender false statement. Hence, both the Partners of M/s Diavon Fine Jewels Shri Hemang Mukesh Shah and Shri Chirag Nalin Shah were arrested on 14.05.2024 and were sent to judicial custody on 15.05.2024. Later on, they were granted bail by ACJM Court Greater Mumbai on 15.07.2024.

1.16 FINDINGS OF THE INVESTIGATION: As per the facts said in the foregoing paras, following facts emerged: -

1.16.1 M/s Diavon Fine Jewels LLP obtained Advance Authorisation (License) No. 311019030 for import of 150 kg gold or plain gold bar (Purity -0.995) (CTH 71081200) valued Rs. 77,26,50,000/- under Advance Authorisation Scheme in terms of Para 4.33 of Foreign Trade Policy 2015-2020 without payment of applicable duties of Customs by availing the benefit of Notification No. 18/2015-Cus. dated 01.04.2015. Against the said import they were required to export articles made up of Gold i.e 22KT Plain Gold Jewellery, 22KT Plain Gold Jewellery with Enamel/ Meenakari /Strung with pearl or Black Beads with/without Rhodium Plating, 22KT Mounting valued to ₹ 785692750.00/- (FOB).

1.16.2 The Importer has executed a Bond on 01.11.2022 for availing duty exemption under Advance Authorisation Scheme, wherein the Undertaking / Guarantee to the President of India was executed through the Deputy Commissioner of Customs, PCCCC, Bharat Diamond Bourse, Bandra Kurla Complex, Bandra (East), Mumbai-400051 to abide by the stipulated conditions and the provisions under the Notification No. 18/2015-Cus. dated 01.04.2015. The Importer has given guarantee in the form of said Bond executed on 01.11.2022 amounting to Rs. 25,05,65,327/- (Rupees Twenty-Five Crore Five Lakhs Sixty-Five Thousand Three Hundred Twenty-Seven Only) to the President of India for observance of stipulated conditions and provisions of Notification No. 18/2015-Cus dated 01.04.2015. In the event the Importer fails to abide by the bond conditions, recovery proceedings can be initiated in the manner laid down in sub-section (1) of section 142 of the Customs Act, 1962.

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DETAILS OF TOTAL GOLD IMPORTED DUTY-FREE

BE NUMBER	BE DATE	QUANTITY in grams
3838783	21-12-2022	1000
4064307	06-01-2023	5000
4110301	10-01-2023	5000
4154489	12-01-2023	4000
4206384	16-01-2023	6000
4266464	20-01-2023	5000
4326181	24-01-2023	5000
4355756	25-01-2023	6000
		37000

1.16.3 The Importer did not fulfill the export obligation after the lapse of 120 days from the date of import. The investigation revealed that the Partners have intentionally contravened the provisions of the Customs Act, 1962, Notification No. 18/2015-Cus. dated 01.04.2105, Para 4.16 (i) of the FTP 2015-2020 and thus intentionally evaded Customs duty of more than Rs. 3.38 Crores on 37 Kgs. of Gold, valued at Rs. 18.35 Crore imported duty-free.

1.16.4 During search operation it was found that registered office of the Importer was just a virtual office or dummy office. The fact that the said premises was shown as a factory unit appeared to be a misleading information filed with the DGFT at the time of obtaining the Advance Authorisation (License). Hence, the intention and purpose of the Importer appeared to be *mala-fide* since inception.

1.16.5 M/s D B GOLD has been shown as the Job Worker / supporting manufacturer. During investigation, it was found that there had not been any production of jewellery at the said premises and no stock of Gold / Jewellery was found. In fact, they were not having any workers and their GST registration had been cancelled / blocked due to non-payment of the Government GST dues. During

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investigation, it was found that no gold was ever sent to the supporting manufacturer M/s D B Gold.

1.16.6 37kg of gold had been imported by the Importer and no exports had been made against the utilized Advanced Authorization. It also appeared that the actual user condition of the Advance License had been violated. Further, the act of diversion of the said goods falls under the definition of smuggling as per Section 2(39) of the Customs Act, 1962 and has therefore, rendered the goods i.e 37 kgs of gold bars imported vide the Advance Authorisation, liable for confiscation.

1.16.7 Both the Partners of Diavon have confessed in their statements to have diverted the gold imported duty-free under Advance Authorization in the local market to various customers in order to make easy money and have also confessed to not have sent gold in any quantity to D B Gold for job work or exported any Gold Jewellery. All these facts have been corroborated by documentary and financial analysis.

1.16.8 It appeared that Shri Hemang Mukesh Shah was the one who informed Shri Chirag Nalin Shah about the Advance Authorization Scheme and suggested that gold could be imported duty-free via this route. For this he had initially asked Shri Chirag Nalin Shah to find a supporting manufacturer who could be shown as the entity making jewellery for export. Shri Chirag Nalin Shah was in touch with Shri Dushyant Ashok Soni (Proprietor of D B Gold) and he got his consent to be the supporting manufacturer on the promise of providing him 35-40 kg of gold for job work on a regular basis. Accordingly, Shri Hemang executed this idea by taking license from DGFT and showing DB Gold as supporting manufacturer in the said DGFT License.

1.16.9 It was observed that Diavon have imported gold under Advance Authorisation Scheme through overseas supplier Admire Global Trading DMCC, Peach General Trading LLC, Novatero DMCC and have paid the amount of Rs.15.49 Crores approximately through the firm's Indusland bank account in late January

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and in February 2023. However, payment of Rs.03 Crores approximately was pending to their overseas supplier Peach General Trading LLC.

1.16.10 During statements both the Partners of Diavon had admitted to have sent the gold imported to domestic buyers namely M/s. Choksi Ashokkumar & Co and M/s. Ronak Gems Private Limited in the month of January, February & March 2023. It has been verified from the bank transactions that M/s. Chokshi Arvind Jewellers, M/s. Choksi Ashokkumar & Co. and M/s. Ronak Gems Private Limited have made the complete payments through RTGS into Diavon's IndusInd Bank (Account No. 259930753373) and in IDFC Bank (Account No. 10080894725) only. Further it was also revealed by the Partners that they have also sold gold to M/s. Choksi Arvind Jewellers. The payment of around Rs. 1 Crore by M/s Choksi Arvind Jewellers, and the evasive reply during the statement that the amount was transferred by mistake supported the fact that gold was also sold to M/s Choksi Arvind Jewellers.

1.16.11 During investigation, it was learnt that certain firms with which Diavon and its related entities had shown transactions were non-existent or fake entities i.e they have been used by Diavon to generate only invoices without carrying out any real business transaction or sale/purchase of goods.

1.16.12 Scrutiny of bank statements of Diavon revealed that large amount of fund had been received from M B Shah Exports (Partnership firm of Shri Hemang Shah and his father Shri Mukesh Shah) and C N Enterprise (Firm of Shri Chirag Shah), M/s Dialuck Diamond Private Limited and M/s Diacubes Private Limited. It appeared that the money generated from the sale of imported gold was routed into Diavon through these related entities.

1.16.13 It was observed that Diavon has made payments to overseas suppliers on 25-01-2023, 30-01-2023, 02-02-2023, 07-02-2023, 09-02-2023, 14-02-2023 and 15-02-2023 through Indusind Bank account (A/c No. 259930753373) and has received the payment in the Indusind Bank account (A/c No. 259930753373) on the same dates through Choksi Ashokkumar & Co, MB Shah Exports, C N Enterprise and through IDFC Bank of the firm (Account No. 10080894725). Diavon has received the payment in their IDFC Bank Account No.10080894725 on the same

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dates through Ronak Gems Pvt. Ltd., Kia Gems, Om Jewellers, Gold Sukh. It has also emerged from the investigation that payment by Kia Gems was against the sale of diamonds and payment by Gold Sukh was the return of earlier advance payment.

1.16.14 It was also gathered from the records that M/s Dialuck Diamonds Private Limited had transactions related to diamonds only, except in financial year 2022-23, when they have shown purchase transactions of Gold with Om Jewellers in the month of November 2022 and sale transactions of Gold with Diavon Fine Jewels LLP. Further, Om Jewellers had issued invoices to M/s Dialuck Diamonds Private Limited and payment to Om Jewellers was shown as outstanding. Further, during the investigation it was gathered that Shri Hemang Mukesh Shah had purchased only invoices from M/s Om Jewellers in Diavon and M/s M.B Shah Exports to disguise the illegal sale of imported Gold as being the sale of gold procured/bought locally from M/s Om Jewellers and others. In view of these facts and the financial investigation, it concluded that M/s Diavon Fine Jewels LLP had sold the Gold imported under Advance Authorization scheme to various buyers and adjusted the sales entries in the account of M/s Diavon Fine Jewels LLP with the fake purchase shown through the various entities such as M/s Diacubes Private Limited, M/s Om Jewellers, M/s Astria Global, M/s Hardik Gems Export, M/s V K Enterprises and other such entities and thus diverted/sold the imported Gold.

1.16.15 Shri Bhavin Parekh, the Proprietor of M/s Astria Global also stated that he started Astria Global on the advice of Shri Chirag Nalin Shah and Shri Hemang Mukesh Shah. He further stated that he had not done any business in Astria Global. Instead, Shri Chirag Nalin Shah and Shri Hemang Mukesh Shah made all decisions regarding purchases and sales. They instructed him to raise sales invoices in respect of various parties. They promised him a commission based on purchases and instructed him to handle GST payments with the funds they transferred to his account. He acknowledged that M/s Hardik Gems Export had supplied invoices to various firms, including his Proprietorship firm Astria Global, without actual supply of gold and he also stated that he had never seen any physical gold transactions in Astria Global. He accepted that the purchase invoices from Hardik Gems Export and other parties were sent to him, which he entered into his books of account without

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being aware of any physical trading. He became aware of the fake transactions only after being called by the DGGI, Vadodara Office, where his statement was recorded.

1.16.16 In the sales Ledgers of M/s Astria Global there were outstanding amounts of approximately Rs. 4.84 crores from M/s M B Shah and approximately Rs. 1.16 crores from M/s Diavon Fine Jewels LLP. Shri Bhavin Parekh, the Proprietor of M/s Astria Global stated that he used to receive amounts from M/s Diavon Fine Jewels LLP's bank account for making GST payments only. There were sale transactions of gold which were only on paper without any physical transfer or transaction of goods and there was no payment made in this regard. It appeared that wherever there were fake transactions, the accounts have significant outstanding amounts.

1.16.17 It appeared from the deposition of Shri Bhavin Parekh, the Proprietor of M/s Astria Global that in the books of account of Astria Global, there were only gold purchases from Hardik Gems Exports and gold sales to M/s Shehyog Gold Trading Pvt. Ltd., M/s Diavon Fine Jewels LLP and M/s M B Shah Exports and these are only paper transactions and he had never been in contact with anyone from Om Jewellers or other firms. Further only the invoices were provided by the Partners of Diavon, which he used to make entry into his books of account and instructions used to be given to him in respect of entries that had to be made.

1.16.18 It appeared from the statements of Shri Bhaven Parikh and other documentary evidences that various transactions related to local purchase of Gold from M/s Om Jewelles, M/s Shehyog Gold Trading Pvt. Ltd., M/s Astria Gold, M/s Diacubes Pvt. Ltd. were only on paper. Further, Shri Bhaven Parikh admitted that he does not know the Proprietor of Om Jewellers, Shri Deepak Kumar Bhera, or any concerned person or Director of M/s Shehyog Gold Trading Pvt. Ltd. and accepted that Shri Hemang Mukesh Shah and Shri Chirag Nalin Shah had insisted to raise invoices in respect of these two firms and that no any physical transaction or delivery of goods has been done in Astria Global.

1.17 The amount of Rs. 65,00,000/- (Rupees Sixty-Five Lakh only) was paid to the Department during investigation by M/s Diavon Fine Jewels LLP voluntarily vide TR-6 Challan No. 03/2023-24 dated 13.06.2023 (Demand Draft No. 439944 dated 12.06.2023 and Demand Draft No. 439945 dated 12.06.2023), TR-6 Challan No.

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01/2024-25 dated 03.05.2024 (Demand Draft No. 971082 dated 30.04.2024), TR-6 Challan No. 02/2024-25 dated 08.05.2024 (Demand Draft No. 971084 dated 06.05.2024).

2. After the completion of investigation by DRI in this case SCN No. 109/2025-26 dated 10.06.2025 was issued to **M/s. Diavon Fine Jewels LLP** and called upon to show cause as to why:-

“i. 37 kg of plain gold bars - (Purity - 0.995) having value **₹18,35,27,130/- (Rupees Eighteen Crores Thirty Five Lakhs Twenty Seven Thousand One Hundred Thirty only)** which had been imported by M/s. Divaon Fine Jewels LLP, during the period from 21.12.2022 to 25.01.2023 by availing the benefit of Notification 18/2015-CUS dated 01.04.2015, as amended (**details as per Annexure A to this Notice**) and in respect of which the export obligation was not fulfilled and the same was illegally diverted and sold in the domestic market in contravention of the conditions attached with the Advance License should not be considered liable for confiscation under Section 111(o) of the Customs Act, 1962.

ii. Evaded Customs duty amounting to **₹3,38,60,755/- (Three Crores Thirty Eight Lakhs Sixty Thousand Seven Hundred Fifty Five Rupees Only)** including Agriculture Infrastructure and Development Cess on import of **37 kg** of plain gold bar - (Purity - 0.995) valued at **₹18,35,27,130** by M/s. Diavon Fine Jewels LLP, during the period from 21.12.2022 to 25.01.2023 by illicitly availing the benefit of Notification 18/2015-CUS Dated 01.04.2015, as amended (**details as per Annexure A to the Notice**), should not be demanded and recovered from them by invoking bond submitted in terms of Section 143(3) of the Customs Act, 1962 read with conditions of Notification No. 18/2015-Cus dated 01.04.2015 furnished by M/s. Divaon Fine Jewels LLP and any security furnished with the bond should not be encashed and appropriated towards the Duty. The amount of Rs.65,00,000/- (Rupees Sixty-Five Lakhs only) paid by M/s. Divaon Fine Jewels LLP voluntarily vide TR-6 Challan No. 03/2023-24 dated 13.06.2023 (Demand Draft No. 439944 dated 12.06.2023 and Demand Draft No. 439945 dated 12.06.2023), TR-6 Challan No. 01/2024-25 dated 03.05.2024 (Demand Draft No. 971082 dated 30.04.2024) TR-6

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Challan No. 02/2024-25 dated 08.05.2024 (Demand Draft No. 971084 dated 06.05.2024) should not be appropriated towards to Customs duty evaded.

iii. Interest at the appropriate rate on the above said duty amount from the date of importation of the goods till the payment of such duty should not be recovered under Section 143(3) of the Customs Act, 1962 read with conditions of Notification No. 18/2015-Cus dated 01.04.2015 by invoking bond furnished by M/s. Divaon Fine Jewels LLP and any security furnished with the bond should not be encashed and appropriated towards the interest.

iv. Penalty should not be imposed on M/s. Divaon Fine Jewels LLP them under Section 112(a) and Section 114AA of the Customs Act, 1962 separately.

v. The bond for availing duty exemption under the DEEC Scheme, executed on November 1, 2022, through the Deputy Commissioner of Customs, PCCCC, Bharat Diamond Bourse, Bandra Kurla Complex, Bandra (East), Mumbai-400051, by M/s. Divaon Fine Jewels LLP [IEC- ABIFA1644F], against consignments imported duty-free under Notification No. 18/2015-CUS dated April 1, 2015, as amended, which were diverted and sold in the local market, should not be enforced and any security furnished with the bond should not be encashed and appropriated towards the duty liability, interest, fines, and penalties.”

2.1 Shri Hemang Mukesh Shah in SCN No. 109/2025-26 dated 10.06.2025 was called upon to show cause as to why:

“i. Penalty should not be imposed on Shri Hemang Mukesh Shah under Section 112(a), Section 112(b) and Section 114AA of the Customs Act, 1962 separately.”

2.2 Shri Chirag Nalin Shah in SCN No. 109/2025-26 dated 10.06.2025 was called upon to show cause as to why:

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“i. Penalty should not be imposed on Shri Chirag Nalin Shah under Section 112(a), Section 112(b) and Section 114AA of the Customs Act, 1962 separately.”

2.3 M/s Ronak Gems Pvt. Ltd in SCN No. 109/2025-26 dated 10.06.2025 was called upon to show cause as to why:

“i. Penalty should not be imposed on Ronak Gems Pvt. Ltd under Section 112(a) and Section 112(b) of the Customs Act, 1962 separately.”

2.4 Shri Sushil Ashok Raka in SCN No. 109/2025-26 dated 10.06.2025 was called upon to show cause as to why:

“i. Penalty should not be imposed on Shri Sushil Ashok Raka, Proprietor of Choksi Ashokkumar & Co. under Section 112(a) and Section 112(b) of the Customs Act, 1962 separately.”

2.5 M/s Diacubes Private Limited in SCN No. 109/2025-26 dated 10.06.2025 was called upon to show cause as to why:

“i. Penalty should not be imposed on M/s Diacubes Private Limited under Section 112(a) and Section 112(b) of the Customs Act, 1962 separately.”

2.6 M/s Dialuck Diamonds Private Limited in SCN No. 109/2025-26 dated 10.06.2025 was called upon to show cause as to why:

“i. Penalty should not be imposed on M/s Dialuck Diamonds Private Limited under Section 112(a) and Section 112(b) of the Customs Act, 1962 separately.”

2.7 M/s MB Shah Exports in SCN No. 109/2025-26 dated 10.06.2025 was called upon to show cause as to why:

“i. Penalty should not be imposed on M/s MB Shah Exports under Section 112(a) and Section 112(b) of the Customs Act, 1962 separately.”

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2.8 M/s. Choksi Arvind Jewellers in SCN No. 109/2025-26 dated 10.06.2025 was called upon to show cause as to why:

“i. Penalty should not be imposed on M/s. Choksi Arvind Jewellers under Section 112(a) and Section 112(b) of the Customs Act, 1962 separately.”

2.9 M/s. Hardik Gems Export in SCN No. 109/2025-26 dated 10.06.2025 was called upon to show cause as to why:

“i. Penalty should not be imposed on M/s. Hardik Gems Export under Section 112(a) and Section 112(b) of the Customs Act, 1962 separately.”

2.10 M/s. Astria Global in SCN No. 109/2025-26 dated 10.06.2025 was called upon to show cause as to why:

“i. Penalty should not be imposed on M/s. Astria Global under Section 112(a) and Section 112(b) of the Customs Act, 1962 separately.”

2.11 M/s Om Jewellers in SCN No. 109/2025-26 dated 10.06.2025 was called upon to show cause as to why:

“i. Penalty should not be imposed on M/s. Om Jewellers under Section 112(a) and Section 112(b) of the Customs Act, 1962 separately.”

2.12 Shri Ashok Dushyant Soni (Prop. of M/s D B Gold) in SCN No. 109/2025-26 dated 10.06.2025 was called upon to show cause as to why:

“i. Penalty should not be imposed on Shri Ashok Dushyant Soni (prop. of M/s D B Gold) under Section 112(a) and Section 112(b) of the Customs Act, 1962 separately.”

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3. SUBMISSIONS

3.1 In E-mail dated 21/08/2025, the Importer **M/s Diavon Fine Jewels LLP** stated that their intention was to utilize the imported gold for manufacture of jewellery through M/s D B Gold, supporting job worker declared in the Authorization. However, due to unavailability of manufacturing by M/s D B Gold, the Importer opted to get the jewellery manufactured through alternate job workers from the open market and all domestic sales of the imported gold were duly recorded and supported by valid tax invoices, RTGS payments and delivery challans and that if Authority permits they are ready to export the gold jewellery against the Advanced Authorization. Further, the Importer stated that with the intention to resolve the matter amicably, they voluntarily deposited Rs. 65,00,000/- towards the Customs duty liability during the course of investigation.

3.2 M/s Ronak Gems Private Limited (Noticee No. 4) in letter dated 14.08.2025 stated that they had no role or knowledge of the alleged diversion of duty-free imported gold bars by M/s Diavon Fine Jewels LLP and that they had purchased local marka / marked gold or standard gold bar from M/s Diavon Fine Jewels LLP. They are bona fide bullion traders and in ordinary course of business, regularly purchase standard Indian gold bars. Further they stated that in or about 2022, Diavon made it known in the market that they held standard gold bars and were offering to sell such gold bars to potential buyers. The Noticee agreed to purchase these local marka / marked gold/standard gold bars from Diavon. Between the period December 2022 to March 2023, the Noticee purchased such local marka / marked gold/standard gold bars from Diavon. They did not purchase imported gold bars from Diavon but purchased only such standard Indian gold bars. The description of the goods is mentioned as 'Standard Gold Bars' in invoices. The gold bars purchased by the Noticee were not of 1 Kg but were in units of 50 Grams and 100 Grams.

3.2.1 Further, Notice No. 4 stated that allegations in the SCN are not only vague but lacks material evidence and that there is no cogent evidence in support of the allegation that they had purchased foreign origin gold. The invoices issued by Diavon in favour of Noticee supports that gold purchased by them was of standard Gold Bars. There is nothing in the SCN to refute the invoices issued by Diavon. Further,

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Noticee stated that they made full payment to Diavon for the standard gold bars, not for the imported gold bars and they are not aware what Diavon did with the payments received from them.

3.2.2 As per the provisions of Section 112(a) of the Customs Act, 1962, penalty is imposable on 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 111, or abets the doing or omission of such an act. Penalty therefore under this Section is linked to the liability of the goods to confiscation. The Noticee has neither done nor omitted to do any act which act, or omission has rendered the goods liable to confiscation nor has the Noticee abetted the doing or omissions of such an act. They had purchased standard gold bars from Diavon and the conduct of the Noticee was totally bona fide. The Noticee did not have any intention to abet in the alleged violation of the Advance Authorization scheme by Diavon. In the absence of any mala fide on the part of the Noticee, no penalty is imposable.

3.2.3 For imposition of penalty under Section 112 (b) of the Customs Act, 1962, it must be established that the Noticee had knowledge of or acquired knowledge or was in any way connected with carrying, removing, depositing, harbouring, keeping, concealing, selling or purchasing, or in any other manner dealing with any goods which he knows or has reason to believe are liable to confiscation under Section 111. It has been stated that in the present case, the Noticee did not have any knowledge whatsoever of Diavon's actions in alleged misuse/violation of the Advance Authorization scheme. Without establishing knowledge, penalty under Section 112 (b) of the Customs Act, 1962, cannot be imposed.

3.2.4 Further in letter dated 09.12.2025, the Noticee M/s Ronak Gems Private Limited stated that they had purchased standard gold bars from Diavon and is reflected in the invoices raised by Diavon. Further the Noticee reiterated their earlier submission made vide letter dated 14.08.2025 and stated that no penalty can be imposed on them under Section 112 (a) and 112 (b) of the Customs Act, 1962 and relied on the judgement in the case of *Amritlakshi Machine Works vs. Commissioner of Customs (Import), Mumbai reported in 2016 (335) E.L.T. (Bom.)*

3.3 Shri Sushil Ashok Raka (Noticee No. 5) in letter dated 14.08.2025 stated that the Noticee is son of the proprietor of M/s Choksi Ashokkumar & Co., which had

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purchased local marka / marked gold or standard gold bar from Diavon. The Noticee was merely assisting his father in respect of the affairs of the firm. As Noticee is not the Proprietor, no penalty under Section 112(a) and Section 112(b) of the Customs Act, 1962 could be imposed on him.

3.3.1 M/s Choksi Ashokkumar & Co. did not purchase imported gold bars from Diavon. In 2022, Diavon made it known in the market that they held standard gold bars and were offering to sell such golds bars to potential buyers. Choksi on being made aware of this, entered into negotiations with Diavon for purchase of such standard gold bars. Between the period December 2022 to February 2023, Choksi purchased such local marka / marked gold/standard gold bars from Diavon, which is reflected in invoices issued by Diavon to Choksi.

3.3.2 The Noticee also made submission with respect to M/s Choksi Ashokkumar & Co. and stated that Choksi had no role or knowledge of the alleged diversion of duty-free imported gold bars by Diavon. Choksi had purchased standard gold bars in units of 50 Grams and 100 Grams from Diavon and it is reflected in the invoices raised by Diavon. There is no evidence in support of the allegation that Choksi had purchased foreign origin gold bars from Diavon. The payments were made against the invoices raised by Diavon for standard gold bars, not against the sale of imported gold under the Advanced Authorization.

3.3.3 As per the provisions of Section 112(a) of the Customs Act, 1962, penalty is imposable on 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 111, or abets the doing or omission of such an act. Penalty therefore under this Section is linked to the liability of the goods to confiscation. The Noticee/Choksi has neither done nor omitted to do any act which act, or omission has rendered the goods liable to confiscation nor has the Noticee/Choksi abetted the doing or omissions of such an act.

3.3.4 For imposition of penalty under Section 112 (b) of the Customs Act, 1962, it must be established that the Noticee/Choksi had knowledge of or acquired knowledge or was in any way connected with carrying, removing, depositing, harbouring, keeping, concealing, selling or purchasing, or in any other manner dealing with any goods which he knows or has reason to believe are liable to

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confiscation under Section 111 of the Customs Act, 1962. It has been submitted that in the present case, the Noticee/Choksi did not have any knowledge whatsoever of Diavon's actions in alleged misuse/violation of the Advance Authorization Scheme.

3.3.5 Further in letter dated 09.12.2025, the Noticee Shri Sushil Ashok Raka stated that they had purchased standard gold bars from Diavon and is reflected in the invoices raised by Diavon. Further, the Noticee reiterated their earlier submission made vide letter dated 14.08.2025 and stated that no penalty can be imposed on them under Section 112 (a) and 112 (b) of the Customs Act, 1962 and relied on the judgement in the case of *Amritlakshi Machine Works vs. Commissioner of Customs (Import), Mumbai reported in 2016 (335) E.L.T. (Bom.)*

3.4 In letter dated 10.12.2025, **M/s Astria Global (Noticee No. 11)** stated that Noticee had no direct or indirect connection, partnership, business dealings, or even acquaintance with Diavon Fine Jewels LLP or its partners beyond mere ledger entries in their books, which were recorded in good faith. They denied any knowledge, involvement, abetment or facilitation in alleged misuse of the Advance Authorization Scheme or diversion of duty-free gold. They were not aware of any Customs duty exemptions, violations, or the origin of any gold. The allegations against them appeared to them from coerced statements recorded.

3.4.1 The Noticee stated that they had never engaged in import of any goods. They purchased gold exclusively from M/s Hardik Gems Exports and sales were similarly made to M/s Sehyog Gold Trading Pvt. Ltd., M/s M B Shah and M/s Diavon Fine Jewels LLP. Contrary to the portrayal of Noticee as 'Paper Entity', the Noticee stated that the firm was independently established by Shri Bhaven Hemant Parikh for legitimate trading. Entries in books were made based on documents received in good faith. They physically received and handled gold bars from Hardik Gems in several instances, refuting claims of purely 'paper transactions.' Any admissions in the statements were under pressure.

3.4.2 Noticee stated that all transactions were bonafide. All purchases from M/s Hardik Gems Exports were duly supported by GST invoices detailing standard gold bars (.995 purity, 100 gm denomination), part payments inclusive of GST. There is no evidence in the SCN that they knowingly dealt with goods liable to confiscation under Section 111(o) of the Customs Act, 1962. The allegation pertaining to Para

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4.16(i) of the Foreign Trade Policy (2015-20) and conditions of the Advance Authorization binds only the Importer not them. They had no role in M/s Diavon Fine Jewels LLP's import, diversion or any act rendering the gold liable for confiscation under Section 111(o) of the Customs Act, 1962 and they dealt with what they perceived as legitimate domestic gold, without any awareness of Customs implications. Hence, Penalty under Section 112(a) and Section 112(b) of the Customs Act, 1962 are not applicable.

3.4.3 Further, the Noticee stated that no penalty can be imposed on bona fide purchasers/transferees without knowledge and has placed reliance on the following cases:

i). Sumit Wool Processors vs Commissioner of Customs (Import) (2015) 322 ELT 800 (Tri.-Mum.)

ii). Sanjay Goyal Prop. M/s Ashoka Metal Works vs Commissioner of Customs (2011) 265 ELT 228 (Tri. Del.)

iii). MS Exim Services Vs Commissioner of Customs (2021) SCC Online CESTAT 123 CESTAT Chennai

iv). Meticulous Forwarders Vs Commissioner of Customs (2023) SCC OnLine CESTAT 456 CESTAT Chennai

v). K. K. Enterprises Vs Commissioner of Customs (2006) 197 ELT 107 (Tri. Del.) CESTAT

3.5 M/s Choksi Arvind Jewellers (Noticee No. 9) in letter dated 09.12.2025 stated that in their statement recorded under Section 108 of the Customs Act, 1962 they had specifically and categorically denied any dealings or buying of duty free imported golds from M/s Diavon Fine Jewels LLP, and that transactions prior to 22.12.2022 are of domestic gold bars. Their last purchase from M/s Diavon Fine Jewels LLP was on 22.12.2022 and there is no purchase of gold after 22.12.2022, which is the date of first duty free consignment received by M/s Diavon Fine Jewels LLP.

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3.5.1 The Noticee further stated that if a trader wants to buy the local gold from another trader. The advance payment has to be given or immediate payment has to be made upon receipt of the local gold.

3.5.2 Further, M/s Choksi Arvind Jewellers submitted copy of Declaration cum Affidavit signed by Shri Hemang Mukesh Shah and Shri Chirag Nalin Shah (Partners of M/s Diavon Fine Jewels LLP) where they had declared that they had dealt with M/s Choksi Arvind Jewellers with the locally acquired gold and that they had never dealt or sold or supplied any duty-free imported gold to M/s Choksi Arvind Jewellers. Their last transaction with M/s Choksi Arvind Jewellers in respect of local gold bars was on 22.12.2022. After that there is no dealing of any nature of any kind of gold with M/s Choksi Arvind Jewellers.

4.

HEARINGS

4.1 The online hearing held on 12.11.2025 was attended by Shri Ravi Hirani, Advocate authorized by Importer/Noticee, who explained his case and stated that M/s Diavon Fine Jewels LLP Importer have replied to the SCN and they admitted their liability which they are ready to discharge. The duty liability is Rs.3,38,60,755/- He said there is no mens rea involved and therefore Penalty should not be imposed and the Importer will apply for DGFT and RBI Licenses/Permissions for fulfilling the import conditions.

4.1.1 Shri Ravi Hirani also requested that his submissions as above may also be taken on record as being the same submission made by Shri Hemang Mukesh Shah (Noticee No. 2 as self, Noticee No. 7 being Director of M/s Dialuck Diamonds Private Limited and Noticee No. 8 being Partner in M/s MB Shah Exports) and Shri Chirag Nalin Shah (Noticee No. 3 as self and Notice No. 6 as Director of M/s Diacubes Private Limited). Hence, the hearing for Noticee No. 1,2,3,6,7,8 was concluded on 12.11.2025.

4.2 The online hearing held on 16.10.2025 was attended by Shri Kazan Shroff and Shri Yash Dethe, Advocates, representing Noticees 4 and 5 (M/s Ronak Gems Private Limited and Shri Sushil Ashok Raka). Shri Kazan Shroff explained his case

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in detail with reference to the SCN issued and reply to it given. He said that Shri Sushil Raka is not the Proprietor but the son of Proprietor and therefore cannot be charged for any offence under Section 112(a) and 112(b) of the Customs Act, 1962. The penalty is also said to be not applicable as there was no mens rea. The SCN is said to have relied on only statement, which was retracted. He relied on Bombay High Court judgement of 2016 (Amritlakshmi Machine Works).

4.2.1 Further, Shri Kazan Shroff said that the submissions in respect of M/s Ronak Gems Private Limited is similar and that there is no evidence of any offence having been committed. M/s Ronak Gems Private Limited had purchased standard gold of Indian origin, not foreign gold which was said to be evidenced by Ledger Statements, Invoices, Bank Statements, Stock Register.

4.3 The online hearing held on 12.12.2025 was attended by Shri Rohit Jaiswar, Advocate representing Noticee No.9 (M/s Choksi Arvind Jewellers) and Shri Kapil Kr. Parikh, Partner (M/s Choksi Arvind Jewellers). Shri Rohit Jaiswar explained his case and stated he has sent submission and copy of Declaration Cum Affidavit made by Shri Hemang Mukesh Shah and Shri Chirag Nalin Shah. The Noticee had denied any dealings with the subject case and imported gold in his statement recorded under Section 108 of the Customs Act, 1962 before DRI. Shri Kapil Parekh said that their last transaction with the Importer M/s Diavon Fine Jewels LLP was on 22.12.2022, which was with respect to local gold bars and not imported gold. Advocate and Noticee stated that the charges should be dropped accordingly.

4.4 The online hearing held on 12.12.2025 was attended by Ms Mamta R Jiwanani, Advocate authorized by the Noticee No. 11 (M/s Astria Global, Proprietor Shri Bhaven Parikh). She explained her case and reiterated the written submission dated 10.12.2025 made to the SCN. She said that her client Bhaven Parikh is local trader involved in local transactions only and had no partnership with the Importer M/s Diavon Fine Jewels LLP. She denied all allegations. Her client only purchased gold from M/s Hardik Gems and sold to various entities. There is no case for penalties on her client.

4.5 Shri Ashok Dushyant Soni, Proprietor of M/s D B Gold (Noticee No. 13) attended the hearing held in office on 16.10.2025 as requested and explained his

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defense. He said that Shri Chirag Nalin Shah, Partner of M/s Diavon Fine Jewels LLP (Noticee No. 3) introduced him to Shri Hemang Mukesh Shah Partner of M/s Diavon Fine Jewels LLP (Noticee No. 2). He was given 6 Vouchers by Shri Hemang Mukesh Shah with delivery of 30 Kgs of gold and asked to sign the vouchers. He said that he is aware that 17 Kgs of gold was sold to someone named Ranka and 14 Kgs sold to Sushil. Further he said that he was taken advantage of by Shri Chirag Nalin Shah and Shri Hemang Mukesh Shah and he has no role in the offence.

5.**FINDINGS**

5.1 I have gone through the Show Cause Notice (SCN) No. 109/2025-26 dated 10.06.2025, submissions made by the Noticees in writing as well as during personal hearing and case records. During investigation, Investigation agency (DRI) found that M/s Diavon Fine Jewels LLP imported 37 Kgs. of Plain gold bars under the Advance Authorization Scheme between December 2022 and January 2023. The imports were made by falsely claiming that the gold would be used to manufacture gold jewellery/articles through a handmade process. However, no such manufacturing facilities were found at their premises during inspections. The company obtained Advance Authorization by submitting false declarations to the Directorate General of Foreign Trade (DGFT). They falsely stated that they had the facilities to manufacture gold jewellery, and they listed M/s D B Gold as a supporting manufacturer, although no gold was sent to or processed at M/s D B Gold's premises. Instead of using the imported gold for manufacturing and exporting jewellery, M/s Diavon Fine Jewels LLP diverted the gold into the domestic market without paying the applicable Customs duties. The investigation revealed that the duty-free gold was sold to entities like M/s Choksi Arvind Jewelers, M/s Choksi Ashok Kumar, M/s Ronak Gems Pvt. Ltd. In their initial statements dated 17.07.2023, Shri Chirag Nalin Shah and Shri Hemang Mukesh Shah, Partners of M/s Diavon Fine Jewels LLP, confessed to selling the duty-free imported gold in the domestic market. The actions of M/s Diavon Fine Jewels LLP violated multiple statutory provisions, including the conditions of the Advance Authorization Scheme and the Foreign Trade Policy.

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5.1.1 Notification No. 18/2015-Customs dated 01.04.2015 exempts materials imported into India against a valid Advance Authorization issued by the Regional Authority of the Directorate General of Foreign Trade (DGFT) in terms of paragraph 4.03 of the Foreign Trade Policy from the whole of the duty of Customs leviable thereon which is specified in First Schedule of the Customs Tariff Act, 1975 and from the whole of the additional duty leviable thereon under Sub-sections (1), (3) and (5) of Section 3, Integrated Tax leviable thereon under Sub-section (7) of Section 3, Goods and Services Tax Compensation Cess leviable thereon under Sub-section (9) of Section 3, Safeguard duty leviable thereon under Section 8B, Countervailing duty leviable thereon under Section 9 and Anti-dumping duty leviable thereon under Section 9A, subject to the certain conditions. Diavon availed the benefit of Notification No. 18/2015-Cus dated 01.04.2015 and imported the duty-free gold under Advance Authorization License No. 03110193030 dated 04.11.2022. They did not fulfill their export obligations and misused the duty exemptions granted under Notification No. 18/2015-Customs dated 01.04.2015. The investigation revealed extensive misuse of the Advance Authorization Scheme, fraudulent documentation, and financial irregularities, resulting in substantial revenue loss. The Importer also executed Bond No. 2002069325 dated 01.11.2022 before Customs Authorities, committing to use the imported gold as per the Scheme's requirements. Their failure to comply with these commitments have led to substantial recoverable Customs duties and applicable interest.

5.2 I find that the Importer M/s Diavon Fine Jewels LLP (Noticee No. 1) in their submission and Personal Hearing has accepted that they had diverted the gold imported under Advanced Authorization in the domestic market and have accepted this allegation against them. The duty-free imported gold was sold by M/s Diavon Fine Jewels LLP to M/s Choksi Ashokkumar & Co., M/s Choksi Arvind Jewellers and M/s Ronak Gems Private Limited. False documents in the form of job work challans have been created to show the supply of gold to the supporting manufacturer but the gold was never sent to the supporting manufacturer M/s D B Gold. M/s Hardik Gems Export, M/s Astria Global, M/s Diacubes Private Limited, M/s Dialuck Diamonds Private Limited, M/s Om Jewellers and M/s M B Shah Exports were engaged in issuing invoices without actual supply of goods. These fake transactions played a pivotal role in the diversion of duty-free imported gold in domestic market. Shri

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Hemang Mukesh Shah and Shri Chirag Nalin Shah Partners of M/s Diavon Fine Jewels LLP played the key roles in fraudulent scheme of diversion of duty-free imported gold in domestic market.

5.2.1 In Personal Hearing Noticee No. 2 (Shri Hemang Mukesh Shah), Noticee No. 3 (Shri Chirag Nalin Shah), Noticee No. 6 (M/s Diacubes Private Limited), Noticee No. 7 (M/s Dialuck Diamonds Private Limited) and Noticee No. 8 (M/s M B Shah Exports) have also accepted the duty liability in the SCN. Noticees M/s Diacubes Private Limited (Director Shri Chirag Nalin Shah), M/s Dialuck Diamonds Private Limited (Director Shri Hemang Mukesh Shah) and M/s M B Shah Exports (Partner Shri Hemang Mukesh Shah) have also admitted the liability.

5.2.2 Noticee No. 4 (M/s Ronak Gems Private Limited) has denied any involvement in diversion of duty free imported gold by M/s Diavon Fine Jewels LLP. They stated that there is no evidence of any offence committed by them and that they had purchased standard gold of Indian Origin, not foreign gold and that is mentioned in invoices raised by Diavon.

5.2.3 Noticee No. 5 (Shri Sushil Ashok Raka, M/s Choksi Ashokkumar & Co.) has denied any involvement in diversion of duty free imported gold by M/s Diavon Fine Jewels LLP. He stated that he is not the Proprietor but the son of Proprietor and therefore cannot be charged for any offence under Section 112(a) and 112(b) of the Customs Act, 1962. The Noticee also made submission with respect to M/s Choksi Ashokkumar & Co. and stated that Choksi had no role or knowledge of the alleged diversion of duty-free imported gold bars by Diavon and had purchased standard gold bars in units of 50 Grams and 100 Grams from Diavon and that is mentioned in invoices raised by Diavon. The payments were made against the invoices raised for standard gold bars not against the sale of imported gold.

Shri Sushil Ashok Raka has contended that he is not the Proprietor but the son of the Proprietor of M/s Choksi Ashokkumar & Co. and therefore penalties under Section 112(a) and 112(b) of the Customs Act, 1962 are not applicable to him. I find that in his statement dated 17.08.2023 Shri Sushil Ashok Raka has admitted that he along with his father and brother look after all the activities of the firm and he

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particularly looks after the purchase, sale and billing. Accordingly, contention of Shri Sushil Ashok Raka lacks merit and is not considered.

5.2.4 Noticee No. 9 (M/s Choksi Arvind Jewellers) had denied any dealings with the subject case and imported gold. Their last transaction with the Importer M/s Diavon Fine Jewels LLP was on 22.12.2022, which was with respect to local gold bars and not imported gold. Further, they submitted a copy of Declaration Cum Affidavit made by Shri Hemang Mukesh Shah and Shri Chirag Nalin Shah stating that they had dealt with M/s Choksi Arvind Jewellers with the locally acquired gold and that they had never dealt or sold or supplied any duty-free imported gold to M/s Choksi Arvind Jewellers.

5.2.5 Noticee No. 10 (M/s Hardik Gems Export) did not make any submission in their defense. Further, sufficient opportunities of personal hearing were granted to the Noticee by issuance of hearing notices. However, the Noticee neither appeared for personal hearing nor submitted any written submissions despite adequate time given. It is further noted that the Noticee did not intimate the department about any change in its address. In the absence of any response / cooperation from the Noticee the case concerning them is decided ex parte on the basis of the available records and evidence.

5.2.6 Noticee No. 11 (M/s Astria Global) stated that they had no direct or indirect connection, partnership, business dealings, or even acquaintance with M/s Diavon Fine Jewels LLP or its Partners beyond mere ledger entries in their books, which were recorded in good faith. They denied any knowledge, involvement, abetment or facilitation in alleged misuse of the Advance Authorization Scheme or diversion of duty-free gold. Further, they stated that they physically received and handled gold bars from M/s Hardik Gems in several instances, refuting claims of purely 'paper transactions' and that they only purchased gold from M/s Hardik Gems and sold to various entities.

M/s Astria Global has denied the allegation that M/s Astria Global was identified as a paper entity used to generate fake invoices and this allowed M/s. Diavon Fine Jewels LLP and its sister concerns to divert duty-free imported gold to the local market. I find that in statement recorded under Section 108 of the Customs

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Act, 1962 Shri Bhaven Parikh, Proprietor M/s Astria Global has admitted that he started M/s Astria Global on suggestion of Shri Chirag Nalin Shah and Shri Hemang Mukesh Shah for trading in gold and silver. Shri Chirag Nalin Shah and Shri Hemang Mukesh Shah made all decisions regarding purchases and sales and a commission was promised to him based on purchases and he had received Rs.50000/- from Shri Chirag Nalin Shah. Further the Noticee stated that they had no direct or indirect connection, partnership, business dealings, or even acquaintance with M/s Diavon Fine Jewels LLP or its Partners beyond mere ledger entries in their books, which were recorded in good faith. In their submission the Noticee has admitted that they had purchased gold from M/s Hardik Gems Export and sold to various entities, but no copies of GST Invoices and GST Returns were submitted by the Noticee. Shri Hemang Mukesh Shah Partner of Diavon Fine Jewels LLP in statement dated 18.01.2024 recorded under Section 108 of Customs Act, 1962 has admitted that M/s Hardik Gems Exports had issued fake invoices without actual supply of gold and this has been found corroborated from the fake transactions detected in this case. M/s Astria Global has shown fake purchase of gold amounting to Rs. 10.8 Crores from M/s Hardik Gems Export and has shown fake sale of gold amounting to Rs. 1.71 Crores to M/s Diavon Fine Jewels LLP, Rs. 4.70 Crores to M/s M B Shah Exports (sister firm of M/s Diavon Fine Jewels) and Rs. 4.64 Crores to M/s Sehyog Gold Trading Private Limited (fictitious and non-existent firm).

5.2.7 Noticee No. 12 (M/s Om Jewellers) did not make any submission in their defense. Further, sufficient opportunities of personal hearing were granted to the Noticee by issuance of hearing notices. However, the Noticee neither appeared for personal hearing nor submitted any written submissions despite adequate time given. It is further, noted that the Noticee did not intimate the department about any change in its address. In the absence of any response / cooperation from the Noticee the case concerning them is decided ex parte on the basis of the available records and evidence. This firm was found to be a fictitious non-existent firm.

5.2.8 Noticee No. 13 Shri Ashok Dushyant Soni, Proprietor of M/s D B Gold stated that Shri Chirag Nalin Shah, Partner of M/s Diavon Fine Jewels LLP (Noticee No. 3) introduced him to Shri Hemang Mukesh Shah Partner of M/s Diavon Fine Jewels LLP (Noticee No. 2). He was given 6 Vouchers by Shri Hemang Mukesh Shah without

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delivery of 30 Kgs of gold and asked to sign the vouchers. Further he said that he was taken advantage of by Shri Chirag Nalin Shah and Shri Hemang Mukesh Shah and he has no role in the offence.

5.3 The fake transactions found in this case are summarised as below:

FAKE TRANSACTIONS IN STOCK REGISTER AND LEDGER ACCOUNT					
Entity (M/s)	Purchased gold from (M/s)	Amount in Rs.	Sold gold to (M/s)	Amount in Rs.	Evidence
Diacubes Pvt Ltd (Director Shri Chirag Nalin Shah)	Hardik Gems Export	12.92 Crore	Diavon Fine Jewels LLP	10.69 Crore	SCN alleges the Noticee has issued fake transaction invoices. Further, No GST Invoices and Returns submitted by Noticee
			M B Shah Export	2.26 Crore	
Dialuck Diamond Pvt Ltd (Director Shri Hemang Mukesh Shah)	Om Jewellers	17.75 Crore	Diavon Fine Jewels LLP	18.09 Crore	SCN alleges the Noticee has issued fake transaction invoices. Further, No GST Invoices and Returns submitted by Noticee

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M B Shah Exports (Partner Shri Hemang Mukesh Shah)	Sehyog Gold Trading Pvt. Ltd	2.17 Crore	Diavon Fine Jewels LLP	2.32 Crore	SCN alleges the Noticee has issued fake transaction invoices. Further, No GST Invoices and Returns submitted by Noticee
	Om Jewellers	3.82 Crore			
	Diacubes Pvt. Ltd.	2.26 Crore			
	Astria Global	4.7 Crore			
Astria Global(Proprietor Shri Bhaven Parikh)	Hardik Gems Export	10.88 Crore	Diavon Fine Jewels LLP	1.71 Crore	SCN alleges the Noticee has issued fake transaction invoices and the Noticee in submission contested the allegation, but stated that they had no dealings with Diavon beyond ledger entries in their books, No GST Invoices and other Returns submitted by Noticee.
			Sehyog Gold Trading Pvt Ltd	4.64 Crore	
			M B Shah Export	4.7 Crore	

GST invoices submitted in some cases do not prove actual transactions and sale in the absence of corroborating GST Returns.

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5.4 The payments found made in this case are summarised below:

GOLD SALE BY DIAVON IN DOMESTIC MARKET AND PAYMENTS RECEIVED			
S.N	Entity Involved	Payment made in Rs.	Remarks
1	M/s Ronak Gems Pvt. Ltd.	11.43 Crore	As per Bank statement of Ronak Gems Pvt. Ltd. after 20.12.22 (day before first import)
2	M/s Choksi Ashokkumar & Co.	6.32 Crore	As per Bank statement of Diavon
3	M/s Choksi Arvind Jewellers	1 Crore	Found during Investigation as mentioned In Para 1.16.10

All these payments are clear indicators of diversion of imported gold and even if some payment was made before the first import, that is indicative of preplanning and participation in the fraud.

6. KEY ENTITIES/PERSONS AND THEIR OFFENCES:

6.1 M/S DIAVON FINE JEWELS LLP, SRI HEMANG MUKESH SHAH, SRI CHIRAG NALIN SHAH:

It is evident from the foregoing that the Importer M/s Diavon Fine Jewels LLP (Noticee No. 1), Sri Hemang Mukesh Shah (Noticee No. 2), Sri Chirag Nalin Shah (Noticee No. 3) are the main perpetrators of the offence in this case, who diverted the duty free imported gold in the domestic market and consequently evaded Customs duty of Rs. 3,38,60,755/- (Rupees Three Crore, Thirty-Three Lakh, Sixty Thousand, Seven Hundred and Fifty-five). They have also accepted their offence and the said liability, but still have not paid the evaded Customs duty. M/s Diavon Fine Jewels LL, Sri Hemang Mukesh Shah and Sri Chirag Nalin Shah are therefore liable for Penalty under Section 112(a) and 112 (b) of the Customs Act, 1962 as they were involved in the planning of this fraudulent scheme of diverting the duty free imported gold, evading duty and transacting with other entities in the sale of the gold for

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personal gain and profit. In addition, Sri Hemang Mukesh Shah and Sri Chirag Nalin Shah are also liable for Penalty under Section 114AA of the Customs, 1962 as they were involved in submitting false declarations to DGFT for obtaining the Advance Authorization License and to Customs which enabled the duty free imports of the gold in this case. The affidavit given by the Importer and its Partners on 11.12.2025 at a very late stage cannot be accepted in view of clear findings of the systematic evasion and fraud carried out in this case with supporting evidences. Statements made under Section 108 of the Customs Act, 1962 have evidentiary value which cannot be discounted. In this case statements stand corroborated.

6.2 M/S DIALUCK DIAMONDS PRIVATE LIMITED, M/S DIACUBES PRIVATE LIMITED, M/S MB SHAH EXPORTS:

Sri Hemang Mukesh Shah and Sri Chirag Nalin Shah were also Directors of M/s Dialuck Diamonds Private Limited and M/s Diacubes Private Limited respectively, whereas Sri Hemang Mukesh Shah was also Partner of M/s M.B. Shah Exports. These firms — M/s Dialuck Diamonds Private Limited, M/s Diacubes Private Limited and M/s M.B. Shah Exports had substantial fake transactions with M/s Diavon Fine Jewels LLP, and each other and also with M/s Sehyog Gold Trading Private Limited, M/s Om Jewellers, M/s Astria Global and M/s Hardik Gems Export involving Rs. 90 Crore (Approximately) as detailed in Para 5.3. These transactions do not have any supporting documents / trail in the form of GST Invoices and corresponding GST Returns proving their authenticity. There are some GST invoices submitted but not supported by corresponding GST Returns evidencing their genuineness. GST e-invoice / invoices do not prove actual supply and payment in the absence of corresponding and corroborating GST Returns. The two main perpetrators — Sri Hemang Mukesh Shah and Sri Chirag Nalin Shah were Directors and Partners of other firms (M/s Diacubes Private Limited, M/s Dialuck Diamonds Private Limited and M/s M.B. Shah Exports) besides being Partners of the main offending entity M/s Diavon Fine Jewels LLP. This made it possible for them to plan and organize these fake transactions as a cover to their illegal sale of the Imported gold and thereby making it appear as if they were involved in domestic sale and purchase of gold. I therefore find that the three firms — M/s Dialuck Diamonds Private Limited, M/s Diacubes Private Limited and M/s M.B. Shah Exports are liable to be penalised under Sections 112(a) and 112 (b) of the Customs Act, 1962 as they

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were involved in the planning of this fraudulent scheme of diverting the duty free imported gold, evading duty and transacting with other entities in the sale of the gold for personal gain and profit.

6.3 M/S CHOKSI ASHOKKUMAR & CO. (SHRI SUSHIL ASHOK RAKA), M/S RONAK GEMS PRIVATE LIMITED, AND M/S CHOKSI ARVIND JEWELLERS:

There is a clear money trail in the form of Rs. 6.32 Crore paid by M/s Choksi Ashokkumar & Co., Rs. 11.43 Crore paid by M/s Ronak Gems Private Limited and Rs. 1 Crore from M/s Choksi Arvind Jewellers to M/s Diavon Fine Jewels LLP. This is seen from the Bank Account statements referred in Para 5.4. This is a clear indicator of payments made to M/s Diavon Fine Jewels LLP and pre-planning of the fraud carried out in this case. Sri Sushil Ashok Raka being son of Proprietor of M/s Choksi Ashokkumar & Co. was responsible for purchase, sale and billing of the firm and therefore clearly complicit in the fraud committed in this case.

M/s Choksi Ashokkumar & Co. / Sri Sushil Ashok Raka, M/s Ronak Gems Private Limited (Director Sri Sagar Yogin Jhaveri) and M/s Choksi Arvind Jewellers (Partner Sri Kapil Parekh) are clearly involved in the fraud perpetrated by M/s Diavon Fine Jewels LLP and its Partners Sri Hemang Mukesh Shah and Sri Chirag Nalin Shah. They are therefore, liable to Penalty under both Section 112 (a) and 112 (b) of the Customs Act, 1962 as they were involved in the planning of this fraudulent scheme of diverting the duty free imported gold, evading duty and transacting with other entities in the sale of the gold for personal gain and profit.

6.4 M/S HARDIK GEMS EXPORT:

They had substantial fake transactions with M/s Diavon Fine Jewels LLP, M/s Diacubes Private Limited, M/s M.B Shah Exports and M/s Astria Global involving Rs. 24 Crores (Approximately) as referred in Para 5.3. They did not respond to the SCN and hearing notices. The firm is therefore clearly involved in the fraud perpetrated by M/s Diavon Fine Jewels LLP and its Partners Sri Hemang Mukesh Shah and Sri Chirag Nalin Shah. They are therefore liable to Penalty under Section 112 (a) and 112 (b) of the Customs Act, 1962 as they were involved in the planning of this fraudulent scheme of diverting the duty free imported gold, evading duty and transacting with other entities in the sale of the gold for personal gain and profit.

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Their offence is that of aiding and abetting the main perpetrators — M/s Diavon Fine Jewels LLP and its Partners Sri Hemang Mukesh Shah and Sri Chirag Nalin Shah.

6.5 M/S ASTRIA GLOBAL (PROPRIETOR SRI BHAVEN PARIKH):

The Proprietor was admittedly under control of Sri Hemang Mukesh Shah and Sri Chirag Nalin Shah. They had substantial fake transactions with M/s Diavon Fine Jewels LLP, M/s Sehyog Gold Trading Private Limited, M/s M.B. Shah Exports and M/s Hardik Gems Export involving Rs. 22 Crores (Approximately) as referred in Para 5.3. The firm is therefore clearly involved in the fraud perpetrated by M/s Diavon Fine Jewels LLP and its Partners Sri Hemang Mukesh Shah and Sri Chirag Nalin Shah. The firm (Shri Bhaven Parikh, Proprietor) is therefore liable to Penalty under Section 112 (a) and Section 112 (b) of the Customs Act, 1962 as they were involved in the planning of this fraudulent scheme of diverting the duty-free imported gold, evading duty and transacting with other entities in the sale of the gold for personal gain and profit. Their offence is that of aiding and abetting the main perpetrators — M/s Diavon Fine Jewels LLP and its Partners Sri Hemang Mukesh Shah and Sri Chirag Nalin Shah.

6.6 M/S OM JEWELLERS AND M/S SEHYOG GOLD TRADING PRIVATE LIMITED:

They had substantial fake transactions with M/s Diavon Fine Jewels LLP, M/s Dialuck Diamond Private Limited, and M/s M.B. Shah Exports involving Rs. 22 Crores and Rs. 6.81 Crores (Approximately) as referred in Para 5.3. M/s Om Jewellers did not respond to the SCN and hearing notices. The two firms are found to be fake and non-existent. The firms and their so called Directors / Partners are therefore clearly involved in the fraud perpetrated by M/s Diavon Fine Jewels LLP and its Partners Sri Hemang Mukesh Shah and Sri Chirag Nalin Shah. They are therefore liable to Penalty under Section 112 (a) and Section 112 (b) of the Customs Act, 1962 as they were involved in the planning of this fraudulent scheme of diverting the duty-free imported gold, evading duty and transacting with other entities in the sale of the gold for personal gain and profit. Their offence is that of aiding and abetting the main perpetrators — M/s Diavon Fine Jewels LLP and its Partners Sri Hemang Mukesh Shah and Sri Chirag Nalin Shah.

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6.7 SRI ASHOK DUSHYANT SONI, PROPRIETOR OF M/S D B GOLD:

Sri Ashok Dushyant Soni appears to have been used by the two main perpetrators Sri Hemang Mukesh Shah and Sri Chirag Nalin Shah. There is no proof of any financial flow back or false transactions. There is no reason to come to a different conclusion.

6.8 M/s Diavon Fine Jewels LLP, M/s M.B. Shah Exports, M/s Diacubes Private Limited, M/s Hardik Gems Export, M/s Astria Global were also found involved in other GST fake transactions as revealed by DGGI investigation (Para 1.7). This reinforces the findings in this case regarding their offence. They appear to be habitual economic offenders.

6.9 The main perpetrators in fake transactions are M/s Diavon Fine Jewels LLP, M/s Diacubes Private Limited, M/s Dialuck Diamond Private Limited, M/s M.B. Shah Exports and M/s Astria Global aided and assisted by non-existent firms M/s Sehyog Gold Trading Private Limited and M/s Om Jewellers as referred in Para 5.3.

6.10 M/s Sehyog Gold Trading Private Limited and M/s Om Jewellers were found non-existent though they had substantial fake transactions with M/s Dialuck Diamond Private Limited, M/s M. B. Shah, M/s Diavon Fine Jewels LLP, M/s Diacubes Private Limited.

7. DIFFERENTIAL DUTY RECOVERABLE:-

7.1 M/s Diavon Fine Jewels LLP obtained Advance Authorization (License) No. 311019030 for import of 150 kg gold or plain gold bar (Purity -0.995) (CTH 71081200) under Advance Authorization Scheme in terms of Para 4.33 of Foreign Trade Policy 2015-2020 without payment of applicable Customs duty by availing the exemption benefit of Notification No. 18/2015-Customs dated 01.04.2015. They were required to export articles made up of Gold i.e 22KT Plain Gold Jewellery, 22KT Plain Gold Jewellery with Enamel/ Meenakari /Strung with Pearl or Black Beads with/without Rhodium Plating, 22KT Mounting valued to ₹ 785692750.00/- (FOB). As a condition for duty-free import under Notification No. 18/2015-Cus. dated 01.04.2015 under Advance Authorization, the Importer had executed a Bond where the Undertaking / Guarantee to the President of India was executed through the Deputy Commissioner

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of Customs, PCCCC, Bharat Diamond Bourse, Bandra Kurla Complex, Bandra (East), Mumbai-400051 to follow the stipulated conditions and the provisions under the said notification. The Importer has given guarantee in the form of said Bond executed on 01.11.2022 amounting to Rs. 25,05,65,327/- (Rupees Twenty-Five Crore Five Lakhs Sixty-Five Thousand Three Hundred Twenty-Seven Only) to the President of India for observance of stipulated conditions and provisions of Notification No. 18/2015-Customs dated 01.04.2015. In the event the importer fails to abide by the Bond conditions, recovery proceedings can be initiated in the manner laid down in Sub-section (1) of Section 142 of the Customs Act, 1962.

7.2 The Partners of M/s Diavon Fine Jewels LLP have intentionally contravened the provisions of the Customs Act, 1962, Notification No. 18/2015-Customs dated 01.04.2105, Para 4.16 (i) of the FTP 2015-2020 and thus deliberately evaded Customs duty of Rs. 3,38,60,755/- on import of 37 Kgs. of Gold, valued at Rs. 18,35,27,130/-. The said short paid duty is to be recovered from the Importer along with Interest.

8. CONFISCATION: The Show Cause Notice proposes confiscation of the imported goods under Section 111(o) of the Customs Act, 1962, which applies when “any goods exempted, subject to any condition, from duty or any prohibition in respect of the import thereof under Customs Act 1962 or any other law for the time being in force, in respect of which the condition is not observed.....”. In this case, the Importer has intentionally contravened the provisions of the Customs Act, 1962, Notification No. 18/2015-Customs dated 01.04.2105, Para 4.16 (i) of the FTP 2015-2020 and thus deliberately evaded Customs duty of Rs. 3,38,60,755/- on import of 37 Kgs. of Gold, valued at Rs. 18,35,27,130/-. This has caused short levy and short payment of duty, making the invocation of Section 111(o) of the Customs Act, 1962 for confiscation legally justified and for which penalty under Section 112(a)(ii) and Section 112 (b)(ii) of the Customs Act, 1962 is to be imposed.

9. APPLICABILITY OF REDEMPTION FINE IN TERMS OF SECTION 125 OF THE CUSTOMS ACT, 1962: As discussed in foregoing Paras, the Importer has intentionally contravened the provisions of the Customs Act, 1962, Notification No. 18/2015-Cus. dated 01.04.2105, Para 4.16 (i) of the FTP 2015-2020 and evaded Customs duty of Rs. 3,38,60,755/- on import of 37 Kgs. of Gold, valued at Rs. 18,35,27,130/-. This has made duty free imported gold liable for confiscation under

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Section 111(o) of the Customs Act, 1962. As a condition for duty-free import under Notification No. 18/2015-Customs dated 01.04.2015 under Advance Authorization, the Importer has executed a Bond. The Importer has failed to fulfil the export obligation under the Advance Authorization and has diverted the imported goods for sale in the domestic market in contravention of the conditions of the exemption. Accordingly, redemption fine is imposable notwithstanding the fact that the goods are not physically available. I rely on the case of *Weston Components Ltd vs Commissioner of Customs, New Delhi 2000 (115) E.L.T. 278 (SC)* which held that:

“It is contended by the learned counsel for the appellant that redemption fine could not be imposed because the goods were no longer in the custody of the respondent-authority. It is an admitted fact that the goods were released to the appellant on an application made by it and on the appellant executing a bond. Under these circumstances if subsequently it is found that the import was not valid or that there was any other irregularity which would entitle the customs authorities to confiscate the said goods, then the mere fact that the goods were released on the bond being executed would not take away the power of the customs authorities to levy redemption fine”.

10. SECTION 114AA OF THE CUSTOMS ACT, 1962:

10.1 I find that the registered office of the Importer at “701, The Capital, G-Block, Bandra Kurla Complex, Behind ICICI Bank, Plot – C70, Bandra East, Mumbai Suburban, Maharashtra-400051” was just a dummy office and that the said office had been shown as a factory unit of M/s Diavon Fine Jewels LLP in the Advance Authorization. The Importer intentionally filed misleading information with the DGFT for obtaining the Advance Authorization (License). M/s D B Gold had been shown as the Job worker / supporting manufacturer. However, the importer never sent any duty-free imported gold to M/s D B Gold for further processing.

10.2 Further, I find that certain firms with which M/s Diavon Fine Jewels LLP and its related entities had shown transactions were non-existent or fake entities i.e. they have been used by the Importer to generate only invoices without carrying out any real business transaction or sale/purchase of gold. These fake transactions as

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referred in Para 5.3 did not involve actual supply of gold, indicating a clear case of fraudulent documentation to facilitate the diversion of duty free imported gold.

10.3 In view of the foregoing, I find that the Importer has intentionally used fake entities, false invoices and vouchers for diversion of duty-free imported gold to domestic market. The penalty proposed under Section 114AA of the Customs Act, 1962 on Sri Hemang Mukesh Shah and Sri Chirag Nalin Shah is therefore legally justified.

11. The Bond for availing duty exemption under the Advance Authorization Scheme, executed by M/s Diavon Fine Jewels LLP against consignments imported duty-free under Notification No. 18/2015-Customs dated April 1, 2015, as amended, which were diverted and sold in the local market, is to be enforced and any security furnished with the Bond is to be encashed and appropriated towards the duty liability, interest, fine, and penalties imposed in the subject case.

12. I find that the amount of Rs. 65,00,000/- (Rupees Sixty-Five Lakh) paid by M/s Diavon Fine Jewels LLP vide TR-6 Challan No. 03/2023-24 dated 13.06.2023 (Demand Draft No. 439944 dated 12.06.2023 and Demand Draft No. 439945 dated 12.06.2023), TR-6 Challan No. 01/2024-25 dated 03.05.2024 (Demand Draft No. 971082 dated 30.04.2024), TR-6 Challan No. 02/2024-25 dated 08.05.2024 (Demand Draft No. 971084 dated 06.05.2024) is liable for appropriation for duty liability, interest, fine and penalties.

13. In view of the foregoing, I pass the following order:

ORDER

- (i) I confirm the demand of Customs Duty amounting to Rs. 3,38,60,755/- (Rs. Three Crore, Thirty-Eight Lakh, Sixty Thousand, Seven Hundred and Fifty-Five) along with applicable Interest leviable and order to recover from M/s Diavon Fine Jewels LLP by invoking the Bond No. 2002069325 dated 1.11.2022 submitted by M/s Diavon Fine Jewels LLP under Section 143(3) of the Customs Act, 1962 read with conditions of Notification No. 18/2015-Customs dated 01.04.2015.

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- (ii) I confiscate the 37 kg of plain gold bars having Assessable Value ₹18,35,27,130/- (Rupees Eighteen Crores Thirty-Five Lakhs Twenty-Seven Thousand One Hundred Thirty only) which had been imported by M/s Diavon Fine Jewels LLP, during the period from 21.12.2022 to 25.01.2023 by availing the benefit of Notification No. 18/2015-Customs dated 01.04.2015, as amended (details as per Annexure A to the SCN) under Section 111(o) of the Customs Act, 1962. I impose a Redemption Fine of Rs. 3,00,00,000/- (Rupees Three Crores) on M / s Diavon Fine Jewels LLP in lieu of confiscation under Section 125(1) of the Customs Act, 1962.
- (iii) I order to enforce the Bond No. 2002069325 dated 1.11.2022 executed through the Deputy Commissioner of Customs, PCCCC, Bharat, Diamond Bourse, Bandra Kurla Complex, Bandra (E), Mumbai 400051 by M/s Diavon Fine Jewels LLP for fraudulently availing the duty exemption under the Advance Authorization Scheme and to encash and appropriate any security furnished with the Bond towards the duty liability, interest, fine and penalties as ordered.
- (iv) I impose a penalty of Rs. 30,00,000/- (Rupees Thirty Lakhs) on M/s Diavon Fine Jewels LLP under Section 112(a)(ii) of the Customs Act, 1962.
- (v) I order to appropriate the amount of Rs. 65,00,000/- (Rupees Sixty-Five Lakh) paid by M/s Diavon Fine Jewels LLP vide TR-6 Challan No. 03/2023-24 dated 13.06.2023 (Demand Draft No. 439944 dated 12.06.2023 and Demand Draft No. 439945 dated 12.06.2023), TR-6 Challan No. 01/2024-25 dated 03.05.2024 (Demand Draft No. 971082 dated 30.04.2024), TR-6 Challan No. 02/2024-25 dated 08.05.2024 (Demand Draft No. 971084 dated 06.05.2024) for the duty liability, interest, fine and penalties ordered.
- (vi) I impose a penalty of Rs. 30,00,000/- (Rupees Thirty Lakhs) on Shri Hemang Mukesh Shah under Section 112(a)(ii) of the Customs Act, 1962.
- (vii) I impose a penalty of Rs. 30,00,000/- (Rupees Thirty Lakhs) on Shri Hemang Mukesh Shah under Section 112(b)(ii) of the Customs Act, 1962.
- (viii) I impose a penalty of Rs. 3,00,00,000/- (Rupees Three Crores) on Shri Hemang Mukesh Shah under Section 114AA of the Customs Act, 1962.
- (ix) I impose a penalty of Rs. 30,00,000/- (Rupees Thirty Lakhs) on Shri Chirag Nalin Shah under Section 112(a)(ii) of the Customs Act, 1962.

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- (x) I impose a penalty of Rs. 30,00,000/- (Rupees Thirty Lakhs) on Shri Chirag Nalin Shah under Section 112(b)(ii) of the Customs Act, 1962.
- (xi) I impose a penalty of Rs. 3,00,00,000/- (Rupees Three Crores) on Shri Chirag Nalin Shah under Section 114AA of the Customs Act, 1962.
- (xii) I impose a penalty of Rs. 10,00,000/- (Rupees Ten Lakhs) on M/s Ronak Gems Private Limited under Section 112(a)(ii) of the Customs Act, 1962.
- (xiii) I impose a penalty of Rs. 10,00,000/- (Rupees Ten Lakhs) on M/s Ronak Gems Private Limited under Section 112(b)(ii) of the Customs Act, 1962.
- (xiv) I impose a penalty of Rs. 10,00,000/- (Rupees Ten Lakhs) on Shri Sushil Ashok Raka of M/s Choksi Ashokkumar & Co. under Section 112(a)(ii) of the Customs Act, 1962.
- (xv) I impose a penalty of Rs. 10,00,000/- (Rupees Ten Lakhs) on Shri Sushil Ashok Raka of M/s Choksi Ashokkumar & Co. under Section 112(b)(ii) of the Customs Act, 1962.
- (xvi) I impose a penalty of Rs. 10,00,000/- (Rupees Ten Lakhs) on M/s Choksi Arvind Jewellers under Section 112(a)(ii) of the Customs Act, 1962.
- (xvii) I impose a penalty of Rs. 10,00,000/- (Rupees Ten Lakhs) on M/s Choksi Arvind Jewellers under Section 112(b)(ii) of the Customs Act, 1962.
- (xviii) I impose a penalty of Rs. 30,00,000/- (Rupees Thirty Lakhs) on M/s Diacubes Private Limited under Section 112(a)(ii) of the Customs Act, 1962.
- (xix) I impose a penalty of Rs. 30,00,000/- (Rupees Thirty Lakhs) on M/s Diacubes Private Limited under Section 112(b)(ii) of the Customs Act, 1962.
- (xx) I impose a penalty of Rs. 30,00,000/- (Rupees Thirty Lakhs) on M/s Dialuck Diamonds Private Limited under Section 112(a)(ii) of the Customs Act, 1962.
- (xxi) I impose a penalty of Rs. 30,00,000/- (Rupees Thirty Lakhs) on M/s Dialuck Diamonds Private Limited under Section 112(b)(ii) of the Customs Act, 1962.
- (xxii) I impose a penalty of Rs. 30,00,000/- (Rupees Thirty Lakhs) on M/s MB Shah Exports under Section 112(a)(ii) of the Customs Act, 1962.
- (xxiii) I impose a penalty of Rs. 30,00,000/- (Rupees Thirty Lakhs) on M/s MB Shah Exports under Section 112(b)(ii) of the Customs Act, 1962.
- (xxiv) I impose a penalty of Rs. 30,00,000/- (Rupees Thirty Lakhs) on M/s Hardik Gems Export under Section 112(a)(ii) of the Customs Act, 1962.
- (xxv) I impose a penalty of Rs. 30,00,000/- (Rupees Thirty Lakhs) on M/s Hardik Gems Export under Section 112(b)(ii) of the Customs Act, 1962.

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- (xxvi) I impose a penalty of Rs. 30,00,000/- (Rupees Thirty Lakhs) on M/s Astria Global under Section 112(a)(ii) of the Customs Act, 1962.
- (xxvii) I impose a penalty of Rs. 30,00,000/- (Rupees Thirty Lakhs) on M/s Astria Global under Section 112(b)(ii) of the Customs Act, 1962.
- (xxviii) I impose a penalty of Rs. 30,00,000/- (Rupees Thirty Lakhs) on M/s Om Jewellers under Section 112(a)(ii) of the Customs Act, 1962.
- (xxix) I impose a penalty of Rs. 30,00,000/- (Rupees Thirty Lakhs) on M/s Om Jewellers under Section 112(b)(ii) of the Customs Act, 1962.
- (xxx) I impose a penalty of Rs. 30,00,000/- (Rupees Thirty Lakhs) on M/s Sehyog Gold Trading Private Limited under Section 112(a)(ii) of the Customs Act, 1962.
- (xxxii) I impose a penalty of Rs. 30,00,000/- (Rupees Thirty Lakhs) on M/s Sehyog Gold Trading Private Limited under Section 112(b)(ii) of the Customs Act, 1962.

14. This order is passed without prejudice to any other action that may be taken against the above mentioned Noticees and Importer under the provisions of the Customs Act, 1962 and / or any other law for time being in force.

(Manish Chandra)

Pr. Commissioner of Customs (Import)

Air Cargo Complex, Mumbai

To:

- (i) M/s. Diavon Fine Jewels LLP
Office 701, The Capital, G- Block,
Bandra Kurla Complex, Behind ICICI Bank,
Plot - C70, Bandra East,
Mumbai Suburban, Maharashtra 400051.
- (ii) Shri Hemang Mukesh Shah
401 A, Rajul Apartments, Nepean Sea Road,

SCN NO. 109/2025-26 dated 10.06.2025

Opp Shripal Nagar Building, Walkeshwar,
Mumbai, Maharashtra – 400006

(iii) Shri Chirag Nalin Shah,
6th Floor, 42 Sweta Apts Opp Allahabad Bank,
Gulmohar Road No 1, Next to Ciritcare Hospital,
Vile Parle, Mumbai, Maharashtra – 400049

(iv) M/s Ronak Gems Pvt. Ltd.,
311, Ground Floor, Shop No. 5, Mehta Bhavan,
Opp. Charni Road station, Charni Road,
Mumbai, Maharashtra, 400004

(v) Shri Sushil Ashok Raka,
M/s Choksi Ashokkumar & Co.,
Shop No. 1, 223, Moti dharam kata Bldg.,
Opp. Mumba devi temple Mumba devi Road,
Mumbai, Maharashtra, 400002

(vi) M/s Diacubes Private Limited,
First Floor, HD079 Plot C20, WeWork Enam Sambhav,
G Block, Bandra Kurla Complex, Cynapto,
Bandra East, Mumbai,
Mumbai Suburban, Maharashtra, 400051

(vii) M/s Dialuck Diamonds Private Limited,
1009, 10th floor, A Wing, Plaza Panchshil,
Gamdevi, Nyaymurti Sitaram Patkar Marg,
Nr. Dharam Palace, Grant Road
Mumbai, Maharashtra- 400007

(viii) M/s MB Shah Exports,
1009, 10th floor, A Wing, Plaza Panchshil,
Gamdevi, Nyaymurti Sitaram Patkar Marg,
Nr. Dharam Palace, Grant Road
Mumbai, Maharashtra- 400007

SCN NO. 109/2025-26 dated 10.06.2025

- (ix) M/s. Choksi Arvind Jewellers,
105,107, Zaveri Bazar, Shaikh Memon Street,
Mumbai, Maharashtra, 400002
- (x) M/s. Hardik Gems Export,
Cabin No.7, House No.6/2497,
Balaji Krupa Building Limbusheri
Surat, Gujarat-395003
- (xi) M/s. Astria Global,
26A Golden Bungalow, Juhu Road,
Opp. Santacruz Police Station,
Santacruz West, Mumbai - 400054
- (xii) M/s Om Jewellers, 3rd Floor,
Plot No. 149, Shop No. 301,
Bherumal House, Shaikh Memon Street, Zaveri Bazaar,
Mumbai, Maharashtra – 400002
- (xiii) Shri Ashok Dushyant Soni
M/s D B GOLD, 204, 2nd Floor, Soni Diamond Shopping,
Yashwantrao Tawde Road, Dahisar, East,
Mumbai Suburban, Mumbai, Maharashtra - 400068.
- (xiv) M/s Sehyog Gold Trading Private Limited
10/21, M2, Mezzanine Floor, Flox Chamber,
Tata Road No. 1, Roxy Cinema, Opera House,
Girgaon, Mumbai, Maharashtra - 400004

Copy:

1. The Pr. Chief Commissioner of Customs, Mumbai Zone III.
2. The Pr. ADG/ADG, DRI, Vapi/Ahmedabad, Gujarat.
3. The Dy. Commissioner of Customs, Group 3 and 4, ACC (I), Mumbai Zone-III.
4. The Dy. Commissioner of Customs, TRC, ACC (I), Mumbai Zone-III.
5. The Dy. Commissioner of Customs, PCCCC, BKC, APSC, Mumbai Zone-III.