cczone3 < cczone3@gov.in >

Read: Order-in-Original CAO No. 59/2026-27/CAC/PCC(G)/AKP/Adj-CBS dated 18.11.2026 in the case of M/s. Integrity Logistic Solution (India) Pvt. Ltd. (CB License No. 11/394)

CCU Customs Mumbai Zone III < cczone3@gov.in >

Wed, 18 Nov 2026 5:24:26 PM +0530

To "Customs Broker Section"<cbsec.nch@gov.in>

Your message

To: "chetan"<chetan@ilsindia.net>,"ajinkya"<ajinkya@ilsindia.net>,"info" <info@ilsindia.net>
Cc: "CCU Customs Mumbai Zone I"<ccu-cusmum1@nic.in>,"CCU Customs Mumbai Zone II"<ccu-cusmum2@nic.in>,"CCU Customs Mumbai Zone III"<cczone3@mumbaicustoms3.gov.in>,"EDI ZONEI" <edi.helpdeskmcz1@gov.in>,"EDI_JNCH" <edi@jawaharcustoms.gov.in>,"ediaccmum5" <ediaccmum5@gmail.com>,"cashsection7784" <cashsection7784@gmail.com>,"Commissioner NS 2"<commr-ns2@gov.in>,"SIIB(X) JNCH"<siibx.jnch@gov.in>
Subject: Order-in-Original CAO No. 59/2026-27/CAC/PCC(G)/AKP/Adj-CBS dated 18.11.2026 in the case of M/s. Integrity Logistic Solution (India) Pvt. Ltd. (CB License No. 11/394)
Sent: Wed, 18 Nov 2026 17:22:29 +0530

was read on Wed, 18 Nov 2026 17:24:25 +0530

Customs Broker Section < cbsec.nch@gov.in >

Wed, 18 Nov 2026 5:24:07 PM +0530

To "chetan"<chetan@ilsindia.net>,"ajinkya"<ajinkya@ilsindia.net>,"info" <info@ilsindia.net>

Cc "CCU Customs Mumbai Zone I"<ccu-cusmum1@nic.in>,"CCU Customs Mumbai Zone II"<ccu-cusmum2@nic.in>,"CCU Customs Mumbai Zone III" <cczone3@mumbaicustoms3.gov.in>,"EDI ZONEI" <edi.helpdeskmcz1@gov.in>,"EDI_JNCH" <edi@jawaharcustoms.gov.in>,"ediaccmum5" <ediaccmum5@gmail.com>,"cashsection7784" <cashsection7784@gmail.com>,"Commissioner NS 2"<commr-ns2@gov.in>,"SIIB(X) JNCH"<siibx.jnch@gov.in>

Madam/ Sir,

Kind attention is invited to the subject mentioned above. In this regard, please find attached the concerned Order-in-Original.
A copy of the said Order-in-Original has been sent to your registered address by speed post as well.

Thanks & regards,
CBS, NCH
Mumbai Zone - I

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1 Attachment(s)

59 - OiO - Integrity Logistic Sol…
1 MB

प्रधान आयुक्त, सीमाशुल्क (सामान्य) का कार्यालय
OFFICE OF THE PRINCIPAL COMMISSIONER OF CUSTOMS (GENERAL),
नवीन सीमाशुल्क भवन,बेलार्ड इस्टेट, मुंबई -400001.NEW CUSTOM HOUSE, BALLARD ESTATE, MUMBAI – 400001.

संचिका सं/.F. No.- GEN/CB/183/2026-CBS आदेश दिनांक/Date of Order:18.11.2026

CAO No.59/2026-27/CAC/PCC(G)/AKP/Adj-CBS जारी दिनांक/Date of issue:18.11.2026

संख्या:

DIN:- 20261177NO000037CA9B

द्वारा जारी : अजय कुमार पाण्डेय Issued By : Ajay Kumar Pandey

प्रधान आयुक्त, सीमाशुल्क (सामान्य) Pr. Commissioner of Customs (Gen.)

मुंबई - 400 001 Mumbai – 400 001

ORDER-IN-ORIGINAL मूल आदेश

ध्यान दीजिए/ N.B.:

1. यह प्रति उस व्यक्ति को निजी उपयोग हेतु निःशुल्क प्रदान की जाती है, जिसे यह जारी की जा रही है। This copy is granted free of Charge for the private use of the person to whom it is issued.

2. इस आदेश के विरुद्ध अपील माँगे गए राशी के **7.5%** के भुगतान पर सीमाशुल्क अधिनियम, 1962 की धारा 129A(1B)(i) के संबंधमें सीमाशुल्क, केंद्रीय उत्पाद शुल्क एवं सेवाकर अपील अधिकरण में स्वीकार्य है, जहाँ शुल्क या शुल्क एवं जुर्माना विवादित हों, या जुर्माना, जहाँ सिर्फ जुर्माना ही विवादित हो।यह अपील इस आदेश के संप्रेषण की तारीख के तीन महीने के अंदर दायर की जाएगी। यह अपील सीमाशुल्क, केंद्रीय उत्पाद शुल्क एवं सेवाकर अपील अधिकरण (कार्यविधि) नियमावली, १९८२, के प्रावधानों के अंतर्गत, यथोतखंडपीठ में स्वीकार्य है।
An appeal against this order lies with the Customs, Central Excise and Service Tax Appellate Tribunal in terms of section 129A(1B)(i) of the Customs Act, 1962, on payment of **7.5%** of the amount demanded where duty or duty and penalty are in dispute, or penalty, where penalty alone is in dispute. It shall be filed within three months from the date of communication of this order. The appeal lies with the appropriate bench of the Customs, Central Excise and Service Tax Appellate as per the applicable provisions of the Customs, Excise and Service Tax Appellate Tribunal (Procedure) Rules, 1982.

3. यह सूचित किया जाता है की इस आदेश के अमल में आते ही,न्याय निर्णयन अधिकारी का अधिकार क्षेत्र समाप्त होता है और सीमाशुल्क, केंद्रीय उत्पाद शुल्क एवं सेवाकर अपील अधिकरण, पश्चिम क्षेत्री यखंडपीठ, के M/s Knowledge Infrastructure Systems Pvt. Ltd. & Others vs ADG, DRI, Mumbai के संदर्ब में जारी आदेश क्रमांक A/86617-86619/2018 दिनांक के अनुसार न्यायिक आदेश तदोउ 31.05.2018 प्रांत न्याय निर्णयन अधिकारी' *functus officio* 'बन जाता है
It is informed that the jurisdiction of the Adjudicating Authority stands alienated with the conclusion of the present adjudication order and the Adjudicating Authority attains the status of '*functus officio*' as held by Hon'ble CESTAT, Mumbai

in its decision in the case of M/s Knowledge Infrastructure Systems Pvt. Ltd. & Others vs ADG, DRI, Mumbai vide Order No. A/86617-86619/2018 dated 31.05.2018.

4. यदि एक ही प्रकरण में उसी पक्षकार के विरुद्द कई कारण बताओ नोटिस लगाकर आदेश पारित किया जाता है तो प्रत्येक प्रकरण में अलग अपील दायर की जाए।
In case where an order is passed by bunching several show cause notices on an identical issue against the same party, separate appeal may be filed in each case.

5. यह अपील फॉर्म C.A.-3 में दायर की जानी चाहिए जो कि सीमाशुल्क (अपीलस) नियमावली, १९८२ के नियम के तहत निर्धारित है एवं उसी नियमावली के नियम 3 के उपनियम 2 में उल्लेखित व्यक्ति 6 द्वारा हस्ताक्षरित एवं सत्यापित की जाएगी।
The Appeal should be filed in Form C.A.-3 prescribed under Rule 6 of the Customs (Appeals) Rules, 1982 and shall be signed and verified by the person specified in sub-rule 2 of rule 3 rules ibid.

6. (i) यदि प्रतिवादित आदेश, जिसके विरुद्ध अपील की गई है, में शुल्क एवं मांगे गए ब्याजवलगाएगए जुर्माने की राशि रु-/पाँच लाख या इस से कम होतो रु. 1000 ., (ii)यदि यह राशि रु पाँच लाख से अधिक .) हो किंतु पचास लाख से अधिक न होतो रु. 5000/- एवंiii) यदि यह राशि रु पचास लाख से अधिक होतो . रु. 10000/- के शुल्क का भुगतान क्रॉस्ड बैंक ड्राफ्ट के माध्यम से अधिकरण की खंडपीठ के सहायक पंजीयक के पक्ष में जिस स्थान पर खंडपीठ स्थित है, के किसी भी राष्ट्रीय क्रत बैंक की शाखा में किया जाए एवं डिमांड ड्राफ्ट अपील के साथ संलग्न किया जाए।
A fee of (i) Rs. 1000/- in case where the amount of duty and interest demanded and the penalty imposed in the impugned order appealed against is Rupees Five Lakhs or less, (ii) Rs. 5000/- in case where such amount exceeds Rupees Five Lakhs but not exceeding Rupees Fifty Lakhs and (iii) Rs. 10000/- in case where such amount exceeds Rupees Fifty Lakhs, is required to be paid through a crossed bank draft in favour of the Assistant registrar of the Bench of the Tribunal on a branch of any nationalized bank located at the place where the bench is situated and demand draft shall be attached to the Appeal.

7. अपील की एक प्रति में कोर्ट फी अधिनियम, की अनुसूची मद 6 के तहत निर्धारित रु. 50 1870 का कोर्ट फी स्टैम्प लगा होना चाहिए एवं इसके साथ संलग्न इस आदेश की उक्त प्रति में रु 50 .का कोर्ट फी स्टैम्प लगा होना चाहिए।
One copy of the Appeal should bear a Court Fee Stamp of Rs. 50 and said copy of this order attached therein should bear a Court Fee Stamp of Rs. 50 as prescribed under Schedule item 6 of the Court Fee Act, 1870, as amended.

Brief Facts of the Case:

M/s Integrity Logistic Solution (India) Pvt. Ltd. having PAN - AACCI4057L and registered address at Office No. - 405, Shrishti Plaza, Saki Vihar Road, Andheri, Mumbai - 400072 (hereinafter referred as the Customs Broker/CB) is holder of Customs Broker License No. 11/394, issued by the Commissioner of Customs, Mumbai under Regulation 10 of CHALR, 1984, [Now regulation 7(2) of CBLR, 2018] and as such they are bound by the regulations and conditions stipulated therein.

2. An offence report in the form of Show Cause Notice No. 3000/2025-26/ADC/CEAC/NS-II/CAC/JNCH dated 04.03.2026 issued by Commissioner of Customs (In-Situ), CEAC, NS-II, JNCH was received in Customs Broker Section. Subsequently, a corrigendum letter F.No. CUS/ASS/MISC/940/2024-CEAC dated 16.03.2026 to the aforesaid SCN was received wherein it is stated that SCN No. 3000/2025-26/ADC/CEAC/NS-II/CAC/JNCH may be read as SCN No. 2118/2025-26/ADC/CEAC/NS-II/CAC/JNCH. The said offence report, inter-alia stated the following:

2.1 Investigation was initiated by SIIB (Export), on the basis of preliminary information received from ADC/JNPT vide their letter dated 07.02.2024 enclosed with their Investigation report regarding attempted export of suspected spurious drugs covered under Shipping Bill No. 6370453 dated 28.12.2023. The said Shipping Bill was filed by Customs Broker, M/s Integrity Logistic Solution (India) Pvt. Ltd. (CB License No. 11/394) for export of medicines namely PROMEZ-AK, ALCEF-1 GM and CARDIORIN-AK on behalf of the exporter, M/s. Ebulde Lifesciences Pvt. Ltd. (IEC - AAGCE7703B) having a declared FOB value of Rs. 38,12,873/-.

2.2 The information provided by Assistant Drug Controller/JNPT through their letter dated 07.02.2024 stated that goods covered under Shipping Bill No. 6370453 dated 28.12.2023 were carted at Punjab Conware CFS and a formal enquiry was made by the Customs Broker to the Assistant Drug Controller, JNPT to get "No Objection Certificate" for export of the goods of the said consignment. On perusal of the samples, ADC/JNPT found the labels of the medicines under export suspicious, as they were carrying the Neutral Code as well as the Name of the Manufacturer printed on the primary and secondary packages. As per the notification of Neutral Code, if any export consignment is carrying Neutral Code, it is not required to indicate name and address of the manufacturer on the medicines.

2.3 Further, two medicines, namely ALCEF-1 GM and CARDIORIN-AK, were manufactured by M/s Janya Biocare Pvt. Ltd., while PROMEZ-AK was manufactured by M/s. Neubin Lifesciences Pvt. Ltd. The Neutral Code of M/s. Janya Biocare Pvt. Ltd. is UK/Drugs/7/UA/2020 and the Neutral Code of M/s. Neubin Lifeciences Pvt. Ltd. is

UK/Drugs/2/UA/2023 which were duly printed on the primary and secondary packages of medicines under export. However, the primary and secondary packaging were also carrying the details of a Manufacturer with Title: "Manufactured by". The details of the Manufacturer were mentioned as M/s. A. K. Krishna Pharma Pvt. Ltd., Plot No. 68, 69 & 82, 83, Sector-6A, Sidcul II E, Dist. Haridwar, Uttarakhand, India, though that company neither manufactured the medicines nor possessed a licence to manufacture any drug. The medicines were therefore suspected to be spurious drugs as mentioned under section 17B of the Drugs and Cosmetics Act, 1940.

2.4 Samples of the drugs covered under Shipping Bill No. 6370453 dated 28.12.2023 were drawn by Drug Inspector, CDSCO, West Zone-I and sent to the Central Drugs Testing Laboratory for testing and report. During the course of investigation, Test reports received from ADC/JNPT showed that two medicines, namely PROMEZ-AK & ALCEF-1 GM were of Standard Quality, as pr the IP-2002 Protocol. These medicines were declared to be manufactured by M/s. A. K. Krishna Pharma Pvt. Ltd. which was not true, both the medicines fell under the category of mis-declaration. Further, one medicine, namely, CARDIORIN-AK, was found to be Not of Standard Quality (NSQ) and also found lacking in basic ingredient. The test report in this regard is re-produced as under:-

Sr. No.	**Ingredient Name**	**Found**	**Claim**	**% of Claim**	**Limits**	**Procedure/ Method**
1.	Aspirin	59.74 mg/tablet	75 mg/tablet	79.653	95% to 105%	IP2022

Thus, medicine, namely, CARDIORIN-AK was also not as per the declaration made in the Shipping Bill and hence appeared to be misdeclared.

3. Statements of concerned persons:

3.1 Statement of Shri Gaurav Sangal, Director of M/s Ebulde Lifesciences Pvt. Ltd. and M/s Jovial Biotech Pvt Ltd was recorded on 06.06.2024 under section 108 of the Customs Act, 1962, wherein he interalia stated that he had received Purchase Order for this export from M/s. Keblilek, a Company in Turkmenistan through Shri Alok Kumar Singh, Owner and Director of M/s. A. K. Krishna Pharma Pvt. Ltd. who also held 50% stake in his Export Firm M/s. Ebulde Lifesciences Pvt. Ltd. He lived in Russia and has business of marketing of medicines in Turkmenistan. Shri Gaurav Sangal further stated that he gave manufacturing order to domestic manufacturing firms M/s. Janya Biocare Pvt. Ltd. and M/s. Neubin Lifesciences Pvt. Ltd. Further, on being asked about the printed labels which showed medicines being manufactured by M/s. A. K. Krishna Pharma Pvt. Ltd., Shri Gaurav Sangal stated that the medicines under export were not manufactured by M/s. A.K. Krishna Pharma Pvt. Ltd. The medicines under export vide Shipping Bill No. 6370453 dated 28.12.2023 were manufactured by M/s. Janya Biocare Pvt. Ltd. and M/s Neubin Lifesciences Pvt. Ltd. He further informed that M/s. A. K. Krishna Pharma Pvt. Ltd. had

to market these medicines in Turkmenistan. This happened due to a silly mistake in the Art Work wherein rather than "Manufactured by" the right print should have been "Manufactured for". Because the Art Work was prepared by the Russian people who were not well versed in English, this silly mistake occurred. Shri Gaurav Sangal further informed that the Overseas Buyer M/s. Keblilek prepared Art Work for the medicines under export and he got it through Shri Alok Kumar Singh of M/s. A. K. Krishna Pharma Pvt. Ltd. with his signature, which he further gave to his Manufacturers M/s Janya Biocare Pvt. Ltd. and M/s Neubin Lifesciences Pvt. Ltd

3.2 Statement of Shri Vivek Goel, Authorized Representative of M/s. Neubin Lifesciences Pvt. Ltd. recorded on 10.06.2024 under Section 108 of Customs Act, 1962 wherein he interalia stated that he received a Purchase Order from Shri Gaurav Sangal of M/s. Jovial Biotech with Manufacturing License to manufacture medicines. Then, he applied and got Neutral Code and Product Permission to manufacture export purpose medicines from Drugs Department, Dehradun. He also submitted a copy of Purchase Order, Neutral Code, Manufacturing License and Product Permission applicable for export of his medicine covered under Shipping Bill No. 6370453 dated 28.12.2023. He further informed that they received Art Work for both the medicines from Shri Gaurav Sangal of M/s Jovial Biotech which was duly signed by Shri Alok Kumar Singh of M/s. A. K. Krishna Pharma Pvt. Ltd. who also held 50% stake in Export Firm M/s. Ebulde Lifesciences Pvt. Ltd.

3.3 Statement of Smt. Deepshikha, Director of M/s. Janya Biocare Pvt. Ltd. was recorded on 14.06.2024 under Section 108 of Customs Act, 1962 wherein she interalia stated that she received a Purchase Order from Shri Gaurav Sangal of M/s Jovial Biotech with Manufacturing License to manufacture medicines. Then she applied and got Neutral Code and Product Permission to manufacture export purpose medicines from Drugs Department, Dehradun. She also submitted a copy of the Purchase Order, Neutral Code, Manufacturing License and Product Permission applicable for export of medicines covered under Shipping Bill No. 6370453 dated 28.12.2023. She further informed that they received Art Work for both the medicines from Shri Gaurav Sangal of M/s Jovial Biotech which was duly signed by Shri Alok Kumar Singh of M/s. A. K. Krishna Pharma Pvt. Ltd. who also held 50% stake in Export Firm M/s. Ebulde Lifesciences Pvt. Ltd.

3.4 Statement of Shri Alok Kumar Singh, Director of M/s. A. K. Krishna Pharma Pvt. Ltd. recorded on 12.06.2024 and 25.07.2024 under Section 108 of Customs Act, 1962 wherein he interalia stated that he got this Purchase Order from M/s. Keblilek, Company in Turkmenistan and his Firms M/s. A. K. Krishna Pharma Pvt. Ltd. and M/s Life Pharma placed Purchase Orders to M/s. Ebulde Lifesciences Pvt. Ltd. On being asked about Art Work, he stated that Mr. Bairam Ashirov, Director of M/s. Keblilek personally visited India and gave Art Work to him. Further, on being asked about the details of Manufacturer on

the medicine packages under export, he stated that in Turkmenistan, these medicines will be marketed by his Firm M/s A. K. Krishna Pharma Pvt. Ltd. so he wanted to print "Manufactured for M/s. A. K. Krishna Pharma Pvt. Ltd. addressed at Plot No. 68, 69 & 82-83, Sector-6A, 1.1.E. Sidcul, Ranipur, Haridwar-249403" on the medicine packages, however, due to typographical mistake by the people in Turkmenistan, a silly mistake occurred and in the Art Work and instead of "Manufactured for", by mistake "Manufactured by" got printed. Further, on being asked why he did not correct the mistake before forwarding the same to Shri Gaurav Sangal, he stated that he missed the mistake due to his bad health. Further, on being asked why he submitted document to ADC/JNPT in the name of M/s A.K. Krishna Pvt. Ltd. whereas the Exporter is M/s. Ebulde Lifesciences Pvt. Ltd., he stated that his Firm M/s. A. K. Krishna Pvt. Ltd. had to market the product in Turkmenistan, hence he had prepared a Quality Assurance Document for his Overseas Buyer which he forwarded to M/s. ADC/JNPT to show its connection with the Medicines under export. He further stated that the paper he submitted was a copy of the Quality Assurance Paper addressed to the Consignee in Turkmenistan and the same was neither Certificate of Analysis nor in the format of Certificate of Analysis as used in India.

3.5 Statement of Shri Ajinkya Suresh Mule was recorded on 30.05.2024 and 24.07.2024 under Section 108 of the Customs Act, 1962 wherein he interalia stated that this was Exporter M/s. Ebulde Lifesciences Pvt. Ltd.’s first Shipping Bill with them. He further stated that his staff Shri Deepak Walanuj handled the cargo after its carting in Punjab Conware CFS. He withdrew the sample from the carted goods and deposited the same in the office of ADC/JNPT for getting its NOC for export. There they were informed that there was some discrepancy in the samples. They informed the same to the Exporter M/s. Ebulde Lifesciences Pvt. Ltd. Further, on being asked about connection of M/s A. K. Krishna Pharma Pvt. Ltd. with the medicines under export, they submitted a Quality Assurance Undertaking Document made on the letter head of M/s. A. K. Krishna Pharma Pvt. Ltd. as given to them by Shri Alok Kumar Singh of M/s. Ebulde Lifesciences Pvt. Ltd.

4. During the course of investigation, it was seen that Customs Broker M/s. Integrity Logistic Solution (India) Pvt. Ltd. had failed to inform Customs about mis-declaration committed by the exporter on the packaging of the goods under export. The CB failed to verify the mis-match between the Manufacturer Name printed on the primary and secondary packages and the Neutral Code printed on the same.

4.1 The exporter requested Back to Town release of goods, which was forwarded to ADC/JNPT for NOC; however, CDSCO, Western Zone denied the same on the ground that the medicines were spurious and recommended to ADC(I), CDSCO, JNPT for obtaining order from the Court of Law for destruction of the spurious drugs and also

recommended to obtain prosecution permission from the competent authority at CDSCO HQ against the involved companies or personnel in the Court of Law.

4.2 The CB by their act of omissions and commissions appeared to have failed to fulfil the obligation laid down under Regulations 10(d) and 10(e) of the CBLR-2018, as follows:-

a) Regulation 10(d) of CBLR, 2018 - *"advise his client to comply with the provisions of the Act, other allied Acts and the rules and regulations thereof, and in case of non-compliance, shall bring the matter to the notice of the Deputy Commissioner of Customs or Assistant Commissioner of Customs, as the case may be"*

(i) In the present case, medicines under export were manufactured by M/s. Janya BioCare Pvt. Ltd. and M/s. Neubin Lifesciences Pvt. Ltd. Further, as required for the purpose of export, their Neutral Codes were also printed on the primary and secondary packages of the medicines under export. Despite the Neutral Codes being printed on the medicines, the exporter got additional details of the manufacturer printed as M/s. A. K. Krishna Pharma Pvt. Ltd., though that company neither manufactured the medicines nor possessed a licence to manufacture any drug, rendering the goods spurious within the meaning of Section 17B of the Drugs and Cosmetics Act, 1940.

(ii) The Customs Broker failed to advise the exporter that Rule 94(1) of the Drugs and Cosmetics Rules, 1945 permits adaptation of labels on drugs meant for export to meet the requirements of the importing country and, where a Neutral Code is adopted for the manufacturer, the prescribed code is intended to be used in place of the manufacturer's particulars on the labels. Once the Neutral Codes of the actual manufacturers, namely M/s. Janya BioCare Pvt. Ltd. and M/s. Neubin Lifesciences Pvt. Ltd., had been printed on the primary and secondary packaging of the medicines, there was no requirement to additionally declare M/s. A. K. Krishna Pharma Pvt. Ltd. as the manufacturer. The Customs Broker failed to advise regarding the proper use of Neutral Codes under Rule 94(1) of the Drugs and Cosmetics Rules, 1945. By facilitating the export of goods bearing the name of an entity which neither manufactured the drugs nor held a valid manufacturing licence, the exporter contravened the provisions of the Drugs and Cosmetics Act, 1940. Further, the Customs Broker failed to advise the exporter regarding the apparent mismatch between the manufacturer's name printed on the primary and secondary packages and the Neutral Codes printed thereon, which clearly corresponded to different manufacturers.

(iii) Moreover, even after being informed by the ADC/JNPT regarding discrepancies noticed in the samples, the Customs Broker failed to bring the matter to the notice of the Deputy Commissioner of Customs or Assistant Commissioner of Customs, as required under Regulation 10(d) of the Customs Brokers Licensing Regulations, 2018. The Customs Broker failed to advise the exporter regarding the labelling requirements prescribed under Rule 94(1) of the Drugs and Cosmetics Rules, 1945, the improper declaration of a non-

manufacturer as the manufacturer of the exported drugs as well as failed to report such non-compliance to the Customs authorities. Consequently, the Customs Broker contravened the provisions of Regulation 10(d) of CBLR, 2018.

b) Regulation 10(e) of the Customs Brokers Licensing Regulations, 2018 - *"exercise due diligence to ascertain the correctness of any information which he imparts to a client with reference to any work related to the clearance of cargo or baggage."*

(i) In the present case, during the course of investigation, the Customs Broker admitted that the export documents were not received directly from the exporter. Shri Alok Kumar Singh provided all the export-related documents to Shri Sanjeev Chopra who is a forwarding agent, and the said documents were thereafter forwarded to the Customs Broker for processing of the export consignments. The Customs Broker further admitted that he did not verify the export documents of the consignment with the exporter. The Customs Broker, in his statement, admitted that the document was accepted merely on the assumption that Shri Sanjeev Chopra knew both Shri Alok Kumar Singh and Shri Gaurav Sangal for many years and that he presumed both individuals were associated with the same company. Such assumptions, unsupported by any documentary verification, cannot be regarded as due diligence as required under Regulation 10(e) of CBLR, 2018.

(ii) Further, when discrepancies were noticed by ADC/JNPT in samples of the medicines under export, the Customs Broker accepted and relied upon a Quality Assurance Undertaking purportedly issued on the letterhead of M/s. A.K. Krishna Pharma Pvt. Ltd. The said document had been supplied by Shri Alok Kumar Singh to the CB, who was neither the exporter nor an authorised representative of the overseas buyer. Despite this, the Customs Broker accepted the document without carrying out any verification and due diligence as required under Regulation 10(e) of CBLR, 2018.

(iii) During the course of investigation, the Customs Broker submitted export documents, including tax invoices, wherein M/s. A.K. Krishna Pharma Pvt. Ltd. was declared as the manufacturer of the medicines under export. However, investigation revealed that M/s. A.K. Krishna Pharma Pvt. Ltd. neither manufactured the said drugs nor possessed a valid manufacturing license under the Drugs and Cosmetics Act, 1940. Further, the goods were found to be spurious within the meaning of Section 17B of the Drugs and Cosmetics Act, 1940. Had the Customs Broker exercised reasonable due diligence to ascertain the correctness of the information contained in the export documents, he would have detected the discrepancy at the initial stage itself and sought clarification and supporting documentary evidence from the exporter before undertaking Customs clearance of the consignments.

(iv) Further, the Customs Broker failed to verify the correctness of the information contained in the tax invoices, wherein M/s. A.K. Krishna Pharma Pvt. Ltd. was declared

as the manufacturer of the medicines under export. This discrepancy was apparent from the fact that, while the labels of the medicines bore the name of M/s A.K. Krishna Pharma Pvt. Ltd., the Neutral Codes printed on the primary and secondary packaging corresponded to the actual manufacturers, namely M/s. Janya BioCare Pvt. Ltd. and M/s. Neubin Lifesciences Pvt. Ltd. Despite the existence of such contradictory information on the export documents and packaging of the goods, the Customs Broker failed to exercise due diligence to ascertain the correctness of the manufacturer's details before processing the export consignments.

(v) Therefore, by accepting export documents from an unauthorized third party without verification, relying upon unverified documents and assumptions, failing to verify the authenticity and correctness of the information contained in the export documents, and failing to detect and verify discrepancies relating to the identity of the manufacturer of the exported medicines, the Customs Broker failed to exercise due diligence as mandated under Regulation 10(e) of the Customs Brokers Licensing Regulations, 2018.

5. The evidence on record indicated that the Customs Broker was working in a negligent manner and was in violation of obligations cast upon them under the CBLR, 2018. From the above stated facts and outcome of the investigation, it appeared that the CB M/s. Integrity Logistic Solution (India) Pvt. Ltd. (CB License No. 11/394) failed to fulfil the obligations as mandated under CBLR, 2018 and violated Regulations 10(d) & 10(e) of CBLR, 2018 thereby rendering themselves liable to penal action under CBLR, 2018.

5.1 In view of the offence report i.e. SCN No. 2118/2025-26/ADC/CEAC/NS-II/CAC/JNCH dated 04.03.2026 action under CBLR, 2018 was initiated against the CB M/s. Integrity Logistic Solution (India) Pvt. Ltd. (CB License No. 11/394) and accordingly, a Show Cause Notice (SCN) No. 10/2026-27 dated 02.06.2026 was issued to the CB M/s. Integrity Logistic Solution (India) Pvt. Ltd. under the provisions of Regulation 17(1) of the CBLR, 2018 wherein, the CB was charged with violation of Regulations 10(d) and 10(e) of the CBLR, 2018 and was called upon to show cause, as to why:

a. The Customs Broker License bearing no. 11/394 issued to them should not be revoked under Regulation 14 read with Regulation 17 of the CBLR, 2018;

b. Security deposited should not be forfeited under Regulation 14 read with Regulation 17 of the CBLR, 2018;

c. Penalty should not be imposed upon them under Regulation 18 read with Regulation 17 of the CBLR, 2018.

5.2 Shri Ajay Kumar Tadia, Deputy Commissioner of Customs was appointed as Inquiry Officer to conduct the inquiry proceedings against the CB M/s. Integrity Logistic

Solution (India) Pvt. Ltd. (CB License No. 11/394). However, he requested to be excused from conducting the proceedings citing heavy workload during the period. Accordingly, Shri Alok Kumar, Assistant Commissioner was appointed as the Inquiry Officer on 08.06.2026. Shri Alok Kumar, Assistant Commissioner vide letter dated 15.07.2026 intimated that he had been transferred vide Office Order No. 14/2026 (Centralized Order No. DGHRD/AC-DC/300/2026) and hence was not in a position to complete the inquiry proceedings. Consequently, Shri Suyog Joshi, Assistant Commissioner was appointed as the Inquiry Officer on 24.07.2026 to complete the inquiry proceedings against the CB M/s. Integrity Logistic Solution (India) Pvt. Ltd.

INQUIRY REPORT: -

6. The Inquiry Officer (hereinafter referred to as the 'IO') concluded the inquiry proceedings and submitted the Inquiry Report dated 09.09.2026, wherein, both the charges levelled against the CB vide Show Cause Notice No. 10/2026-27 dated 02.06.2026 were held as Not Proved.

FINDINGS OF THE INQUIRY OFFICER: -

The IO submitted as below –

7. **Article of Charge-I:** As per Regulation 10(d) of CBLR, 2018, a Customs Broker Shall *"advise his client to comply with the provisions of the Act, other allied Acts and the rules and regulations thereof, and in case of non-compliance, shall bring the matter to the notice of the Deputy Commissioner of Customs or Assistant Commissioner of Customs, as the case may be;"*

7.1 From above it is clear that the cause of action for CB's advice to his client arises only when there is some sort of non-compliance of the provisions of the Act, other allied Acts and the rules and regulations, on the part of his client, and the CB is having prior information of such non-compliance. Hence if there is complete compliance, or such non-compliance of statutory provisions which is beyond the scope or obligation of the CB or if the CB is not having any prior information about such non-compliance, then the question of giving advice to his client does not arise in the first place. Also, it is on record from the statement of Director of M/s. Integrity Logistic Solution (India) Pvt. Ltd. that this was the first shipping bill with them of the exporter. The cargo was carted directly in Punjab Conware CFS and withdrew the sample from the carted goods and deposited the same in the office of ADC/JNPT for getting its NOC for export. There they were informed that there was some discrepancy in the samples. They informed the same to the Exporter M/s. Ebulde Lifesciences Pvt. Ltd.

7.2 Also, further statement of Shri Alok Kumar Singh, Director of M/s. A.K. Krishna Pharma Pvt. Ltd is self-explanatory that the exporter was well aware about the labelling

requirement. The said mistake in labelling occurred due to a silly mistake in the Art Work wherein rather than "Manufactured by" the right print should have been "Manufactured for". Show Cause Notice No. 10/2026-27 dated 02.06.2026 is not forthcoming as how CB has violated regulation 10(d) of the Customs Brokers Licensing Regulations (CBLR), 2018.

7.3 I rely upon the decision of CESTAT, Kolkata Bench in the case Deepankar Sen vs Commissioner of Customs, Kolkata 2003 (159) ELT 260 (TRI-Kolkata) wherein, it was held that *merely acting as a Customs House Agent, does not ipso facto lead to an inevitable conclusion that he was in hand in glove with the exporters/importers in absence of any record to that effect*.

7.4 I find that the ratio of the above judgement is squarely applicable in the present case. I find that the charge of violation of regulation 10(d) by Customs Broker without producing any corroborative evidence cannot sustain in law. Moreover, it is settled law that it is not the job of Customs Broker to investigate the veracity of the claims made in the import documentation. His only responsibility is to file the Exporters documents in ICES system and to assist the Exporter for clearance of the cargo. This liability of advice/inform cannot be extended to the truthfulness of the declaration vis-a-vis the actual goods imported or exported, which liability rests with the importer/exporter.

7.5 I further find that unless it is found that false details in the export documents filed with the department were entered by the Customs Broker knowingly, the Customs Broker cannot prima facie be held to have violated the regulation 10(d). I find that there were errors in the declaration in the shipping bill filed by the CB which was supplied by the exporter before the Customs authorities for clearance of consignment. The main issue involved in this case is additional details of the manufacturer printed as M/s A.K. Krishna Pvt. Ltd. on the goods for exportation. There is no evidence on record that the CB was aware of the intent or modus adopted by exporter. Nor is there any allegation that the noticee CB had contributed in deceiving the customs authority. In absence of any prior information about such offence/non-compliance, the cause of action for the Customs Broker to advise his client does not arise. Thus, I hold that the charge of violation of Regulation 10(d) of Customs. Brokers Licensing Regulations (CBLR), 2018 is 'Not Proved'.

8. **Article of Charge-II:** As per Regulation 10(e) of CBLR, 2018, a Customs Broker Shall *"exercise due diligence to ascertain the correctness of any information which he imparts to a client with reference to any work related to clearance of cargo or baggage;"*

8.1 From the plain reading of the Regulation 10(e) of CBLR, 2018, it becomes clear that the Customs Broker is duty bound to exercise due diligence or appropriate care to verify the correctness of any information that the CB imparts to his client in any work

related to Customs clearance. It appears that the legislative intention is presupposing that it would be cumbersome for any exporter/importer in the works related to customs clearance which is complex in nature. Hence, through regulation 10(e) it has obligated the Customs Broker to be very careful to verify the correctness of any information, be it statutory or procedural which the Customs Broker imparts to the client in the works related to Customs clearance.

8.2 In the present case, during the course of investigation, the CB admitted that the export documents were not received directly from the exporter. Shri Alok Kumar Singh provided all the export related documents to Shri Sanjeev Chopra who was a forwarding agent, and the said documents were thereafter forwarded to the CB for processing of the export consignment. The CB further admitted that they did not verify the export documents of the consignment with the exporter. The CB in his statement, admitted that the documents were accepted merely on the assumption that Shri Sanjeev Chopra knew both Shri Alok Kumar Singh and Gaurav Sangal for many years and that they presumed both individuals were associated with the same company. Such assumptions, unsupported by any documentary verification, cannot be regarded as due diligence as required under Regulation 10(e) of CBLR, 2018.

8.3 Further, when discrepancies were noticed by ADC/JNPT in samples of the medicines under export, the Customs Broker accepted and relied upon a Quality Assurance Undertaking purportedly issued on the letterhead of M/s. A.K. Krishna Pharma Pvt. Ltd. The said documents had been supplied by Shri Alok Kumar Singh to the CB, who was neither the exporter nor an authorized representative of the overseas buyer. Despite this, the CB accepted the documents without carrying out any verification and due diligence as required under Regulation 10(e) of CBLR, 2018. As stated above Regulation 10(e) only casts a duty on the Customs Broker to exercise due diligence in communicating correct information to the department with reference to any work related to export of cargo. The said regulation has no concern/application with the acts or omissions of the exporter firm itself. There is no finding in the said Show cause Notice that the charged Customs Broker had given any incorrect information in the process adopted for the Customs clearance of the said consignment. Reliance is placed on the below mentioned case law:

> *DS Cargo Agency vs Commissioner of Customs on 25 september, 2023* - It states that, *"the said regulation cast a duty on the Customs Broker to exercise due diligence in communicating correct information to a client with reference to any work related to clearance of cargo. The said regulation has no concern/application with the acts or omissions of the importer firms itself. (Re: Kunal travels (Cargo) v. Commissioner of Customs (Import & General), 2017 SCC Online Del 7683). There is no finding in the order of the Commissioner that the Appellant had given any incorrect information to the importer firms in the process adopted for the clearance of the goods at the*

Customs Station or in any manner abetted the importer firms in the diversion of the goods from the public bonded warehouse to the domestic market."

8.4 I find that the ratio of the above judgement is squarely applicable in the present case. I find that the CB has attached Invoice, Packing List, necessary documents were submitted to the proper officer. It is no part of the obligation of the CB to investigate into the correctness of such declaration filed by the exporter. Also, none of the persons have stated that the CB were aware or had knowledge about the alleged export of goods spurious drugs. So, Customs Broker cannot prima facie be held to have violated the regulation 10(e). I find that there is no evidence to prove that CB was having prior knowledge about the alleged export of spurious drugs. Thus, I hold that the charge of violation of Regulation 10(e) of Customs Brokers Licensing Regulations (CBLR), 2018 is 'Not Proved'.

9. **SUMMARY OF THE FINDINGS:**

From the aforesaid discussions as mentioned above, the IO concluded his findings as under:

Sr. No.	Charges against the CB	Findings
1.	Violation of Regulation 10(d) of CBLR, 2018	Not Proved
2.	Violation of Regulation 10(e) of CBLR, 2018	Not Proved

DISAGREEMENT MEMO: -

10. The Inquiry Officer in his report dated 09.09.2026 held all the charges levelled in the SCN as “Not Proved”. The Principal Commissioner of Customs (Gen.), Mumbai-I disagreed with the Inquiry Officer’s report and hence, a Disagreement Memo dated 05.10.2026 was issued to the CB. Thereafter, under the provisions of Regulation 17(6) of the CBLR, 2018, a copy of the Inquiry Report and Disagreement Memo was shared with the CB and further, an opportunity of personal hearing was granted to the CB on 23.10.2026.

RECORDS OF PERSONAL HEARING: -

11. The Personal Hearing (PH) in the matter was held on 23.10.2026 before me. Shri Prashant Kubal, Consultant appeared for the hearing on behalf of the CB. He submitted a written reply dated 21.10.2026 and reiterated the facts of the same. Accordingly, the oral and written submissions of the CB were taken on record.

WRITTEN SUBMISSION OF THE CB: -

The CB submitted as below -

12. At the outset, the Noticee once again deny the allegations levelled in the Show Cause Notice No. 10/2026-27 dated 02.06.2026, which is baseless, as the same is not

supported with documentary or oral evidences. The observations in the Disagreement Memo are contrary to the facts of this case and legal position as laid down by various judicial pronouncements given on the issues similar to this case. The Disagreement Memo seeks to impose the entire burden of the Exporter's alleged violations under the Customs Act, 1962 upon the Noticee Customs Broker, which is not only beyond the scope of the CBLR, 2018 but also traverses beyond the Show Cause Notice.

12.1 It is respectfully submitted that the Disagreement Memo 05.10.2026 is completely devoid of merits and does not in any way consider the findings of the Inquiry Report dated 09.09.2026 in the right spirit, wherein it was found that all charges framed under regulation 10(d) and 10(e) of the CBLR, 2018, were "Not Proved". The Inquiry Officer (I.O.), after a thorough evaluation of the evidence and CB's detailed reply concluded that the CB acted with due diligence and that no lapse is attributable to the Noticee Customs Broker. It is respectfully submitted that the observations made by learned Inquiry Officer in the aforesaid Inquiry Report are as per the facts of this case and legal position as laid down by various judicial pronouncements given on the issues similar to this case.

12.2 The Disagreement Memo dated 05.10.2026 has been communicated to us with communication of adverse material and/or reasons for difference, which enable us to rebut, qualify or explain the adverse material and show cause against the proposed adverse action. Principles of natural justice requires that the said material/ reasons must be communicated to the Customs Broker to rebute or explain proposed adverse action in Show Cause Notice as well as in Disagreement Memo issued. In this regard, Reliance is placed on the decision of the *Hon'ble High Court, New Delhi in the case of M/s. HIM Logistics Pvt. Ltd. Vs. Commissioner of Customs (General), in WP (C) No. 9660/2015*, wherein it was held that mere communication of the inquiry report, which is in favour of the petitioner and without communication of adverse material and/or reasons for difference, would not enable the petitioner to rebut, qualify or explain the adverse material and show cause against the proposed adverse action. Principles of natural justice required that before an adverse decision was taken against the petitioner, the petitioner should have been communicated the adverse material/reasons for disagreement. Reliance is placed on the decision of the *Hon'ble CESTAT, New Delhi in case of M/s. P.I. Logistics (India) Pvt. Ltd. Vs. Commissioner of Customs (I &G), New Delhi (Final Order No. 51672016 dated 28.04.2016)*, wherein it was held that non-issuance of notice on the disagreement of the Original Authority with any part of the Inquiry Report is clear violation of principles of natural justice. In the aforesaid case, on the ground of non-issuance of Disagreement Notice /Memo, order passed by the Original Authority was set aside.

12.3 We would like to further submit that it is provided in Sub-regulations 6 of Regulation 17 of CBLR, 2018 that no order for revoking the license shall be passed unless

an opportunity is given to the Customs Broker to be heard in person by the Principal Commissioner of Customs or Commissioner of Customs, as the case may be. Provisions of Regulation 17 of the CBLR, 2018 stipulates that the Customs Broker should be provided the material, which is to be used against him for passing an adverse order, if any, so he is in a position to rebut, qualify or explain the same and show cause against the proposed adverse action. If the adverse material or the reasons for disagreement are withheld from Customs Broker, then, the entire exercise would be a futility as he would not be provided with an opportunity to rebut, qualify or explain the same and show cause against the proposed adverse action. However, it is pertinent to mention that no comments/reasons for disagreement has been offered by the Department on some of the findings of the Inquiry Officer. We would like to further bring attention to the notice of the Hon'ble Principal Commissioner of Customs (General), Mumbai-I, in the said Inquiry Report 09.09.2026, the Inquiry Officer has observed that ratio of the judgement relied upon by us is applicable in the present case. However, no comments/ reasons for disagreement on the various case laws has been offered by the Department on the said case laws. No disagreement grounds on various case laws referred by the Inquiry Officer has been communicated to us. If the Department is in disagreement with the ratio of the judgement relied upon by the Inquiry Officer then it expected that reasons for disagreement on the ratio of the judgement relied upon by the Inquiry Officer ought to have communicated to us in the said Disagreement Memo. In view of the above, while refuting following grounds of the Disagreement Memo, we have specifically mentioned that no such comments/reasons for disagreement has been offered in the said Disagreement Memo dated 05.10.2026. We request Hon'ble Principal Commissioner of Customs (General), Mumbai -I to look into these aspects.

12.4 TIME LINE UNDER CBLR, 2018 NOT MAINTAINED:

It is submitted that the impugned Show Cause Notice No. 10/2026-27 dated 02.06.2026 was issued on the basis of an Offense Report in the form of A Show Cause Notice No. 3000/2025-26/ADC/CEAC/NS-II/CAC/JNCH dated 04.03.2026 issued by the Commissioner of Customs (In-Situ), CEAC, NS-II, JNCH. Regulation 17 provides for the procedure for revoking license or imposing penalty. Regulation 17(1) provides that the Principal Commissioner or Commissioner of Customs/Commissioner of Customs shall issue a notice in writing to the Customs Broker within a period of 90 days from the date of receipt of an Offence Report, stating the ground on which it is proposed to revoke the license. It is submitted that inquiry proceedings has also not been completed within stipulated 90 days under Regulation 17(5) of CBLR, 2018. The Inquiry Officer after considering facts of the case and reply filed by the Noticee Customs Broker submitted Inquiry Report dated 09.09.2026, which was communicated to the Noticee Customs Broker vide a letter dated 05.10.2026. In this regard, the procedure preparation/submission of

Inquiry Report is governed by Regulation 17(5) of CBLR, 2018, the relevant extract is set forth below:-

> **"Regulation 17(5) -**
> *At the conclusion of the inquiry, the Deputy Commissioner of Customs or Assistant Commissioner of Customs, as the case may be, shall prepare a report of the inquiry and after recording his findings thereon submit the report within a period* of ninety days from the date of issue of a notice under sub-regulation (1)."

Hence, the Inquiry Officer is bound to issue a Inquiry Report within 90 days from 02.06.2026 i.e. from the date issue of said Show Cause Notice i.e. by 31st August, 2026. The Inquiry Officer has not followed the timeline set forth in Regulation 17(5) of the CBLR, 2018. There is a delay of 09 days. Reliance is placed upon -

> *(i) Decision of Hon'ble High Court Delhi in case of LEO Cargo Services vs. Commissioner of Customs, Airport & General, New Delhi, reported in 2022 (385) E.L.T. 30 (Del.)*
>
> *(ii) Decision of the Hon'ble High Court, Madras in case of KTR Logistics Solutions Pvt. Ltd. Vs. Commissioner of Customs, Chennai, reported in 2020 (371) E.L.T. 685 (Mad.)*
>
> *(iii) Decision of the Hon'ble High Court, Madras in case of M/s. Sea Queen Shipping Services Pvt. Ltd. Vs. Commissioner of Customs, Chennai, in W. P. Number 27243 of 2025 & WMP.Nos. 30622 & 30624 of 2025.*

12.5 In this regard, the procedure for revoking suspension of the license or revoking the licence of the Customs Broker or imposing penalty is governed by Regulation 17(6) of CBLR, 2018, the relevant extract is set forth below:-

> *"Regulation 17(6) - The Principal Commissioner or Commissioner of Customs shall furnish to the Customs Broker a copy of the report of the Deputy Commissioner of Customs or Assistant Commissioner of Customs as the case may be, and shall require the Customs Broker to submit, within the specified period not being less than thirty days, any representation that he may with to make against the said report".*

The said Inquiry Report was communicated to us vide a Disagreement Memo dated 05.10.2026. As per provisions of Regulation 17(6) of CBLR, 2018, the Department ought to have given 30 days time to submit representation. However, as per para 15 of the said Disagreement Memo, time of 30 was given to the Noticee CB i.e. by 04.11.2026, however, personal hearing has been fixed on 23.10.2026 i.e. 12 days prior.

13. **Refutation on Article of Charge-I viz. Regulation 10(d) of CBLR, 2018 and Disagreement Ground in para no. 11 of the Disagreement Memo dated 05.10.2026 regarding Violation of Regulation 10(d) of the CBLR, 2018:**

13.1 From the impugned Show Cause Notice no., it is seen that charges of violation of Regulation 10(d) of CBLR, 2018 for not advising to the exporter to comply with the provision of Act and the rules and regulation. It is alleged that the Noticee Customs Broker did not advise the exporter to comply with the provisions of the Customs Act, 1962, which

led to alleged exportation of spurious drugs. In this regard, it is respectfully submitted that there is no default on the part of Noticee Customs Broker the Shipping Bill 6370453 dated 28.12.2023 was filed as per the Invoice and Packing List and other documents submitted by the exporter M/s Ebulde Lifesciences Pvt Ltd. It is respectfully submitted that the role of Customs Broker is limited to filing of the documents as received from the exporter. The Customs Broker cannot be expected get in the role of an investigating agency and probe the exporter. Also, the Noticee Customs Broker do not have the expertise and the resources to cause such investigations. Therefore, the proposition of involvement of the Customs Broker in facilitating exports is speculative of its role and therefore cannot be sustained. Only because the Noticee Customs Broker handled the export consignment covered under Shipping Bill Nos. 6370453 dated 28.12.2023 does not mean that the Noticee Customs Broker has facilitated/ abetted the exporters in export of spurious drugs. We would like to further submit that the Noticee Customs Broker did not physically seen the impugned goods before the same were received in custom area. In this regard, we rely upon the decision of the **Hon'ble Tribunal, Kolkata in the case of Advent Shipping Agency Versus Principal Commissioner of Customs (A & A), Kolkata, reported in (2023) 2 Centax 157 (Tri.-Cal, wherein the Kolkata bench of Hon'ble Tribunal has held that:**

> "*it is apparent that a custom broker does not actually physically see the goods before the same are received in custom area. The Custom Broker operates on the basis of document supplied to him and in that context it can hardly be held that the shipping Bill filed by the Custom Broker on the strength of documents supplied by the exporter is wrong. While repeatedly it has been asserted that the appellant had assisted the exporter in the mis-declaration no specific manner in which such assistance was extended has been mentioned. The impugned order solely relied on the inquiry report without giving his own findings. In this circumstances we did not find any merit in confirmation of charge under Regulation 10(d) of the CBLR 2018. The same is dropped".*

13.2 Reliance is placed upon the decision in the case of Dipankar Sen Vs Commissioner of Customs, Kolkata reported in 2003 (159) ELT 260 (Tri. Kolkata) it has been held that merely acting as a Customs House Agent for the exporters, does not, ipso facto, lead to an inevitable conclusion that he was in hand in glove with the exporters in absence of any record to that effect. Only because the Noticee Customs Broker handled the export consignments, does not mean that the Noticee Customs Broker facilitated/ abetted the exporter in alleged exportation of spurious drugs. The Customs Broker cannot be faulted in any manner when the Noticee Customs Broker has placed the information available with the Noticee Customs Broker before the customs authorities.

13.3 It is pertinent to mention that the Inquiry Officer in para 27.5 of the said Inquiry Report observed that:

> *"27.5 I rely upon the decision of CESTAT, Kolkata 8ench in the case Deepankar Sen vs Commissioner of Customs versus Commissioner of Customs, Kolkata 2003 (159)*

ELT 260 (TRI-Kolkata) wherein, it was held that merely acting as a Customs House Agent, does not ipso facto lead to an inevitable conclusion that he was in hand in glove with the exporters/importers in absence of any record to that effect".

No disagreement grounds on aforementioned case law referred by the Inquiry Officer has been communicated to the Noticee CB. If the Department is in disagreement with the ratio of the judgement relied upon by the Inquiry Officer then it expected that reasons for disagreement on the ratio of the judgement relied upon by the Inquiry Officer ought to have communicated to the Noticee Customs Broker in the said Disagreement Memo. What was expected in the said Disagreement Memo that if the Department disagree with the case law viz. Dipankar Sen Vs Commissioner of Customs, Kolkata reported in 2003 (159) ELT 260 (Tri. Kolkata) then the Department was required to show that ratio of the said judgement not applicable in the instant case. The Department cannot adopt pick and choose method. For illustration purpose if there are 5 findings viz. A, B, C, D and E. If the Department disagree with the findings of the Inquiry Report then the Department is expected to communicate disagreement grounds on all 5 findings of the Inquiry Officer in the Inquiry Report. Any partial disagreement grounds automatically leads to default agreement i.e. for illustration purpose, if the Department communicate disagreement grounds on findings of the Inquiry Officer 'A' and 'B' out of aforementioned five grounds viz. 'A', 'B', 'C', 'D' and 'E', leads to default (automatic) conclusion that Department is agree with the remaining findings of the Inquiry Officer viz. 'C', 'D' and 'E'. It is respectfully submitted that no disagreement grounds on findings of the Inquiry officer on case law viz. Dipankar Sen Vs Commissioner of Customs, Kolkata reported in 2003 (159) ELT 260 (Tri. Kolkata) has been offered in the said Disagreement Memo dated 05.10.2026, leads to default conclusion that 'Department agree that ratio of the said judgement is applicable in the instant case'.

13.4 It is respectfuly submitted that presuming that there were errors in the declaration in the shipping bills, the Noticee Customs Broker cannot be held responsible for the same as Noticee Customs Broker has placed complete information and documents as supplied by the exporter before the Customs authorities for clearance of the consignment. The main issue involved in this case is additional details of the manufacturer printed as M/s. A. K. Krishna Pharma Pvt. on the goods for exportation. There no evidence on record to show that the noticee CB was aware of the intent or modus adopted by the exporter. Nor is there any allegation that the Noticee CB had contributed in deceiving the customs authorities. Kind attention is invited to para 8.1 of the impugned Show Cause Notice, wherein statement of Shri Gaurav Sangal, Director of M/s Ebulde Lifesciense Pvt Ltd and M/ s Jovial Biotech Pvt Ltd recorded on 06.06.2024 under section 108 of the Customs Act, 1962 has been re-produced, where on being asked about the printed labels which shows medicines being manufactured by M/s. A. K. Krishna Pharma Pvt. Ltd., Shri Gaurav Sangal

stated that the medicines under export were not manufactured by M/s. A. K. Krishna Pharma Pvt. Ltd.; that the medicines under export vide Shipping Bill No. 6370453 dated 28.12.2023 were manufactured by M/s. Janya Biocare Pvt. Ltd. and M/s. Neubin Lifesciences Pvt. Ltd; that M/s. A. K. Krishna Pharma Pvt. Ltd. had to market these medicines in Turkmenistan. He further stated that it happened due to a silly mistake in the Art Work wherein rather than "Manufactured by" the right print should have been "Manufactured for"; that because the Art Work was prepared by the Russian people who were not well versed in English, this silly mistake occurred; that the Overseas Buyer M/s. Keblilek prepared Art Work for the medicines under export and he got it through Shri Alok Kumar Singh of M/s. A. K. Krishna Pharma Pvt. Ltd. with his signature, which he further gave to his Manufacturers M/s. Janya Biocare Pvt. Ltd. and M/s. Neubin Lifesciences Pvt. Ltd.

13.5 It is respectfully submitted that the aforementioned statement of Shri Gaurav Sangal, Director of M/s Ebulde Lifesciense Pvt Ltd and M/ s Jovial Biotech Pvt Ltd recorded on 06.06.2024 is self explanatory the exporter was well aware about the labelling requirement. The said mistake in labelling occurred due to a silly mistake in the Art Work wherein rather than "Manufactured by" the right print should have been "Manufactured for". It is pertinent to mention that the exporter in his aforementioned statement has stated that the Art Work was prepared by the Russian people who were not well versed in English. For the exportation of drugs, labelling requirement of local laws regarding labelling of drugs/medicines of that country has to be followed. Under Rule 94 of the Drugs and Cosmetics Rules, 1945, labels on packages or containers of medicines exported from India must primarily be adapted to meet the specific legal requirements of the destination country. Provisions of Rule 94 of the Drugs and Cosmetics Rules, 1945 are re-produced below:

> *"94. Exemption of certain drugs from certain provisions of this Part.— (1) Labels on packages or containers of drugs for export shall be adapted to meet the specific requirements of the law of the country to which the drug is to be exported but the following particulars shall appear in a conspicuous position on the innermost container in which the drug is packed and every other covering in which that container is packed: (a) name of the drug; (b) the name, address of the manufacturer and the number of the licence under which the drug has been manufactured; (c) batch or lot number; (d) date of expiry, if any*

13.6 Kind attention is invited to para 8.2 of the impugned Show Cause Notice, where in Statement of Shri Vivek Goel, Authorized Representative of M/s. Neubin Lifesciences Pvt. Ltd. recorded on 10.06.2024 under Section 108 of Customs Act, 1962 wherein he interalia stated that he received a Purchase Order from Shri Gaurav Sangal of M/s. Jovial Biotech with Manufacturing License to manufacture medicines. Then, he applied and got Neutral Code and Product Permission to manufacture export purpose medicines from Drugs Department, Dehradun. He also submitted a copy of Purchase Order, Neutral Code,

Manufacturing License and Product Permission applicable for export of his medicine covered under Shipping Bill No. 6370453 dated 28.12.2023. He further informed that they received Art Work for both the medicines from Shri Gaurav Sangal of M/s Jovial Biotech which was duly signed by Shri Alok Kumar Singh of M/s. A. K. Krishna Pharma Pvt. Ltd. who also holds 50% stake in Export Firm. It is pertinent to mention that the exporter in his aforementioned statement has stated that he applied and got Neutral Code and Product Permission to manufacture export purpose medicines from Drugs Department, Dehradun. Thus, the exporter was well verse with provisions of Neutral Code.

13.7 Kind attention is invited to para 8.3 of the impugned Show Cause Notice, where in Statement of Smt. Deepshikha, Director of M/s. Janya Biocare Pvt. Ltd. Was recorded on 14.06.2024 under Section 108 of Customs Act, 1962 wherein she interalia stated that she received a Purchase Order from Shri Gaurav Sangal of M/s. Jovial Biotech with Manufacturing License to manufacture medicines. Then she applied and got Neutral Code and Product Permission to manufacture export purpose medicines from Drugs Department, Dehradun. She also submitted a copy of the Purchase Order, Neutral Code, Manufacturing License and Product Permission applicable for export of medicines covered under Shipping Bill No. 6370453 dated 28.12.2023. She further informed that they received Art Work for both the medicines from Shri Gaurav Sangal of M/s. Jovial Biotech which was duly signed by Shri Alok Kumar Singh of M/s. A. K. Krishna Pharma Pvt. Ltd. who also holds 50% stake in Export Firm M/s. Ebulde Lifesciences Pvt. Ltd. It is pertinent to mention that the exporter in her aforementioned statement has stated that she applied and got Neutral Code and Product Permission to manufacture export purpose medicines from Drugs Department, Dehradun. Thus, the exporter was well verse with provisions of Neutral Code.

13.8 Kind attention is invited to para 8.4 of the impugned Show Cause Notice, where in Statement of Shri Alok Kumar Singh, Director of M/s. A. K. Krishna Pharma Pvt. Ltd. was recorded on 12.06.2024 and 25.07.2024 under Section 108 of Customs Act, 1962 wherein he interalia stated that he got this Purchase Order from M/s. Keblilek, Company in Turkmenistan and his Firms M/s. A. K. Krishna Pharma Pvt. Ltd. and M/s. Life Pharma placed Purchase Orders to M/s. Ebulde Lifesciences Pvt. Ltd. On being asked about Art Work, he stated that Mr. Bairam Ashirov, Director of M/s. Keblilek personally visited India and gave Art Work to him. Further, on being asked about the details of Manufacturer on the medicine packages under export, he stated that in Turkmenistan, these medicines will be marketed by his Firm M/s. A. K. Krishna Pharma Pvt. Ltd. so he wanted to print "Manufactured for M/s. A. K. Krishna Pharma Pvt. Ltd. addressed at Plot No. 68, 69 & 82-83, Sector-6A, 1. I.E. Sidcul, Ranipur, Haridwar-249403" on the medicine packages, however, due to typographical mistake by the people in Turkmenistan, a silly mistake occurred and in the Art Work and instead of "Manufactured for", by mistake "Manufactured by" got printed. Further, on being asked why he did not correct the mistake

before forwarding the same to Shri Gaurav Sangal, he stated that he missed the mistake due to his bad health. Further, on being asked why he submitted document to ADC/JNPT in the name of M/s. A. K. Krishna Pvt. Ltd. whereas the Exporter is M/s. Ebulde Lifesciences Pvt. Ltd., he stated that his Firm M/s. A. K. Krishna Pvt. Ltd. has to market the product in Turkmenistan, hence he had prepared a Quality Assurance Document for his Overseas Buyer which he forwarded to M/s. ADC/JNPT to show its connection with the Medicines under export. He further stated that the paper he submitted is a copy of the Quality Assurance Paper addressed to the Consignee in Turkmenistan and the same is neither Certificate of Analysis nor in the format of Certificate of Analysis as used in India. It is respectfully submitted that the aforementioned statement of Shri Alok Kumar Singh, Director of M/s. A. K. Krishna Pharma Pvt. Ltd**.** is self explanatory the exporter was well aware about the labeling requirement. The said mistake in labelling occurred due to a silly mistake in the Art Work wherein rather than "Manufactured by" the right print should have been "Manufactured for". Thus, Noticee CB is not responsible for mistake in labeling.

13.9 It is pertinent to mention that the Inquiry Officer in para 27.3 of the said Inquiry Report observed that:

> *"27.3 Also it is further statement of Shri Alok Kumar Singh, Director of M/s. A.K. Krishna Pharma Pvt. Ltd is self explanatory the exporter was well aware about the labelling requirement. The said mistake in labelling occurred due to a silly mistake in the Art Work wherein rather than "Manufactured by "the right print should have been "Manufactured for".*

No disagreement grounds on aforementioned findings Inquiry Officer has been communicated to the Noticee CB. If the Department is in disagreement with the aforementioned findings of the Inquiry Officer, then it expected that reasons for disagreement on the aforementioned Inquiry Officer ought to have communicated to the Noticee Customs Broker in the said Disagreement Memo. As demonstrated in the foregoing paras non-communication of disagreement grounds on findings of the Inquiry Officer regarding 'prior knowledge of the labelling requirement' leads to default (automatic) conclusion that Department is agree with the said findings of the Inquiry Officer viz. '*the exporter was well aware about the labelling requirement'*. Thus, if the exporter was well aware about the labelling requirement, then allegation of advising client about labelling requirement (Regulation 10(d) of CBLR, 2018) cannot sustain. The argument/disagreement ground of the Department in para 11.4 of the said Disagreement Memo dated 05.10.2026 is that "prior knowledge of the ultimate fraudulent intention of the exporter is not the only test for determining compliance with Regulation l0(d)". It is respectfully submitted that the Department failed to appreciate that *the need to advice a client would arise only if the agent was aware of any intent to misdeclare. For this proposition reliance in placed* upon the Hon'ble Tribunal's decision in the case of *Bajaj Enterprises* [2017 (347) ELT 675 (Tri) observed that, "*The need to advice a client would*

arise only if the agent was aware of any intent to misdeclare. We note that there is no evidence or finding that the appellant was aware of such an intent on the part of the client. There was, therefore, be no reason for the appellant to believe that the client was in need to advice the client to desert from their proposed action" answers argument/dis-agreement ground of the Department. It is respectfully submitted that no evidence on record to show that the Noticee Customs Broker were aware of the intent or modus adopted by the exporter. Therefore, there was no reason for the Noticee Customs Broker to believe that the Noticee Customs was in need to advice the exporter. In view of the above, ratio of the aforesaid judgement is applicable in the instant case.

13.10 We would like to further submit that we as custom broker did not physically see the impugned goods before the same are received in custom area. We have filed Shipping Bill No. 6370453 dated 28.12.2023 on behalf of the exporter M/s Ebulde Lifesciences Pvt Ltd on the basis of document supplied to them. In this regard reliance is placed upon the decision of the Hon'ble Tribunal, Kolkata in the case of Advent Shipping Agency Versus Principal Commissioner of Customs (A & A), Kolkata, reported in (2023) 2 Centax 157 (Tri.-Cal, wherein the Kolkata bench of Hon'ble Tribunal has held that:

> "*it is apparent that a custom broker does not actually physically see the goods before the same are received in custom area. The Custom Broker operates on the basis of document supplied to him and in that context it can hardly be held that the shipping Bill filed by the Custom Broker on the strength of documents supplied by the exporter is wrong. While repeatedly it has been asserted that the appellant had assisted the exporter in the mis-declaration no specific manner in which such assistance was extended has been mentioned. The impugned order solely relied on the inquiry report without giving his own findings. In this circumstances we did not find any merit in confirmation of charge under Regulation 10(d) of the CBLR 2018. The same is dropped".*

In para 27.7 of the Inquiry Report, the Inquiry Officer has rightly observed that "unless it is found that false details in the export documents filed with the department were entered by the customs Broker knowingly, the Customs Broker cannot prima facie be held to have violated the regulation 10(d)". The Inquiry Officer has further rightly observed that "There is no evidence on record that the CB was aware of the intent or modus adopted by exporter. Not is there any allegation that the noticee CB had contributed in deceiving the customs authority. In absence of any prior information about such offence/non-compliance, the cause of action for the Customs Broker to advise his client does not arise". It is respectfully submitted that the exporter initiated the process of back to town of the goods, hence, the Customs Department was aware about the facts of the case. Hence, there was no need for the Customs Broker to inform the Department about the discrepancy in labelling as it was communicated to the Customs Department. Thus, the disagreement ground to the effect that the Noticee *failed to bring the matter to the notice of the Customs authorities*

when material discrepancies came to its notice do not hold water. We would like to submit that ratio of the aforesaid decisions is applicable in the instant case as the facts and circumstances of the case are identical. Noticee C.B. therefore submits that we have not failed to comply with the requirement of Regulation 10(d) of CBLR, 2018.

14. **Refutation on Article of Charge-II viz. Regulation 10(e) of CBLR, 2018 and Disagreement Ground in para No. 12 of the Disagreement Memo dated 05.10.2026 regarding Violation of Regulation 10(e) of the CBLR, 2018:**

14.1 It is respectfully submitted that the Noticee CB attached Invoice, Packing List, necessary documents and submitted to the proper officer. It is no part of the obligation of the Customs Broker to investigate into the correctness of such declaration filed by the exporter. Reliance is placed upon the decision in the case of Kunal Travels (Cargo) Vs. CC (I & G), IGI AIRPORT, 2017 (354) E.L.T. 447 (Del.). It is respectfully submitted that the impugned goods covered under Shipping Bill No. 6370453 dated 28.12.2023 were carted directly in the shed by the logistic agent of the exporter and as the consignment was not opened for examination by customs, we had no occasion to see the goods. There is nothing in the impugned Show Cause Notice in the form of documentary or oral evidence to the effect that we were aware of alleged exportation of spurious drugs of the export goods if any. In this regard we rely upon the decision of the Hon'ble Tribunal, Kolkata in the case of Advent Shipping Agency Versus Principal Commissioner of Customs (A & A), Kolkata, reported in (2023) 2 Centax 157 (Tri.-Cal, wherein the Kolkata bench of Hon'ble Tribunal has held that:

> "*it is apparent that a custom broker does not actually physically see the goods before the same are received in custom area. The Custom Broker operates on the basis of document supplied to him and in that context it can hardly be held that the shipping Bill filed by the Custom Broker on the strength of documents supplied by the exporter is wrong. While repeatedly it has been asserted that the appellant had assisted the exporter in the mis-declaration no specific manner in which such assistance was extended has been mentioned. The impugned order solely relied on the inquiry report without giving his own findings. In this circumstances we did not find any merit in confirmation of charge under Regulation 10(d) of the CBLR 2018. The same is dropped".*

14.2 The Noticee CB submits that all along they have acted diligently and complied with the procedure and provisions of the Customs Act,1962 and rules made thereunder. As per para 4 of the impugned Show Cause Notice we have properly made formal enquiry to the Assistant Drug Controller, JNPT to get "No Objection Certificate" for export of the goods of the said consignment. It is respectfully submitted that statements of various persons were recorded under Section 108 of the Customs Act,1962 including statement of Shri Ajnkya Suresh Mule, Director of Customs Broker Integrity Logistics Solution (India) Pvt. Ltd. It is to submit that none of the persons have stated that the CB (Integrity Logistics Solution

(India) Pvt. Ltd.) were aware or had knowledge about the alleged export of goods spurious drugs. It is respectfully submitted that the goods were carted directly in the shed by the logistic agent of the exporter and as the consignment was not opened for examination by customs, notice Customs Broker had no occasion to see the goods. There is nothing in the Show Cause Notice in the form of documentary or oral evidence to the effect that Noticee CB was aware of were aware or had knowledge about the alleged export of goods spurious drugs, if any. Reliance is placed upon the decision in the case of G.N.D. Cargo Movers Vs. Commissioner of Customs (General), New Delhi, wherein the Hon'ble Tribunal held that:

> *"Merely because the importer have accepted their mistake or mis-declaration of the brand and quantity and have shown their willingness to pay differential duty, fine and penalty, it cannot be concluded that Customs Broker did not exercise due diligence to ascertain correctness of the information. If the said fact only is relevant for holding against the customs Broker, then in each and every case of misdeclaration by the importer, it can be concluded that Customs Broker did not suitably informed his client. There has to be some evidence on record to show that either the Customs Broker was aware of such misdeclaration and suppressed the same with a mala fide mind or he has taken efforts to get the goods cleared from the Customs on the basis of wrong declaration made by him or has connived with the importer so as to aid and abet the wrong declaration".*

14.3 It is respectfully submitted that Regulation 10(e) of CBLR, 2018 requires the Customs Broker to exercise due diligence to ensure that any information which the Custom Broker gives to the client with regard to clearance of the cargo is correct. The Noticee Customs Broer has not imparted any incorrect information to the exporter with regard to the clearance of the export cargo and therefore there is no contravention of Regulation 10(e) of CBLR, 2018. Reliance is placed upon the decision of the Hon'ble High Court Calcutta in case of Commissioner of Customs (Airport & Admn.) Vs. Shipping & Clearing Agents Pvt. Ltd. reported in 2023 (386) E.L.T. 544 (Cal.).

14.4 As regards the allegation of the CB having received the documents from Shri Sanjeev Chopra who is a forwarding agent, it is submitted that the Noticee Customs Broker used to prepare shipping on the basis of documents received from the office of the Exporter. It is respectfully submitted that it is general practice in the Customs Broker business that Customs broker work is brought by the various intermediary but ultimately it is Customs Broker and importer or exporter which are under contract regarding the Customs Broker clearance as well as payment term. The Noticee Customs Broker was duly authorized by the exporter M/s. Ebulde Lifesciences Pvt Ltd (IEC MGCE7703B). In this regard, reliance is placed on the following judgments:

(i) Hon'ble CESTAT, Mumbai in the case of Cargo Concept (Bombay) Pvt. Ltd. Vs. Commr. of Cus. (Gen.), Mumbai, reported in 2016 (344) E.L.T. 954 (Tri. - Mumbai).

(ii) Natvar Parkh & Co. Pvt. Ltd. Vs. Commissioner of Customs, Chennai, reported in 2012 (281) ELT 116 (Tri. Chennai).

(iii) S. Prakash Kushwaha & Co. Vs. Commissioner of Customs (Airport & General), New Delhi-2023(384) ELT 89 (Tri-Del)

(iv) Perfect Cargo & Logistics Vs. CC (Airport & General), New Delhi reported in 2021(376) E.L.T. 649 (Tri-Del).

(v) HIM Logistics Pvt. Ltd. Vs. Commissioner of Customs, New Delhi, reported in 2016 (338) ELT 725 (Tri. Del).

14.5 The aforementioned case laws answers department's argument/disagreement ground in para 12.9 of the impugned Disagreeement Memo dated 05.10.2026, which states that:

"12.9 In the present case, the following circumstances, considered cumulatively, required examination by the Customs Broker:

i. export documents were not received directly from the exporter;

ii. the documents were received through a third party/forwarding agent;

iii. the Quality Assurance Undertaking was accepted from a person/entity other than the exporter or authorised representative of the overseas buyer;"

14.6 As far as the allegation to the effect that M/s. A.K. Krishna Pharma Pvt. Ltd. neither manufactured the said drugs nor possessed a valid manufacturing license under the Drugs and Cosmetics Act, 1940, it is submitted that as para 8.1 of the impugned Show Cause Notice, wherein statement of Shri Gaurav Sangal, Director of M/s Ebulde Lifesciense Pvt Ltd and M/s Jovial Biotech Pvt Ltd recorded on 06.06.2024 under section 108 of the Customs Act, 1962, wherein he has stated that owner and Director of M/s. A. K. Krishna Pharma Pvt. Ltd. who also holds 50% stake in his Export Firm M/s. Ebulde Lifesciences Pvt. Ltd.; that he lives in Russia and has business of marketing of medicines in Turkmenistan. Shri Gaurav Sangal further stated that he gave manufacturing order to domestic manufacturing firms M/s. Janya Biocare Pvt. Ltd. and M/s. Neubin Lifesciences Pvt. Ltd. Thus, M/s. A.K. Krishna Pharma Pvt. Ltd. was related entity to exporter M/s Ebulde Lifesciense Pvt Ltd.

14.7 As far of discrepancy in labelling of the medicines is concerned, we re-iterate our reply as - It is respectfully submitted that the statement of Shri Gaurav Sangal, Director of M/s Ebulde Lifesciense Pvt Ltd and M/ s Jovial Biotech Pvt Ltd recorded on 06.06.2024 is self explanatory the exporter was well aware about the labelling requirement. The said mistake in labelling occurred due to a silly mistake in the Art Work wherein rather than "Manufactured by" the right print should have been "Manufactured for". It is pertinent to mention that the exporter in his aforementioned statement has stated that the Art Work was prepared by the Russian people who were not well versed in English. For the exportation of drugs, laballing requirement of local laws regarding labelling of drugs/medicines of that country has to be followed. Under Rule 94 of the Drugs and Cosmetics Rules, 1945, labels on packages or containers of medicines exported from India must primarily be adapted to meet the specific legal requirements of the destination country.

14.8 Kind attention is invited to para 8.2 of the impugned Show Cause Notice, where in Statement of Shri Vivek Goel, Authorized Representative of M/s. Neubin Lifesciences Pvt. Ltd. recorded on 10.06.2024 under Section 108 of Customs Act, 1962 wherein he interalia stated that he received a Purchase Order from Shri Gaurav Sangal of M/s. Jovial Biotech with Manufacturing License to manufacture medicines. Then, he applied and got Neutral Code and Product Permission to manufacture export purpose medicines from Drugs Department, Dehradun. He also submitted a copy of Purchase Order, Neutral Code, Manufacturing License and Product Permission applicable for export of his medicine covered under Shipping Bill No. 6370453 dated 28.12.2023. He further informed that they received Art Work for both the medicines from Shri Gaurav Sangal of M/s Jovial Biotech which was duly signed by Shri Alok Kumar Singh of M/s. A. K. Krishna Pharma Pvt. Ltd. who also holds 50% stake in Export Firm. It is pertinent to mention that the exporter in his aforementioned statement has stated that he applied and got Neutral Code and Product Permission to manufacture export purpose medicines from Drugs Department, Dehradun. Thus, the exporter was well verse with provisions of Neutral Code.

14.9 Kind attention is invited to para 8.3 of the impugned Show Cause Notice, where in Statement of Smt. Deepshikha, Director of M/s. Janya Biocare Pvt. Ltd. Was recorded on 14.06.2024 under Section 108 of Customs Act, 1962 wherein she interalia stated that she received a Purchase Order from Shri Gaurav Sangal of M/s. Jovial Biotech with Manufacturing License to manufacture medicines. Then she applied and got Neutral Code and Product Permission to manufacture export purpose medicines from Drugs Department, Dehradun. She also submitted a copy of the Purchase Order, Neutral Code, Manufacturing License and Product Permission applicable for export of medicines covered under Shipping Bill No. 6370453 dated 28.12.2023. She further informed that they received Art Work for both the medicines from Shri Gaurav Sangal of M/s. Jovial Biotech which was duly signed by Shri Alok Kumar Singh of M/s. A. K. Krishna Pharma Pvt. Ltd. who also holds 50% stake in Export Firm M/s. Ebulde Lifesciences Pvt. Ltd. It is pertinent to mention that the exporter in her aforementioned statement has stated that she applied and got Neutral Code and Product Permission to manufacture export purpose medicines from Drugs Department, Dehradun. Thus, the exporter was well verse with provisions of Neutral Code.

14.10 Kind attention is invited to para 8.4 of the impugned Show Cause Notice, where in Statement of Shri Alok Kumar Singh, Director of M/s. A. K. Krishna Pharma Pvt. Ltd. was recorded on 12.06.2024 and 25.07.2024 under Section 108 of Customs Act, 1962 wherein he interalia stated that he got this Purchase Order from M/s. Keblilek, Company in Turkmenistan and his Firms M/s. A. K. Krishna Pharma Pvt. Ltd. and M/s. Life Pharma placed Purchase Orders to M/s. Ebulde Lifesciences Pvt. Ltd. On being asked about Art Work, he stated that Mr. Bairam Ashirov, Director of M/s. Keblilek personally visited India and gave Art Work to him. Further, on being asked about the details of Manufacturer on

the medicine packages under export, he stated that in Turkmenistan, these medicines will be marketed by his Firm M/s. A. K. Krishna Pharma Pvt. Ltd. so he wanted to print "Manufactured for M/s. A. K. Krishna Pharma Pvt. Ltd. addressed at Plot No. 68, 69 & 82-83, Sector-6A, 1. I.E. Sidcul, Ranipur, Haridwar-249403" on the medicine packages, however, due to typographical mistake by the people in Turkmenistan, a silly mistake occurred and in the Art Work and instead of "Manufactured for", by mistake "Manufactured by" got printed. Further, on being asked why he did not correct the mistake before forwarding the same to Shri Gaurav Sangal, he stated that he missed the mistake due to his bad health. Further, on being asked why he submitted document to ADC/JNPT in the name of M/s. A. K. Krishna Pvt. Ltd. whereas the Exporter is M/s. Ebulde Lifesciences Pvt. Ltd., he stated that his Firm M/s. A. K. Krishna Pvt. Ltd. has to market the product in Turkmenistan, hence he had prepared a Quality Assurance Document for his Overseas Buyer which he forwarded to M/s. ADC/JNPT to show its connection with the Medicines under export. He further stated that the paper he submitted is a copy of the Quality Assurance Paper addressed to the Consignee in Turkmenistan and the same is neither Certificate of Analysis nor in the format of Certificate of Analysis as used in India. It is respectfully submitted that the aforementioned statement of Shri Alok Kumar Singh, Director of M/s. A. K. Krishna Pharma Pvt. Ltd. is self explanatory the exporter was well aware about the labelling requirement. The said mistake in labelling occurred due to a silly mistake in the Art Work wherein rather than "Manufactured by" the right print should have been "Manufactured for". Thus, Noticee CB is not responsible for mistake in labelling.

14.11 It para 29.3 of the said Disagreement Memo dated 05.10.2026, the Inquiry Officer has rightly observed that “As stated above Regulation 10(e) only case a duty on the Customs Broker to exercise due diligence in communicating correct information to the department with reference to any work relating to the export of cargo. The said regulation has not concern/application with the acts or omissions of the exporter firm itself. There is no finding in the said Show Cause Notice that the charged Customs broker had given any incorrect information in the process adopted for Customs Clearanace of the said consignment”. The Inquiry Officer relied upon decision of Hon’ble Deli High court in case of D. S. Cargo Agency Vs. Commissioner of Customs, CUSAA 2/2022 dated 25.09.2023. It is respectfully submitted that no disagreement grounds on findings of the Inquiry officer on case law viz. D. S. Cargo Agency Vs. Commissioner of Customs, CUSAA 2/2022 dated 25.09.2023 has been offered in the said Disagreement Memo dated 05.10.2026, leads to default conclusion that ‘Department agree that ratio of the said judgement is applicable in the instant case’. Reliance is placed upon decision of Hon’ble CESTAT, NEW New Delhi in case of M/s. Falcon India Vs. Commissioner of Customs

(Airport & General), New Delhi in Customs Appeal No. 50934 of 2021 order dated 21.03.2022, wherein in para 26 of the said Order, it was observed that:

> *"26. Regulation 10 (e) of CBLR 2018 (read with erstwhile Regulation 11(e) of CBLR, 2013) requires the Customs Broker to exercise due diligence to ascertain the correctness of any information which he imparts to a client with reference to any work related to clearance of cargo or baggage. In this case, there is nothing to show that the appellant had provided any false or incorrect information to its client. Therefore, we find that Regulation 10(e) of CBLR 2018 read with Regulation 11(e) of CBLR 2013 has not been violated in this case".*

14.12 The exporter initiated the process of back to town of the goods, hence, the Customs Department was aware about the facts of the case. We would like to submit that the Noticee CB not failed to comply with the requirement of Regulation 10(e) of CBLR, 2018.

15. **Law of proportionality of punishment: -** We would like to further submit that the punishment meted out to the Customs Broker should be commensurate with omission. It is a settled law that penalty should be proportionate to the offence committed. It would be too harsh to revoke the license of the Customs Broker and to leave the right to livelihood of the Customs Broker as well as his employees.

For the above proposition following case laws are relied upon:

(i) HIM Logistics Pvt. Ltd. v. CC, New Delhi - 2016 (338) E.L.T. 725 (Tri. - Del.)

(ii) R.S.R. Forwarders - 2018 (364) E.L.T. 541 (Tri. - Del.)

(iii) Ashiana Cargo Services v. CC (I &G) , Delhi in their Final Order No. Cus.AA. 24/2012, C.M. APPL. 19694/2012, dated 14-3-2014 [2014 (302) E.L.T. 161 (Del.)

15.1 We humbly request your good selves to take a lenient and sympathetic view in the matter and drop the charges levelled in the Show Cause Notice.

DISCUSSIONS AND FINDINGS: -

16. I have gone through the facts and records of the case; the Offence Report received in the form of SCN No. 2118/2025-26/ADC/CEAC/NS-II/CAC/JNCH dated 04.03.2026; Show Cause Notice No. 10/2026-27 dated 02.06.2026 issued under Regulation 17(1) of CBLR, 2018; Inquiry Report dated 09.09.2026; Disagreement Memo dated 05.10.2026; PH records dated 23.10.2026 and the CB's written submission dated 21.10.2026.

16.1 Briefly stating, an investigation was initiated by SIIB (Export), JNCH, following an investigation report alongwith letter dated 07.02.2024 received from the Assistant Drug Controller (ADC), JNPT, regarding an attempted export of suspected spurious drugs covered under Shipping Bill No. 6370453 dated 28.12.2023. The consignment comprising three pharmaceutical products, namely PROMEZ-AK, ALCEF-1 GM, and CARDIORIN-AK, with a declared FOB value of Rs. 38,12,873/- was filed by the CB M/s. Integrity

Logistic Solution (India) Pvt. Ltd. (CB License No. 11/394), on behalf of exporter M/s. Ebulde Lifesciences Pvt. Ltd. Upon routine sample verification for No Objection Certificate (NOC) of the goods, the ADC noticed a labelling conflict - while the packaging displayed Neutral Codes corresponding to actual manufacturers M/s. Janya Biocare Pvt. Ltd. and M/s. Neubin Lifesciences Pvt. Ltd., the primary and secondary packaging simultaneously declared the drugs as "Manufactured by" M/s. A. K. Krishna Pharma Pvt. Ltd., a company having no manufacturing facility or valid drug manufacturing license. Subsequent chemical testing by the Central Drugs Testing Laboratory confirmed that two medicines met standard quality parameters but remained legally misdeclared regarding manufacturer identity, while CARDIORIN-AK failed basic ingredient tests, thereby classifying the goods as spurious drugs under Section 17B of the Drugs and Cosmetics Act, 1940. Consequently, an SCN dated 04.03.2026 was issued under Section 124 of the Customs Act. Based on the findings of the investigation as elaborated in the offence report, owing to the lapses of the CB during the clearance process, action under CBLR, 2018 was initiated against the CB M/s. Integrity Logistic Solution (India) Pvt. Ltd. Accordingly, SCN No. 10/2026-27 dated 02.06.2026 was issued under Regulation 17(1) charging the CB with contravention of Regulations 10(d) and 10(e) of the CBLR, 2018.

17. I find that 02 articles of charges have been framed against the CB i.e. violation of Regulations 10(d) and 10(e) of the CBLR 2018. Now, I proceed to discuss the articles of charges, sequentially.

17.1 **Violation of Regulation 10(d) of the CBLR, 2018:**

a) I have gone through the facts and records of the case in detail. I find that the Inquiry Officer held this charge as not proved on the premise that the Customs Broker had no prior knowledge of any fraudulent intent or modus operandi adopted by the exporter, and that a CB cannot be expected to investigate claims or verify actual cargo before examination. The CB reiterating the IO's findings and citing decisions in *Advent Shipping Agency*, *Dipankar Sen*, and *Bajaj Enterprises*, contended that its role was confined to processing documents received from the client, that it had no occasion to physically inspect the cargo carted at CFS, and that the exporter was already conversant with labelling laws. I find that this line of reasoning proceeds on a flawed and restrictive interpretation of Regulation 10(d). The mandate under Regulation 10(d) does not require establishing mens rea, active connivance, or prior knowledge of an intentional fraud. Regulation 10(d) imposes an affirmative, dual statutory duty upon the Customs Broker: first, to proactively advise the client on compliance with the Customs Act and allied statutes (including the Drugs and Cosmetics Act, 1940 and the Rules framed thereunder), and second, to report any non-compliance to the jurisdictional Deputy/Assistant Commissioner of Customs.

b) In the present case, the subject consignment comprised three pharmaceutical formulations attempted to be exported under Shipping Bill No. 6370453 dated 28.12.2023 by M/s. Ebulde Lifesciences Pvt. Ltd. For export consignments of drugs, compliance with Rule 94(1) of the Drugs and Cosmetics Rules, 1945 is a mandatory statutory condition. The investigation unequivocally revealed that while valid Neutral Codes corresponding to actual contract manufacturers (M/s. Janya Biocare Pvt. Ltd. and M/s. Neubin Lifesciences Pvt. Ltd.) were printed on the packages, the exporter simultaneously labelled the packages with "Manufactured by M/s. A. K. Krishna Pharma Pvt. Ltd.", an entity possessing neither a manufacturing facility nor a drug manufacturing license. This blatant contradiction directly resulted in the goods being classified as spurious drugs under Section 17B of the Drugs and Cosmetics Act, 1940. As a licensed professional handling regulated pharmaceutical cargo, the CB was under obligation to advise the client regarding the legal scheme of Neutral Codes and the prohibition against declaring a non-licensed, non-manufacturing entity as the manufacturer. The CB completely failed to tender such necessary advice to the client as mandated under Regulation 10(d). The explanation that this discrepancy arose due to an artwork error in foreign languages cannot absolve the CB of its statutory duty to advise its client on export regulations.

c) I further observe that the Inquiry Officer failed to appreciate the complete essence of Regulation 10(d) which also casts a responsibility on the CB to immediately report any non-compliance to the Assistant/Deputy Commissioner of Customs. The record confirms that when the cargo was carted at Punjab Conware CFS, the Customs Broker's staff (Shri Deepak Walanuj) drew samples and submitted them to the Assistant Drug Controller (ADC), JNPT, for obtaining an export NOC. The ADC/JNPT promptly detected the suspicious mismatch between the printed Neutral Codes and the declared manufacturer, and informed the CB's representative of the discrepancy. It is at that point that the statutory non-compliance came to the direct, personal knowledge of the Customs Broker. However, from the CB's conduct it is evident that the CB dealt with the matter in a surprisingly casual manner for a very sensitive goods such as pharmaceutical drugs. Instead of reporting this critical irregularity to the jurisdictional Deputy/Assistant Commissioner of Customs as mandated under Regulation 10(d), the CB merely communicated the objection back to the exporter and subsequently procured and submitted an unverified "Quality Assurance" letter on the letterhead of M/s. A. K. Krishna Pharma Pvt. Ltd. in an attempt to push the clearance through. The plea that the exporter subsequently applied for Back-to-Town permission does not absolve the CB of its failure to report the non-compliance to Customs. In view of the foregoing findings, I am constrained to differ with the IO's findings. I also do not find merit in the CB's defence which

tries to shirk off the very basic responsibilities of a CB under the CBLR framework. Accordingly, I am of the firm opinion that the CB has violated Regulation 10(d) of the CBLR, 2018.

17.2 **Violation of Regulation 10(e) of the CBLR, 2018:**

a) I have meticulously gone through the facts and records of the case. I find that the Inquiry Officer held this charge as not proved on the grounds that Regulation 10(e) is limited to imparting correct information to the client, that it does not extend to the exporter's acts or omissions, and that the CB possessed no prior knowledge of the spurious nature of the goods. I find that the CB contended that it had merely processed documents forwarded to it, that receiving clearance documents through an intermediary freight forwarder is standard commercial practice, and that it made no false declaration. I find that the Inquiry Officer took a pretty narrow and erroneous view of Regulation 10(e). I observe that the obligation of due diligence in handling documentation and imparting advice/information regarding clearance requires a CB to exercise reasonable scrutiny over the primary correctness of the documents it handles and present before the authorities for clearance. Regulation 10(e) does not mandate proof of criminal mens rea or subjective knowledge of fraud but it tests whether the CB conducted itself with the required standard of diligence.

b) The facts and evidences on record demonstrate an utter lack of due diligence by the CB at multiple stages of the clearance process. First, the CB admitted in statements recorded under Section 108 of the Customs Act, 1962, that this was the very first consignment handled for the exporter, M/s. Ebulde Lifesciences Pvt. Ltd. Despite having no prior dealings with the exporter, the CB did not receive the clearance instructions or export documents directly from the exporter. Instead, the documents were routed through an unauthorized third party/ forwarding agent (Shri Sanjeev Chopra) on behalf of Shri Alok Kumar Singh. The CB admitted that it processed these shipping documents on mere verbal assumptions and personal familiarity among intermediaries, without conducting any independent verification with the principal exporter. Second, the export documents submitted by the CB, including the tax invoices, explicitly declared M/s. A. K. Krishna Pharma Pvt. Ltd. as the manufacturer. This should have immediately raised the CB's suspicion and called for diligent scrutiny since the exporter and the manufacturer names were at variance. Even a basic examination of the primary and secondary cartons would have revealed that the Neutral Codes printed on the packages belonged to entirely different entities (M/s. Janya Biocare Pvt. Ltd. and M/s. Neubin Lifesciences Pvt. Ltd.), while M/s. A. K. Krishna Pharma Pvt. Ltd. held no drug manufacturing license whatsoever. The CB handled and presented mutually irreconcilable documents without exercising basic due diligence to verify manufacturer credentials. Third, when the

ADC/JNPT raised serious objections regarding the suspicious labelling, the CB, rather than undertaking a strict verification, accepted and tendered a "Quality Assurance Undertaking" on the letterhead of M/s. A. K. Krishna Pharma Pvt. Ltd., received from Shri Alok Kumar Singh, an entity who was not the declared exporter. The CB relied on and imparted this unauthorized document without verifying its legal status, authority, or authenticity.

c) The CB seeks refuge under the premise that they cannot act as an investigative agency to verify the correctness of client documents and declarations. I do observe that while a CB is not expected to perform the functions of an investigative agency, it cannot act as a completely passive conduit for blatantly inconsistent, unverified documents. The judgments relied upon by the CB and IO deal with situations where documents appeared genuine on their face and latent discrepancies could only be unearthed post detailed investigation. Here, the discrepancies between the invoice declarations, the third-party Quality Assurance letterhead, and the Neutral Codes on the packaging were evident. The findings of the investigation establish a serious lapse of necessary due diligence expected of a licensed intermediary. In light of the aforementioned findings, I reject the IO's findings and also find the CB's defence lacking substance. Under the factual matrix of the case, I find the CB guilty of violation of Regulation 10(e) of the CBLR, 2018.

18. I find that a Customs Broker occupies a very important position in the Custom House and is supposed to safeguard the interests of both the importers/exporters and the Customs Department. A lot of trust is kept in the CB by the Government Agencies; however, by their acts of omissions and commissions, the CB M/s. Integrity Logistic Solution (India) Pvt. Ltd. (CB License No. 11/394) has violated Regulations 10(d) and 10(e) of the CBLR, 2018. I find that for the violation of obligations provided under the CBLR, 2018 and for their acts of omissions and commissions, the CB has rendered itself liable for penal action under the CBLR, 2018. Hence, while deciding the matter, I rely on the following caselaws:

a) **The Hon'ble Supreme Court in the case of Commissioner of Customs V/s. K. M. Ganatra and Co.** in civil appeal no. 2940 of 2008 upheld the observation of Hon'ble CESTAT Mumbai in M/s. Noble Agency V/s. Commissioner of Customs, Mumbai that:

"the CB occupies a very important position in the Custom House. The Customs procedures are complicated. The importers have to deal with a multiplicity of agencies viz. carriers, custodians like BPT as well as the Customs. The importer would find it impossible to clear his goods through these agencies without wasting valuable energy and time. The CB is supposed to safeguard the interest of both the importers and the Customs. A lot of trust is kept in CB by the importers/exporters as well as by the government agencies. To ensure appropriate discharge of such

trust, the relevant regulations are framed. Regulation 14 of the CB Licensing Regulations lists out obligations of the CB. Any contravention of such obligations even without intent would be sufficient to invite upon the CB the punishment listed in the Regulations".

b) The Hon'ble CESTAT Delhi in case of M/s. Rubal Logistics Pvt. Ltd. Versus Commissioner of Customs (General) wherein in (para 6.1) it is opined that: -

"6.1 These provisions require the Customs Broker to exercise due diligence to ascertain the correctness of any information and to advice the client accordingly. Though the CB was accepted as having no mensrea of the noticed mis-declaration /under- valuation or mis-quantification but from his own statement acknowledging the negligence on his part to properly ensure the same, we are of the opinion that CH definitely has committed violation of the above mentioned Regulations. These Regulations caused a mandatory duty upon the CB, who is an important link between the Customs Authorities and the importer/exporter. Any dereliction/lack of due diligence since has caused the Exchequer loss in terms of evasion of Customs Duty, the original adjudicating authority has rightly imposed the penalty upon the appellant herein."

19. As discussed above, I conclude that the CB M/s. Integrity Logistic Solution (India) Pvt. Ltd. (CB License No. 11/394) is guilty of violating Regulations 10(d) and 10(e) of the CBLR, 2018. In view of the detailed discussion and analysis above, it is established that the CB has failed to discharge the professional and statutory obligations mandated under the CBLR, 2018. Having taken cognisance of the facts and circumstances of the case, I observe that while the investigation has conclusively established gross negligence, poor supervision, and a lack of documentary due diligence on the part of the CB, the record does not establish that the CB was in connivance or direct beneficiary of the attempted export of spurious drugs by M/s. Ebulde Lifesciences Pvt. Ltd. The investigation does not indicate that the CB received any illicit consideration or fabricated the documents. I observe that while the misconduct of the CB in abdicating its statutory duties cannot be condoned, revoking the license would be unduly harsh and disproportionate to the gravity of the offence. Hence, under the factual matrix of the case and applying the principle of proportionate punishment, I am not inclined to revoke the License of the CB. However, I am of the considered view that the ends of justice will be met by forfeiture of security deposit and imposing a penalty on the CB which suffices both as a punishment for the infraction and as a deterrent to future violations. In this regard, I place reliance on the following caselaws:

a) Delhi High Court has, in the case of Falcon Air Cargo and Travels (P) Ltd [2002 (140) ELT 8 (DEL)] held as follows:

"13. By order dated 15-7-2000, licence was revoked. It is not clear how there could be revocation when the licence itself was not functional after 13-1-2000. Licence can be suspended or revoked on any of the grounds as mentioned in Regulation 21. It is, therefore, clear that if any of the grounds enumerated existed, two courses are

open to the Commissioner. One is to suspend the licence and the other is to revoke it. Suspension would obviously mean that licence would be for a particular period inoperative. An order of revocation would mean that licence is totally inoperative in future, it loses its currency irretrievably. Obviously, suspension/revocation, as the case may be, has to be directed looking to the gravity of the situation in the background of facts. For minor infraction or infraction which are not of very serious nature order of suspension may suffice. On the contrary, when revocation is directed it has to be only in cases where infraction is of a very serious nature warranting exemplary action on the part of the authorities, otherwise two types of actions would not have been provided for. Primarily it is for the Commissioner/Tribunal to decide as to which of the actions would be appropriate but while choosing any of the two modes, the Commissioner/Tribunal has to consider all relevant aspects and has to draw a balance sheet of gravity of infraction and mitigating circumstances. The difference in approach for consideration of cases warranting revocation or suspension or non-renewal has to be borne in mind while dealing with individual cases. In a given case the authorities may be of the view that non-renewal of licence for a period of time would be sufficient. That would be in a somewhat similar position to that of suspension of licence though it may not be so in all cases. On the other hand, there may be cases where the authorities may be of the view that licencee does not deserve a renewal either. Position would be different there. Though we have not dealt with the question of proportionality, it is to be noted that the authorities while dealing with the consequences of any action which may give rise to action for suspension, revocation or nonrenewal have to keep several aspects in mind. Primarily, the effect of the action vis-a-vis right to carry on trade or profession in the background of Article 19(l)(g) of the Constitution has to be noted. It has also to be borne in mind that the proportionality question is of great significance as action is under a fiscal statute and may ultimately lead to a civil death."

b) Delhi High Court has in case of Ashiana Cargo Services [2014 (302) ELT 161 (DEL)] held as follows:

"11. Viewing these cases, in the background of the proportionality doctrine, it becomes clear that the presence of an aggravating factor is important to justify the penalty of revocation. While matters of discipline lie with the Commissioner, whose best judgment should not be second- guessed, any administrative order must demonstrate an ordering of priorities, or an appreciation of the aggravating (or mitigating) circumstances. In this case, the Commissioner and the CESTAT (majority) hold that —there is no finding nor any allegation to the effect that the appellant was aware of the misuse of the said G cards, but do not give adequate, if any weight, to this crucial factor. There is no finding of any mala fide on the part of the appellant, such that the trust operating between a CB and the Customs Authorities (as a matter of law, and of fact) can be said to have been violated, or be irretrievably lost for the future operation of the license. In effect, thus, the proportionality doctrine has escaped the analysis".

c) In the case of ACE Global Industries [2018 (364) ELT 841 (Tri Chennai)], Hon'ble Tribunal observed as follows:

"6. We are unable to appreciate such a peremptory conclusion. The CBLR, 2013 lays down that stepwise procedures are to be followed before ordering any

punishment to the Customs broker. True, the said regulations do contain provisions for revocation of the license and for forfeiture of full amount of security deposit, however these are maximum punishments which should be awarded only when the culpability of the Customs broker is established beyond doubt and such culpability is of very grave and extensive nature. In case of such fraudulent imports, for awarding such punishment, it has to be established without doubt that the Customs broker had colluded with the importer to enable the fraud to take place. No such culpability is forthcoming in respect of the appellant herein….."

d) Hon'ble CESTAT, Mumbai in the matter of Setwin Shipping Agency Vs. CC (General), Mumbai – 2010 (250) E.L.T 141 (Tri.-Mumbai) observed:

"it is a settled law that the punishment has to be commensurate and proportionate to the offence committed".

20. I find that the Inquiry Report in the matter was received on 09.09.2026. The Inquiry Report is delayed by a paltry 09 days for the administrative reasons elaborated in para 5.2 (*supra*). I do observe that the said delay does not cause any undue prejudice to the CB. Further, with respect to the timelines prescribed under Regulation 17 of the CBLR, 2018, I observe that the timelines under CHALR/CBLR are directory in nature and not mandatory in cases where the complexity of the investigation or administrative exigencies prevent the adjudication within the prescribed timeline. In this regard, I place reliance on the following case laws:

a) Hon'ble High Court of Judicature at Bombay in the case of Principal Commissioner of Customs (General), Mumbai Versus Unison Clearing P. Ltd. reported in 2018 (361) E.L.T. 321 (Bom.), observed that:

"15. In view of the aforesaid discussion, the time limit contained in Regulation 20 cannot be construed to be mandatory and is held to be directory. As it is already observed above that though the time line framed in the Regulation need to be rigidly applied, fairness would demand that when such time limit is crossed, the period subsequently consumed for completing the inquiry should be justified by giving reasons and the causes on account of which the time limit was not adhered to. This would ensure that the inquiry proceedings which are initiated are completed expeditiously, are not prolonged and some checks and balances must be ensured. One step by which the unnecessary delays can be curbed is recording of reasons for the delay or non-adherence to this time limit by the Officer conducting the inquiry and making him accountable for not adhering to the time schedule. These reasons can then be tested to derive a conclusion whether the deviation from the time line prescribed in the Regulation, is "reasonable". This is the only way by which the provisions contained in Regulation 20 can be effectively implemented in the interest of both parties, namely, the Revenue and the Customs House Agent."

b) The Hon'ble High Court of Telangana, in the matter of M/s. Shasta Freight Services Pvt Ltd vs Principal Commissioner of Customs, [Writ Petition No. 29237 of 2018] held that: -

"42. Therefore, if the tests laid down in Dattatreya Moreshwar, which have so far held the field, are applied, it would be clear (i) that the time limit prescribed in Regulation 20 (7) is for the performance of a public duty and not for the exercise of a private right; (ii) that the consequences of failure to comply with the requirement are not spelt out in Regulation 20(7) (iii) that no prejudicial consequences flow to the aggrieved parties due to the non-adherence to the time limit; and

(iii) that the object of the Regulations, the nature of the power and the language employed do not give scope to conclude that the time limit prescribed is mandatory. Hence, we hold that the time limit prescribed in Regulation 20 (7) is not mandatory but only directory."

(c) The Hon'ble High Court of Karnataka, in the matter of The Commissioner of Customs vs M/s. Sri Manjunatha Cargo Pvt Ltd on 12 January [C.S.T.A. No. 10/2020] held that: -

"13. A reading of Regulation 17 of the C.B.L.R., 2018 makes it very clear that though there is a time limit stipulated in the Regulations to complete a particular act, non-compliance of the same would not lead to any specific consequence.

14. A reading of the Regulation 17 would also go to show that the Inquiry Officer during the course of his inquiry is not only required to record the statement of the parties but also to give them an opportunity to cross-examine and produce oral and documentary evidence. In the event of the respondents not co- operating, it would be difficult for the Inquiry Officer to complete the inquiry within the prescribed period of 90 days, as provided under Regulation 17(5). Therefore, we find force in the argument of the learned counsel for the appellant that the Regulation No.17 is required to be considered as directory and not mandatory. Though the word "shall" has been used in Regulation 17, an overall reading of the said provision of law makes it very clear that the said provision is procedural in nature and non-compliance of the same does not have any effect. If there is no consequence stated in the Regulation for non-adherence of time period for conducting the inquiry or passing an order there afterwards, the time line provided under the 22 statute cannot be considered as fatal to the outcome of inquiry.

15. Under the circumstances, we are of the considered view that the provisions of Regulation 17 of the C.B.L.R., 2018 is required to be considered as directory and not mandatory and accordingly, we answer the substantial questions of law Nos.1 to 3 in favour of the appellant and against the respondent."

(d) The Hon'ble CESTAT Mumbai in the matter of M/s. Muni Cargo Movers Pvt. Ltd. Vs. Commissioner of Customs (General), Mumbai [Order No. A/996/13CSTB/C-I dated 23.04.2013] held that: -

"Para 4.2:- As regards the third issue regarding non-adherence to the time-limit prescribed in CBLR, there is some merit in the argument. But nevertheless, it has to be borne in mind that time-limit prescribed in the law though required to be followed by the enforcement officers, at times could not be adhered to for administrative reasons. That by itself does not make the impugned order bad in law".

21. In view of the foregoing findings and relying upon the cited judicial precedents and the "Doctrine of Proportionality" which propagates the idea that the punishment for an offence should be proportional to the gravity of the offence, I am not inclined to revoke the license of the CB. However, for their acts of omissions and commissions, the CB M/s. Integrity Logistic Solution (India) Pvt. Ltd. (CB License No. 11/394) is held liable and guilty for violating the provisions of the CBLR, 2018, as mentioned above. Accordingly, I pass the following order:

ORDER

22. I, Principal Commissioner of Customs (General), in exercise of the power conferred upon me under Regulation 17(7) of the CBLR, 2018, pass the following order:

(i) I hereby order for forfeiture of the entire amount of the security deposit furnished by the CB M/s. Integrity Logistic Solution (India) Pvt. Ltd. (CB License No. 11/394) under Regulation 14 of the CBLR, 2018.

(ii) I, hereby impose a penalty of Rs. 50,000/- (Rupees Fifty Thousand only) on the CB M/s. Integrity Logistic Solution (India) Pvt. Ltd. (CB License No. 11/394) under Regulation 18(1) of the CBLR, 2018.

This order is passed without prejudice to any other action which may be taken or purported to be taken against the Customs Broker and their employees under the Customs Act, 1962, or any other act for the time being in force in the Union of India.

18.11.26

(AJAY KUMAR PANDEY)
Pr. Commissioner of Customs (Gen.)
NCH, Mumbai-I

To,

M/s. Integrity Logistic Solution (India) Pvt. Ltd.
(CB License No. 11/394)
Office No. - 405, Shrishti Plaza,
Saki Vihar Road, Andheri,
Mumbai - 400072.

Copy to:

1. The Pr. Chief Commissioner/ Chief Commissioner of Customs, Mumbai - I, II, III.
2. The Principal Commissioner of Customs, NS-II, JNCH, Mumbai - II.
3. The Asst./Dy. Commissioner of Customs, SIIB(X), JNCH, Mumbai – II.
4. EDI of NCH, ACC & JNCH.
5. Cash Section, NCH.
6. Notice Board.
7. Office copy.