



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

संचिका सं./F. No.- GEN/CB/379/2025-CBS

आदेश दिनांक/Date of Order:08.04.2026

CAO No.06/2026-27/CAC/CC(G)/SJS/Adj-CBS जारी दिनांक/Date of issue:22.04.2026

संख्या:

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द्वारा जारी : श्रद्धा जोशी शर्मा

Issued By : Shraddha Joshi Sharma

आयुक्त, सीमाशुल्क (सामान्य)

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 129 की धाराA(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 नियमावली (कार्यविधि), 1982, के प्रावधानों के अंतर्गत, यथोत्खंडपीठ 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 संदर्भ 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 विरुद्ध 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 नियमावली (अपीलस), 1982 के नियम में उल्लेखित व्यक्ति 2 के उपनियम 3 के तहत निर्धारित है एवं उसी नियमावली के नियम 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 ब्याजवलागाएए जुर्माने की राशि रु-/1000 .पाँच लाख या इस से कम होतो रु ., (ii)यदि यह राशि रुपाँच लाख से अधिक .) एवं -/5000 .हो किंतु पचास लाख से अधिक न होतो रुiii) यदि यह राशि रुपचास लाख से अधिक होतो . के शुल्क -/10000 .रु का भुगतान क्रॉसड 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, 50 .के तहत निर्धारित रु 6 की अनुसूची मद 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 C.C. Shah & Sons having address registered at 239, 2nd floor, Adarsh Industrial Estate, Andheri Sahar Road, Chakala, Andheri (E), Mumbai - 400099 (hereinafter referred as the Customs Broker/CB) is holder of Customs Broker License No. 11/217, issued by the Commissioner of Customs, Mumbai under Regulation 8 of CHALR, 1984, [Now regulation 7(2) of CBLR, 2018] and as such they are bound by the regulations and conditions stipulated therein.

2. As per the offence report received in the form of Order-in-Original No. AC/SRB/1387/2024-25/Exp.Assmt/ACC(X) dated 15.03.2025 issued by the Assistant Commissioner of Customs, ACC, Mumbai-III, vide F.No. CUS/EXP. ASSMT/MISC/162/2023/ACC(X) regarding action against Customs Broker M/s C.C. Shah & Sons (CB License No. 11/217) in the case of exporter M/s SISCO Research Laboratories Pvt. Ltd. (IEC - 0395049482).

2.1 M/s SISCO Research Laboratories Pvt. Ltd. (IEC - 0395049482) (hereinafter, referred to as the Exporter) having office at 608-B, Satellite Gazebo, Andheri Ghatkopar Link Road, Chakala, Andheri (E), Mumbai 400099 had filed Shipping Bill No. 4905259 dated 15.06.2019 at Air Cargo Complex (ACC) (INBOM4), Mumbai through their Customs Broker M/s C.C Shah & Sons for clearance of item declared as Laboratory Chemicals which inter-alia included 'Diisopropylamine' and the same was interdicted by Risk Management System (RMS). The details of the said Shipping Bill is summarized as follows:

S/B No. and Date	Invoice No.	Total FOB Value (Rs.)	Total drawback Amount (Rs.)	MEIS Claimed in S/B	Consignee	Country of Destination
4905259 dated 15.06.2019	EXP-079 dated 13.06.2019	37,208/-	462/-	Yes	Capital Research Distributors (Pty) Ltd.	South Africa

2.2 Meanwhile, a letter dated 17.06.2019 received from Principal Additional Director General, National Customs Targeting (NCTC) informed that the exporter M/s SISCO

Research Laboratories Pvt. Ltd. intends to export a SCOMET item viz. 'Diisopropylamine' under Shipping Bill No. 4905259 dated 15.06.2019, which is covered under the purview of 1D category of Appendix-3 of SCOMET list issued by DGFT, and requested to verify whether the said exporter had procured the SCOMET license for export of the said chemical.

2.3 The shipment covered under Shipping Bill No. 4905259 dated 15.06.2019 was examined 100% by the Export Shed officer under the supervision of Special Investigation and Intelligence Branch (SIIB) (X), Mumbai, on 03.07.2019. The description and quantity of goods were found to be as per invoice. Since the goods were hazardous in nature, the representative samples of all the 13 items of the Shipping Bill No. 4905259 dated 15.06.2019 were drawn in by M/s Para Lab Pvt. Ltd, Goregaon East, Mumbai as per Customs Broker's request letter dated 06.07.2019 and forwarded to DYCC, Sahar, Mumbai on 09.07.2019 for testing to ascertain the, composition, content, etc. The test reports of all the 13 items were received from DYCC vide TR Nos. 45 to 57 on 18.07.2019 wherein, the identity of all the items was affirmed by DYCC. The DYCC vide TR No. 57 for item 'Diisopropylamine' reported that 'the sample is in the form of clear, colourless liquid. It has the characteristics of Diisopropylamine'.

2.4 The item 'Diisopropylamine' mentioned at Sr. No. 13 of the Shipping Bill No. 4905259 dated 15.06.2019, appeared to be attempted to be exported to South Africa without export authorization issued by DGFT, in violation of Export Policy and in contravention of the provisions of SCOMET norms under 1D category of Appendix 3 to Schedule 2 of ITC(HS) FTP. The details of item 'Diisopropylamine' under said Shipping Bill were as under:

Sr. No. in S/B	S/B No. date	Description of goods	FOB value (Rs.)	Destination Country	Drawback amount. (Rs.)	MEIS Claimed	Customs Brokers (M/s.)
13	4905259/15.06.2019	Diisopropylamine Pure, 98%	8940/-	South Africa	134.10	Yes	C.C. Shah & Sons

2.5 The competent authority allowed 'Back to Town' of goods covered under Shipping Bill No. 4905259 dated 15.06.2019 on 06.12.2019 subject to executing Bond for full value

of FOB i.e. Rs. 37,208/- and Bank Guarantee for Rs 10,000/- on the exporter's request vide letter dated 25.10.2019. The same was communicated to the exporter and their Customs Broker vide letter dated 09.12.2019. The exporter vide their letter dated 22.01.2020 submitted Bond bearing No. AU858202 dated 17.12.2019 for the sum of Rs. 37,208/- and Bank Guarantee No. 06511GF200001545 dated 16.01.2020 from Kotak Mahindra bank, Mumbai for the sum of Rs. 10,000/- and the goods were allowed 'back to town'.

2.6 SCOMET items are governed by the specific provisions of (i) Chapter IVA of the FT (D&R) Act, 1992 as amended from time to time, (ii) Appendix-3 to Schedule 2 of ITC (HS) classification of Export and Import items and (iii) Para 2.73-2.82 of Hand Book of Procedures governing export authorizations. DGFT vide Notification No. 05/2015-20 dated 24.04.2017 made amendments in the Table-A of Schedule 2 of ITC (HS) Classification of Export and Import Items, 2012 and existing Appendix-3 of ITC (HS) classification of Export and Import items, 2012 was replaced by Annexure to Notification No. 05/2015-20 dated 24.04.2017. As per serial no. 5 of Table-A of Schedule 2 of ITC (HS) classification of Export and Import items, export of SCOMET item is governed as per conditions indicated in Appendix-3 of Schedule 2 of ITC (HS) classification of Export and Import items, 2012. An application for grant of Export Authorization in respect of SCOMET items mentioned in Appendix-3 to Schedule 2 of ITC (HS) classification of Export and Import items is to be made to DGFT (Hqrs) as prescribed in Para 2.73 of Hand Book of Procedures. Further, Appendix-3 along with Schedule 2 (Export Policy) of ITC (HS), 2018 was notified vide DGFT vide Notification No. 47/2015-20 dated 31.01.2018.

2.7 Special Chemicals, Organisms, Materials, Equipment and Technologies (SCOMET) are listed in Appendix-3 to Schedule 2 of ITC (HS) classification of Export and Import items. Appendix-3 contains list of goods/services/technologies which are considered as dual use items, i.e. which potentially have both civil as well as military applications and are capable of being deployed as weapons of mass destruction. Further, items on the SCOMET list are organised in 09 categories (from category 0 to category 8).

2.7.1 Relevant portion of Category 1D of Appendix-3 to Schedule 2 (Export Policy) of ITC (HS), 2012, which was introduced vide DGFT Notification No. 05/2015-20 dated 24.04.2017 and effective from 01.05.2017, is reproduced below:

Category 1 - Toxic chemical agents and other chemicals

1D Export of chemicals in this category is allowed to countries specified in Table I without an export licence subject to the condition that the exporter shall notify the Department of Chemicals & Petrochemicals, Ministry of External Affairs (D&ISA) and the DGFT within 30 days of such export in the prescribed format (Aayat Niryat Form) along with the End-Use Certificate and submit to the DGFT a copy of the bill of entry into the destination country within 30 days of delivery.

Export of chemicals in this category to other countries shall be restricted and will be allowed only against an export licence, and in that case the exporter shall submit to the DGFT a copy of the bill of entry into the destination country within 30 days of delivery.

<i>SI. No.</i>	<i>SCOMET Entry</i>	<i>Chemical</i>	<i>CAS Number</i>
4	1D004	Ammonium bifluoride	1341-49-7
6	1D006	Diisopropylamine	108-18-9
7	1D007	Dimethylamine	124-40-3
20	1D020	Sodium fluoride	7681-49-4
21	1D021	Sodium hexafluorosilicate	16893-85-9
23	1D023	Triethanolamine hydrochloride	637-39-8
25	1D025	Diethylamine	109-89-7

2.7.2 Appendix-3 along with Schedule 2 (Export Policy) of ITC (HS), 2018 was notified vide DGFT Notification No. 47/2015-20 dated 31.01.2018. Further, Category 1D of Appendix-3 to Schedule 2 (Export Policy) of ITC (HS), 2018 was amended vide DGFT Notification 17/2015-2020 dated 03.07.2018 with immediate effect and the same is reproduced below:

1D Export of chemicals, related technology and software in this category is allowed to countries specified in Table 1 without an export authorisation subject to the condition that the exporter shall notify the Department of Chemicals & Petrochemicals, Ministry of External Affairs (D&ISA) and the DGFT within 30 days of such export in the prescribed format (Aayat Niryat Form) along with the End-Use Certificate and submit to the DGFT a copy of the bill of entry into the destination country within 30 days of delivery.

Export of chemicals, related technology and software in this category to other countries shall be allowed only against an export authorisation, and in that case the

exporter shall submit to the DGFT a copy of the bill of entry into the destination country within 30 days of delivery.

Technical note to Category 1:

Chemicals are listed by name, Chemical Abstract Service (CAS) number and CWC Schedule (where applicable). Chemicals of the same structural formula (e.g., hydrates) are controlled regardless of name or CAS number. CAS numbers are shown to assist in identifying whether a particular chemical or mixture is controlled, irrespective of nomenclature. However, CAS numbers cannot be used as unique identifiers in all situations because some forms of the listed chemical have different CAS numbers, and mixtures containing a listed chemical may also have different CAS numbers.

2.7.3 As can be seen in the preceding para, the item 'Diisopropylamine' being exported under Shipping Bill No. 4905259 dated 15.06.2019 was covered under the category of SCOMET, as mentioned at Sr. No. 6, SCOMET Entry No. 1D006 of list of Chemicals covered under 1D of Appendix-3 to Schedule 2 (Export Policy) of ITC (HS), 2018. The export of Diisopropylamine to destination country South Africa was allowed only against an export authorisation and the exporter was required to submit to the DGFT a copy of the bill of entry into the destination country within 30 days of delivery. Thus, the export of Diisopropylamine is restricted in view of the Category 1D006 of Appendix-3 (SCOMET) to Schedule 2 (Export Policy) of ITC (HS), 2018. However, no export authorization for SCOMET item Diisopropylamine was uploaded on e-Sanchit by the exporter in respect of the Shipping Bill No. 4905259 dated 15.06.2019 nor produced during the investigation.

3. PAST EXPORTS

As per the exporter letter dated 13.08.2019 and 31.01.2023, they had exported SCOMET items namely Ammonium Bifluoride (1D004), Diisopropylamine (1D006), Dimethylamine (1D007), Sodium Fluoride (1D020), Sodium Hexafluorosilicate (1D021), Triethanolamine Hydrochloride (1D023) and Diethylamine (1D025) in the past from Air Cargo Complex, Sahar which were covered under purview of SCOMET list issued by DGFT under the 1D category of Appendix-3 to Schedule 2 (Export Policy) of ITC (HS), 2012 and Appendix-3 to Schedule 2 (Export Policy) of ITC (HS), 2018 and the same was corroborated by the data retrieved from ICES system. The details of the shipping bills were as below:

Table-A

Sr. No.	S/B No. & Date	Descriptions of Goods	Destination Country	FOB (Rs.)	Drawback (Rs.)	MEIS Claimed	Customs Broker (M/s)
1	4456866 dated 25.04.2018	Ammonium Bifluoride Pure, 98%	Turkey	2029.94	0	Y	C.C. shah & Sons
2	4935257 dated 17.05.2018	Diisopropylamine Pure, 98%	Tunisia	2895.20	0	Y	Mangatram Clearing & Forwarding Agent Pvt. Ltd
3	5837545 dated 27.06.2018	Diethylamine ExtrapureAr, 99.5%	South Africa	275.66	0	Y	C.C. shah & Sons
4	7020857 dated 20.08.2018	Sodium Fluride ExtrapureAR, 99%	South Africa	378.23	0	Y	C.C. shah & Sons
5	8075988 dated 06.10.2018	Triethanolamine Hydrochloride ExtrapureAr, 99%	Philippines	782.95	0	Y	Mangatram Clearing & Forwarding Agent Pvt. Ltd
6	9470069 dated 08.12.2018	Ammonium Bifluoride Pure, 98%	South Africa	261.29	0	Y	C.C. shah & Sons
		Sodium Hexafluorosilicate Pure, 99%		235.37	0	Y	
7	9694517 dated 17.12.2018	Sodium Hexafluorosilicate Pure, 99%	Malaysia	205.25	0	Y	Allwin Shipping Services
8	3222088 dated 06.04.2019	Dimethylamine 40% Solution Pure	Egypt	241.87	0	Y	C.C. shah & Sons
9	3849286 dated 30.04.2019	Diethylamine ExtrapureAr, 99.5%	South Africa	829.9	0	Y	C.C. shah & Sons
		Diisopropylamine Pure, 98%		1225.6	0	Y	
10	4116594 dated 13.05.2019	Diethylamine For H plc, 99.5%	Turkey	855.18	0	Y	C.C. shah & Sons
11	4626205 dated 03.06.2019	Sodium Fluoride Pure, 98%	Egypt	1025.12	0	Y	C.C. shah & Sons
Total				11,242/-	0		

3.1 Hence, it appeared that SCOMET items i.e. Ammonium Bifluoride (1D004), Diisopropylamine (1D006), Dimethylamine (1D007), Sodium Fluoride (1D020), Sodium Hexafluorosilicate (1D021), Triethanolamine Hydrochloride (1D023) and Diethylamine (1D025) (export of which was restricted subject to export license/authorization) were exported in the past by M/s Sisco Research Laboratories Pvt. Ltd. through ACC, Sahar without export license/authorization in violation of the restrictions imposed in Schedule-2-

Export Policy of ITC(HS), 2012 and Schedule-2-Export Policy of ITC(HS), 2018 and Appendix-3 contained therein.

3.2 In view of the above, the matter was taken up for detailed investigation. Accordingly, SIIB (Export) issued summons to the exporter and Customs Brokers and their statements were recorded under Section 108 of the Customs Act, 1962. Their voluntary statements and the details are as under:

3.3 Statement of Shri Vikas Agarwal, Director of M/s SISCO Research Laboratories was recorded wherein, he inter-alia stated that:

- He was the Director of the company managing overall administrative responsibilities. He looked after the Domestic sale and international sales and procurement of the raw materials.
- The main business of M/s Sisco Research Laboratories Pvt Ltd was to sell laboratory chemicals globally for the purpose of academic research and laboratory applications in Universities, Schools & colleges.
- They did not have the authorization for the export of 'Diisopropylamine' which was covered by 1D category of Appendix-3 of SCOMET list issued by DGFT and attempted to be exported vide shipping bill no. 4905259 dated 15.06.2019.
- They were unaware of the inclusion of Diisopropylamine in the 1D category of the SCOMET list which happened on 1st May 2017 and hence this product was sent for export due to their ignorance. They did not have the authorization for the export of Diisopropylamine.
- They got circulars from CHEMEXCIL - Council for Chemical export import to keep track of changes in the law relating to export/import policies.
- They had submitted the end-use declaration of Diisopropylamine (SCOMET Item) from their buyer in South Africa. The letter received was from Rochelle Chemicals & Lab Equipment Co. which was forwarded to them by their distributor, Capital Research Distributors (PTY) Ltd, South Africa. It stated that Diisopropylamine would be used as a chemical consumable in sodium online analysis, to conduct tests to know the concentration of Sodium in pure water and steam for a turbine in a power plant.

3.4 Further statement of Shri Vikas Agarwal, Director of M/s SISCO Research Laboratories was recorded wherein, he inter-alia stated:

- They were aware of the SCOMET list and the items. However, in his previous statement on 19/08/2019 when he was called by the SIIB, he did not have any time

to research due to constraint of time. However, now he was fully aware and stated that SCOMET was a watch on list for products used for mass destruction. Their products were used by laboratories, schools & colleges for their academic research work and the products were sold in lab packs with small value and their products were not used for SCOMET list for MASS DESTRUCTION even though they had similar nomenclature. The goods mentioned as Diisopropylamine (1D006), Diethylamine (1D025), Ammonium Bifluoride (1D004), Dimethylamine (1D007), Triethanolamine Hydrochloride (1D023), Sodium Fluoride (1D020) and Sodium Hexafluorosilicate (1D021) were under the purview of the item mentioned under para 1D of category 1 of the Appendix -3 of the SCOMET list.

- On being shown their letter dated 13.08.2019 and 08.12.2022, vide which they informed that they had exported SCOMET items viz Diisopropylamine (1D006), Diethylamine (1D25), Ammonium Bifluoride (1D004), Dimethylamine (1D007), Triethanolamine Hydrochloride (1D023), Sodium Fluoride (1D020) and Sodium Hexafluorosilicate (1D021) in the past which were covered under 1D category of Appendix-3 of SCOMET list issued by DGFT and allowed to be exported to various countries only against an export authorization; he stated that in both the said letters, they were unaware that although these products had the same nomenclature, they fell under SCOMET list. They were manufacturers of laboratory chemicals whose prime application was for academic purposes in schools and colleges. They did not have an authorisation because their products were not used for mass destruction. Their company had been selling products to all the CSIR, ICAR & ICMR research laboratories all over the country. If they were selling chemicals for MASS DESTRUCTION, then even the Indian government could not buy from their company.
- They were unaware that the products fell into SCOMET list before filling of the shipping bill by CB on their behalf because they did not sell any products for mass destruction. They were unaware that any of their products was appearing in the SCOMET list due to which they did not inform their CB.

3.5 Statement of Shri Pritesh Shah, Partner in M/s C.C. Shah & Sons was recorded was recorded wherein, he inter alia stated:

- The exporter did not have authorization for export of 'Diisopropylamine' which is covered by 1D category of Appendix-3 of SCOMET list issued by DGFT. They had verified from the exporter after the shipment was stopped by Customs and they did not have any authorization. The 1D category was included in the SCOMET list in 2018. They were not aware of this inclusion. They had seen previous documents of other CHAs and handled the shipment accordingly.

- On being asked whether the export documents covered by shipping bill no. 4905259 dtd. 15.06.2019 were scrutinised by their firm, he stated that they checked whether there were previous shipments for the same item. They checked the Tariff for any prohibition/ restriction.
- On being asked about how the requirement of authorization for export of 'Diisopropylamine' (a SCOMET item which is covered under 1D category of appendix-3) under Shipping Bill No. 4905259 dated 15.06.2019 was not pointed out to the exporter, he was stated that they were referring to an older SCOMET list and did not realise that the same had been updated and hence the mistake happened. Also, the same item 'Diisopropylamine' was previously shipped by other CHA. He further stated that the SCOMET list is a complicated list which can be only understood by an expert. They normally rely on the exporter to give them the proper details about the shipment including whether it was restricted etc. They did check if it was prohibited. It was very difficult to check whether every chemical being exported is restricted or not as it is a very technical matter.
- They had exported 08 shipments in the past which contained SCOMET items viz Diisopropylamine (1D006), Diethylamine (1D025), Ammonium Bifluoride (1D004), Dimethylamine (1D007), Triethanolamine Hydrochloride (1D023), Sodium Fluoride (1D020) and Sodium Hexafluorosilicate (1D021). They submitted the list of 08 shipments containing details of FOB, Drawback, MEIS, etc. of the SCOMET items. He further stated that the exporter did not have authorization of the same.
- The exporter was exporting school laboratory items from last 15 years or more. Due to this they never suspected that school laboratory items could fall under SCOMET. They were not aware about addition of the chemical in the SCOMET list. Further the quantity was so small that they never thought that the said chemical could be added in SCOMET as this required technical knowledge about chemical which they didn't have. The client was a bonafide and reputed exporter having a clean past record over the past decades. Further, the exporter themselves checked for the restrictions and incentives before forwarding the documents to them and due to the complexity and technicality of SCOMET list, they depended on client information.

4. The case was adjudicated by the Assistant Commissioner of Customs, Export Assessment Cell, ACC, Mumbai vide Order-in-Original No. AC/SB/245/2023-24/Exp.Ass. dated 01.07.2023 wherein the subject goods having FOB Value of Rs. 8,940/- (Rupees Eight Thousand Nine Hundred Forty only) were confiscated under provisions of Section 113(d) and 113(i) of the Customs Act, 1962 and the exporter was given an option

to redeem the goods on payment of redemption fine of Rs. 1,000/- (Rupees One Thousand only) in lieu of confiscation under section 125(1) of the Customs Act, 1962.

4.1 The adjudicating authority also confiscated SCOMET goods exported earlier vide 11 Shipping Bills mentioned in Table-A above and having total FOB Value of Rs. 11,242/- (Rupees Eleven Thousand Two Hundred Forty-Two only) under Section 113(d) and 113(i) of the Customs Act, 1962. Redemption fine of Rs. 1,500/- (Rupees One Thousand Five Hundred only) was imposed in lieu of confiscation under section 125(1) of the Customs Act, 1962.

4.2 A penalty of Rs. 10,000/- (Rupees Ten Thousand only) was imposed on M/s. SISCO Research Laboratories Pvt. Ltd. under Section 114(i) of the Customs Act, 1962 and the charges levelled against Customs Brokers M/s. C.C. Shah & Sons, M/s. Mangatram Clearing & Forwarding Agent Pvt. Ltd. and M/s. Allwin Shipping Services were dropped.

4.3 Being aggrieved by the above said adjudication order because penalty was not imposed on the exporter under Section 114AA of the Customs Act, 1962 and the charges against the Customs Brokers were dropped, the department filed an appeal before the Commissioner of Customs (Appeal), Mumbai Customs Zone - III vide Review Order No. 35/2023 dated 30.09.2023.

4.4 The Commissioner of Customs (Appeal), Mumbai Customs Zone - III vide Order-in- Appeal No. MUM-CUSTM-AXP-APP-1009/2024-25 dated 14.11.2024 referred the matter back to original adjudicating authority for fresh adjudication on the merits of the case. The aforementioned order of the Hon'ble Appellate Authority was accepted by the competent authority. Consequently, vide Order-in-Original No. AC/SRB/1387/2024-25/Exp.Assmt/ACC(X) dated 15.03.2025 a cumulative penalty of Rs. 10,000/- (Rupees Ten Thousand only) was imposed on the Customs Broker M/s. C.C. Shah & Sons (CB License No. 11/217) under Section 114(i) and Section 114AA of the Customs Act, 1962.

5. Role of Customs Broker: -

5.1 On perusal of the offence report, it was apparent that the investigation revealed the Customs Broker committed offenses in handling eight export shipments for M/s SISCO Research Laboratories Pvt. Ltd. The shipments contained chemicals Diisopropylamine (1D006), Diethylamine (1D025), Ammonium Bifluoride (1D004), Dimethylamine (1D007), Triethanolamine Hydrochloride (1D023), Sodium Fluoride (1D020) and Sodium Hexafluorosilicate (1D021) which are classified as restricted items in the SCOMET list. For such items, a mandatory export authorization from the DGFT is required. The CB failed in its fundamental duties by depending solely on the client's/ exporter's information and stating that the exporter themselves checked for the restrictions and incentives before forwarding the documents to them and due to the complexity and technicality of SCOMET list, they depended on client information. They did not obtain or verify the necessary DGFT authorization for the export of the said chemicals. The CB never suspected that School laboratory items could fall under SCOMET as the exporter was exporting School laboratory items for more than 15 years. They were not aware about addition of these chemicals in the SCOMET list. Further, as per the CB's statement recorded during the investigation, they didn't think that these chemicals could fall in the SCOMET list as the quantity was very small.

5.2 Furthermore, the CB M/s. C.C. Shah & Sons demonstrated a lack of due diligence by not consulting the updated SCOMET list to verify the export restrictions on the abovementioned chemicals. They didn't request for the critical supporting documents from the exporter such as the Material Safety Data Sheet (MSDS) or Certificate of Analysis (COA). Crucially, the CB failed to advise their client about the mandatory export restrictions and the necessity for authorization, thereby withholding critical information that the exporter was entitled to know. The CB's reliance on exporter's information without any verification, led to the unauthorized export of restricted items, violating its core responsibilities as a customs broker. Hence, it appeared that the CB failed to fulfil their obligations specified under Regulations 10(d), 10(e) and 10(f) of the CBLR, 2018.

5.3 From the investigation, the following omission leading to violation of obligations stipulated under Regulations 10(d), 10(e) and 10(f) of CBLR, 2018 were apparent: -

(i) Regulation 10(d) of the CBLR, 2018 reads as:

"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;"

The CB handled eight shipments for the exporter M/s SISCO Research Laboratories Pvt. Ltd. under Shipping Bill Nos. 4456866 dated 25.04.2018, 9470069 dated 08.12.2018 (containing Ammonium Bifluoride (1D004)), 3322088 dated 06.04.2019 (containing Dimethylamine (1D007)), 7020857 dated 20.08.2018, 4626205 dated 03.06.2019 (containing Sodium Fluoride (1D020)), 9470069 dated 08.12.2018 (containing Sodium Hexafluorosilicate (1D021)), 5837545 dated 27.06.2018, 3849286 dated 30.04.2019, 4116594 dated 13.05.2019 (containing Diethylamine (1D025)) and 3849286 dated 30.04.2019 (containing Diisopropylamine (1D006)). These items, listed under Category 1D of Appendix-3 to Schedule-2 of ITC (HS), 2018, are restricted for export and require an export authorization from the DGFT. The offence report confirmed that no such authorization was provided by the exporter or verified by M/s C.C. Shah & Sons. The statement of Mr. Pritesh Shah, Partner of M/s C.C. Shah & Sons recorded under Section 108 of the Customs Act, 1962 indicated that the exporter did not declare the items as restricted nor provide any DGFT authorization. Further, the CB did not advise the exporter to obtain the mandatory authorization, despite their obligation under Regulation 10(d) to ensure compliance with the Customs Act, 1962, the Foreign Trade (Development and Regulation) Act, 1992 and related export policies including the Foreign Trade Policy (FTP) 2015-20 and SCOMET regulations. Thus, the CB violated Regulation 10(d) of CBLR, 2018.

(ii) Regulation 10(e) of the CBLR, 2018 which reads as:

"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;"

Customs Broker M/s. C.C. Shah & Sons did not exercise due diligence in verifying the correctness of the information provided by the exporter regarding the exportability of Diisopropylamine (1D006), Diethylamine (1D025), Ammonium Bifluoride (1D004), Dimethylamine (1D007), Triethanolamine Hydrochloride (1D023), Sodium Fluoride (1D020) and Sodium Hexafluorosilicate (1D021). Mr. Pritesh Shah's statement revealed that the exporter had been exporting School laboratory items for more than 15 years due to which they never suspected that school laboratory items could fall under SCOMET. They were not aware about addition of these chemicals in the SCOMET list. Further, the quantity was so small that they never thought that these chemicals fell in SCOMET list as it required technical knowledge about chemicals which they didn't have. The client was a bonafide and reputed exporter having clean record over the past decades. Further, CB stated that the exporter themselves checked for the restrictions and incentives before forwarding the documents to them and due to the complexity and technicality of SCOMET list, they depended on client information.

The SCOMET list which was updated via DGFT Notification No. 05/2015-20 dated 24.04.2017 (effective from 01.05.2017) and Notification No. 47/2015-20 dated 31.01.2018, clearly identified Diisopropylamine(1D006), Diethylamine (1D025), Ammonium Bifluoride (1D004), Dimethylamine (1D007), Triethanolamine Hydrochloride (1D023), Sodium Fluoride (1D020) and Sodium Hexafluorosilicate (1D021) as restricted items requiring DGFT authorization for export to non-Table1 countries. M/s C.C. Shah & Sons did not consult the updated SCOMET list or verify the classification of these chemicals despite their obligation under Regulation 10(e) to ensure the accuracy of information related to cargo clearance. Thus, the CB violated Regulation 10(e) of the CBLR, 2018.

(iii) Regulation 10(f) of the CBLR, 2018 which reads as:

"not withhold information contained in any order, instruction or public notice relating to clearance of cargo or baggage issued by the Customs authorities, as the case may be, from a client who is entitled to such information;"

Based on the available records and statements, it appeared that the CB breached Regulation 10(f) of CBLR, 2018 by failing to communicate critical information about SCOMET export restrictions to their client M/s SISCO Research Laboratories Pvt. Ltd. Specifically, they did not share the implications of DGFT Notification Nos. 05/2015-20 dated 24.04.2017 and 47/2015-20 dated 31.01.2018 which classified Diisopropylamine, Diethylamine, Ammonium Bifluoride, Dimethylamine, Triethanolamine Hydrochloride, Sodium Fluoride and Sodium Hexafluorosilicate as restricted items requiring DGFT authorization. These notifications were essential for lawful cargo clearance. The CB's failure to verify or communicate these restrictions effectively withheld information that the client was entitled to know, contributing to violations of regulation 10(f) of the CBLR, 2018.

6. From the above stated facts and outcome of the investigation, it appeared that the CB M/s. C.C. Shah & Sons (CB License No. 11/217) failed to fulfil the obligations mandated under Regulations 10(d), 10(e) and 10(f) of the CBLR, 2018.

6.1 In view of the offence report received in the form of Order-in-Original No. AC/SRB/1387/2024-25/Exp.Assmt/ACC(X) dated 15.03.2025 issued by the Assistant Commissioner of Customs, ACC, Mumbai - III action under CBLR, 2018 was initiated against the CB M/s. C.C. Shah & Sons (CB License No. 11/217). Further, in view of the Board's Instruction No. 24/2023 dated 18.07.2023, the case was not considered appropriate for immediate suspension of the CB license under Regulation 16 of the CBLR, 2018. However, action under Regulation 17 of CBLR, 2018 was initiated against the CB M/s. C.C. Shah & Sons and accordingly, based on the Offence Report, the following articles of charge were framed against the CB:

- (i) Article of Charge-I: Violation of Regulation 10(d) of the CBLR, 2018.
- (ii) Article of Charge-II: Violation of Regulation 10(e) of the CBLR, 2018.
- (iii) Article of Charge-II: Violation of Regulation 10(f) of the CBLR, 2018.

6.2 In light of the above, a Show Cause Notice (SCN) No. 29/2025-26 dated 22.09.2025 was issued to the CB M/s. C.C. Shah & Sons (CB License No. 11/217) under the provisions

of Regulation 17(1) of the CBLR, 2018 wherein, the CB was called upon to show cause, as to why:

- a. The Customs Broker License bearing no. 11/217 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.

6.3 Mrs. Meenakshi Salvi, Assistant Commissioner of Customs was appointed as Inquiry Officer (IO) to conduct the inquiry proceedings against the CB M/s. C.C. Shah & Sons (CB License No. 11/217) under Regulation 17 of the CBLR, 2018.

INQUIRY REPORT: -

7. The Inquiry Officer (here in after referred to as the 'IO') concluded the inquiry proceedings and submitted the Inquiry Report dated 30.12.2025 received in this office on 31.12.2025, wherein, all the charges levelled against the CB vide SCN No. 29/2025-26 dated 22.09.2025 were held as "Not Proved".

FINDINGS OF THE INQUIRY OFFICER: -

8. The IO submitted that she had gone through the Order in Original No. AC/SB/245/2023-24/ExpAss. Dated 03.07.2023; Order in Original No. AC/SRB/1387/2024-25/Exp.Assmt/ACC(X) dated 15.03.2025; SCN No. 29/2025-26 dated 25.09.2025 issued vide F. No. GEN/CB/379/2025/CBS; written submission made by the CB during hearings; copies of challans dated 29.03.2025 evidencing payment of penalty of Rs. 10,000/- under section 114(i) and under section 114 AA of CA 1962 against OIO dated 15.03.2025.

8.1 The IO found during the hearing that earlier OIO dated 03.07.2023 had been reviewed by the Department and appeal filed against it due to non-agreement of dropping charges levied under SCN No. 733/ADJ(X)/AC/2022-23 dated 06.03.2023. The IO stated

that SCN dated 22.09.2025 was silent about the original OIO dated 03.07.2023, wherein charges levied against the CB were dropped.

8.2 The IO submitted that Commissioner (A) vide order No. MUM-CUSM-AXP-APP-1009/2024-25 dated 14.11.2024 had remanded the case back to original authority as earlier OIO dated 03.07.2023 had made no mention about penalty under Section 114AA of CA, 1962 and therefore, it was remanded back for a fresh finding of the facts. After the case was adjudicated afresh by the authority under OIO dated 15.03.2025, the CB paid penalties on 29.03.2025 and submitted copy of payment to the department.

8.3 The IO submitted that subsequent SCN dated 22.09.2025 invoking provisions under CBLR, 2018 was issued after the stipulated time of 90 days from an offence report and thus, the SCN appeared to be null and void and provisions therein non-sustainable.

8.4 The IO submitted that thorough scrutiny of all the documents revealed that goods valued at Rs. 11,242/- were exported under 09 SBs in year 2018 and 2019 against end use certificate which was e-sanchit at the time of export. Thus, the IO stated that the CB did not hide the facts. Appendix -3 along with Schedule 2 (Export Policy) of ITC (HS), 2018 was notified vide DGFT vide Notification No. 47/2015-20 dated 31.01.2018 wherein, products exported had been inserted. Customs system was not updated as no such objection was pointed out after the goods were examined. Therefore, it will be injustice to pass on onus of SCOMET declaration only on the CB.

8.5 The IO further observed that the charges under SCN dated 22.09.2025 for violation of Regulations under 10(d), 10(e) and 10(f) and subsequent OIO, had nowhere proved that the CB was proper entity to disclose its usage than the exporter of those goods. The end use of the goods had been disclosed and therefore the SCN for violation of Regulations 10(d), 10(e) and 10(f) of CBLR, 2018 would not stand good in law. Further, the IO stated that the SCN had been issued after the prescribed time period (90 days) for issuance of SCN and therefore no longer valid.

8.6 In view of the above, the IO submitted that she was inclined to observe and submit that the allegations/violations under SCN dated 22.09.2025 be dropped.

8.7 Summary of the Findings:

The IO concluded her findings as under:

1.	Violation of Regulation 10(d) of CBLR, 2018	Not Proved
2.	Violation of Regulation 10(e) of CBLR, 2018	Not Proved
3.	Violation of Regulation 10(f) of CBLR, 2018	Not Proved

DISAGREEMENT MEMO: -

9. The Inquiry Officer in her report dated 30.12.2025 held the charges of violation of Regulations 10(d), 10(e) and 10(f) as “Not Proved”. Commissioner of Customs (Gen.), Mumbai-I disagreed with the Inquiry Officer’s report in respect of the same in the light of available evidences on record. Therefore, a Disagreement Memo dated 04.03.2026 was issued by the Commissioner of Customs (Gen.), Mumbai-I. Under the provisions of Regulation 17(6) of the CBLR, 2018, a copy of the Inquiry Report dated 30.12.2025 and Disagreement Memo dated 04.03.2026 was shared with the CB, and an opportunity of personal hearing was granted to the CB on 24.03.2026.

RECORDS OF PERSONAL HEARING: -

10. The personal hearing in the matter was held on 24.03.2026 before me. Shri Rajesh Shah and Shri Pritesh Shah, both Partners at M/s. C.C. Shah & Sons (CB License No. 217) appeared for the hearing. They submitted a written reply dated 24.03.2026 and reiterated the facts of the same. Further, they added that the items which were being shipped were newly added to the SCOMET list, and they were not aware of the same, and therefore, being a genuine, technical mistake, the case may be dropped. Accordingly, the oral and written submissions of the CB were taken on record.

WRITTEN SUBMISSIONS OF THE CB: -

11. The written submission made by the CB is as follows:

- i. At the outset, the CB requested to take a lenient view in the case as this is their first show cause notice in nearly 65 years of possession of CB License.

- ii. The CB stated that show cause notice dated 22.09.2025 was issued after nearly two and half years of offence report AC/SB/245/2023-24 dated 01.07.2023. The CB further stated that the Inquiry Report has not been issued within 90 days from show case notice date. Show case notice is dated 22.09.2025 and inquiry report is dated 30.12.2025 which they received on 04.03.2026; that the Inquiry Report was issued after 90 days and received by them after nearly 150 days of show case notice and hence was time barred as per CBLR regulation section 17(5). They further stated that 90 days should be counted from date of issue of report and not any other date relying on the following caselaws:
- a) *A.M. Ahamed & Co. versus Commissioner of Customs (Imports), Chennai; WP No. 30884 of 2013 (Mad.)*
 - b) *Sea Queen Shipping Services Pvt. Ltd. versus Commissioner of Customs, Chennai; WP No. 27243 of 2025 (Madras)*
- iii. The CB submitted that the Exporter had been penalised just Rs. 10,000/- and they had also paid same amount of penalty to customs and any new penalty will be like they are penalised more than exporter who are actual accused.
- iv. The CB submitted that no misdeclaration or any truth was hidden by them as per the inquiry report; that they never manipulated, hid or misdeclare items and nothing of this type had been found in any inquiry. The CB submitted that the all goods had been examined by customs officer and then only export had happened.
- v. The CB submitted that they had not been provided 30 days as per section 17(6) regulation between providing a copy of the inquiry report to them and personal hearing and this was their 1st show case notice in nearly 70 years of customs license. issued to them. The CB submitted that no customs broker will intentionally do any wrong for such a small amount of Rs.9000/-.
- vi. The CB submitted that their chemical was not there in SCOMET till 2018 and they had been clearing this before also due to which they missed these updates as they were not aware about its addition in SCOMET.
- vii. The CB submitted that they had submitted photo copy of letter dated 27.11.2025 which was submitted to the Inquiry Officer.

- viii. The CB submitted that subject Custom Broker Licence was issued in 1948 to his grandfather and this is their Fourth Generation which has continued to provide service to the government and nation with honesty; that from 1948 i.e. for 76 years till date no Notice had been served to their company.
- ix. The CB requested to consider that nearly 50 employees and more than 400 persons including their families depended on their licence. The CB further requested to take lenient view in this case.

11.1 The CB referred their submission dated 27.11.2025 made before the Inquiry Officer which is summarized below:

- i. Offence Order No. AC/SB/245/2023-24/EXP ASS. Dated 01.07.2023 in which CHA is not found guilty as no misdeclaration or positive evidence to show its active involvement in export was found. This order was challenged by customs department in which CHA was not made party at all and only exporters were party as respondent dated 14.11.2024. Revised Offence Report Order with file no: CUS/EXP. ASSMT/MISC/162/2023/ACC(X) dated 15-03-2025 and customs show case notice with file no GEN/CB/379/2025/CBS Dated 22.09.2025 which is nearly after 02 years of offence report and also more than 195 days of new report.
- ii. Exports happened in 2019 and till today i.e. end of 2025 no other offence has happened from our side. Our license was issued in 1962 and from this date till today 2025 this is our first show case notice.
- iii. Goods had been examined by customs officer and then export was allowed. Customs system were also not updated due to which this export had happened. We have not done any misdeclaration, manipulation or hidden any detail from customs. We never had any chemical in SCOMET regulation before 2018 and in mid-2018 all of sudden chemicals were added in this list.
- iv. Exporter used to export this before SCOMET regulation also which has been stated by the exporter in their statement. Goods exported were used in schools and colleges for education and can't be used for mass destruction as quantity was very small. End

use letter had been given by the exporter which specified their use in school and colleges labs.

- v. We have been given show case notice under section 17(1) in which show case notice has to be given within 90 days of offence report. We place reliance on the following caselaws:

- a) *A.M. Ahamed & Co. Versus Commissioner of Customs (Imports), Chennai 2014 (309) E.L.T 433 (Mad.)*
- b) *Masterstroke freight forwarders P. Ltd. Versus C.C. (I), Chennai-I 2016 (332) E.L.T. 300 (Mad.)*
- c) *Santon Shipping Services versus The Commissioner of Customs (2017) (Hon'ble Madras HC)*
- d) *Sea Queen Shipping Services Pvt. Ltd. versus Commissioner of Customs, Chennai; WP No. 27243 of 2025 (Madras)*
- e) *Leo Cargo Services versus Commissioner of Customs*
- f) *Kailash Shipping Services Pvt. Ltd. Vs Principal Commissioner of Customs (CESTAT Chennai)*

- vi. C.C. Shah & Sons CHA 11/217 is very old company. Since 1948 my grandfather got dalal Licence in the Year of 1948 and thereafter my father carried business and now my brother and myself as well my brother's son is carrying same business. For 77 years our family has been providing service to the nation and all our customers. Since the company has been in service from 1948 not even a single show cause notice has been issued against us. This is first notice we have received and that too having value of only Rs. 11242/-
- vii. As far as SCOMET Products Export is concerned it is submitted that some of the products were only 500 ml or 1 kgs or 10 gm etc. among other chemicals in the shipping bills and all are laboratory chemicals.
- viii. The main issue is while our staff prepared Shipping Bills in software and updated or checked in ICEGATE System, the System was not showing any specific requirement if SCOMET was required or not. Please note that the customer SISCO is with us since so many years and we continued to handle all shipment smoothly as per practice and suddenly SCOMET Notification was issued which was not updated

in ICEGATE website or any website with specific HSN code. So, may be our staff processed the Shipping Bill as per practice.

- ix. Our Staff had prepared Shipping Bill as per Practice and submitted in ICEGATE. All the procedure was done per normal process and all the cargos were inspected by Custom officer which can be verified from the copy of Shipping Bill which means none of their staff or the company had any wrong intention. For Rs. 11,242/- case we already paid fine of Rs. 10,000/- and any more fine will be double fine penalty on us.
- x. We are grateful to Govt of India our own Govt to Grant a Licence in 1948 and till now in 77 years we paid millions of rupees in customs duty and have made export shipment worth many cores of rupees by air and sea. We work day and night to provide service to nation to boost exports and provide service to customer.
- xi. We humbly request not to revoke our Licence or forfeit the security deposit. As far as penalty is concerned, we have already paid to customs. Sir/Madam we like to request you to have lenient view as we have not done any fraud or manipulation or misdeclaration or any loss to government revenue. These are genuinely exported chemicals which are of civilian use and also our client has given statement that these are used in school and college labs. We request you to drop this show case notice as it is time barred and also, we have been penalized more or equal to exporter and any penalty on us will result in more penalty than exporter.

DISCUSSIONS AND FINDINGS: -

12. I have gone through the facts and records of the case; the offence report received in the form of Order-in-Original No. AC/SRB/1387/2024-25/Exp.Assmt/ACC(X) dated 15.03.2025 issued by the Assistant Commissioner of Customs, ACC, Mumbai - III; Show Cause Notice No. 29/2025-26 dated 22.09.2025 issued under Regulation 17(1) of CBLR, 2018; Inquiry Report dated 30.12.2025, Disagreement Memo dated 04.03.2026, PH records dated 24.03.2026 and the CB's written submission dated 24.03.2026.

13. Briefly stating, the case against the CB M/s C.C. Shah & Sons (CB License No. 11/217) originated from an investigation by the Special Investigation and Intelligence Branch (SIIB) - (X), ACC, Mumbai -III into the export consignments of M/s SISCO Research Laboratories Pvt. Ltd. The proceedings were initiated following an offence report (Order-in-Original No. AC/SRB/1387/2024-25/Exp.Assmt/ACC(X) dated 15.03.2025) regarding an attempt to export 'Diisopropylamine' under Shipping Bill No. 4905259 dated 15.06.2019. This chemical is classified as a SCOMET item under Category 1D of Appendix-3 to Schedule-2 of the ITC (HS) Export Policy. Consequently, its export is restricted and requires mandatory prior authorization from the DGFT for exporting to countries such as South Africa, which the exporter failed to obtain or produce. The investigation revealed that the CB M/s C.C. Shah & Sons had also cleared eight past shipments for the same exporter involving various SCOMET chemicals including Ammonium Bifluoride, Diethylamine, Dimethylamine, Sodium Fluoride and Sodium Hexafluorosilicate without the required DGFT licenses. In statements recorded under Section 108 of the Customs Act, the CB partner, Shri Pritesh Shah, admitted they were unaware of the updated SCOMET list and relied solely on the exporter's declaration, citing the small quantities and the client's long-standing reputation as reasons for not verifying the restrictions. Based on these findings, the CB is charged with violating Regulations 10(d), 10(e), and 10(f) of the CBLR, 2018.

13.1 I observe that the Adjudicating Authority in the offence report i.e. Order-in-Original No. AC/SRB/1387/2024-25/Exp.Assmt/ACC(X) dated 15.03.2025 has observed that, 'From the statements recorded under Section 108 of Customs Act, 1962 of the concerned Customs Brokers, it is ascertained that they did not advise their client to comply with the provisions of the Act, other allied Acts and the rules and regulations thereof. The Customs Brokers being knowledgeable in clearance subject failed to inform their client about the SCOMET provisions and the necessary requirement of export license/authorization. They also failed to advise their client to get necessary export license/authorization issued from DGFT while undertaking clearance of SCOMET items under current Shipping Bill No. 4905259 dated 15.06.2019 and past shipping bills as detailed in Table-A. It appears that

they have contravened the provisions of Regulation 10(d) & 10(e) of the CBLR, 2018, provisions of Customs Act, 1962, provisions of Section 11 of the Foreign Trade (Development and Regulation) Act, 1992 read with and FTP 2015.

The Customs Brokers (CBs) were authorized by the exporter for filing of Shipping Bills for export of SCOMET items i.e. Ammonium Bifluoride (1D004), Diisopropylamine (1D006), Dimethylamine (1D007), Sodium Fluoride (1D020), Sodium Hexafluorosilicate (1D021), Triethanolamine Hydrochloride (1D023) and Diethylamine (1D025). Therefore, it was responsibility of CBs to ensure filing of Shipping Bills with accurate and complete information and compliance with the restrictions and prohibition, if any relating to the goods under the Customs Act, 1962 and under any other law for the time being in force. The failure of CBs to ensure the filing of Shipping Bills with correct information and required documents and also their failure to advise their client about the restrictions pertaining to export of the SCOMET items mentioned above, has resulted into violation of provisions of Section 50 of the Customs Act, 1962, provisions of Section 11 of the Foreign Trade (Development and Regulation) Act, 1992 read with and FTP 2015-20. For the various acts of omission and commission by Customs Brokers (CB) M/s C.C. Shah & Sons, M/s Mangatram Clearing & Forwarding Agent Pvt. Ltd. and M/s Allwin Shipping Services which appear to have rendered the impugned goods liable for confiscation under Section 113(d) and Section 113(i) of Customs Act, 1962, have rendered themselves liable for penal action under Section 114(i) and 114AA of the Customs Act, 1962'. Consequently, a cumulative penalty of Rs. 10,000/- (Rupees Ten Thousand only) was imposed on the CB M/s. C.C. Shah & Sons under sections 114(i) and 114AA of the Customs Act, 1962.

14. I find that 03 articles of charges have been framed against the CB i.e. violation of Regulations 10(d), 10(e) and 10(f) of the CBLR 2018. Now, I proceed to discuss the articles of charges, sequentially.

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

(a) I find that the charge of violation of Regulation 10(d) of the CBLR, 2018 has been levelled against the CB on the grounds that, 'the CB handled eight shipments for the

exporter M/s SISCO Research Laboratories Pvt. Ltd. under Shipping Bill Nos. 4456866 dated 25.04.2018, 9470069 dated 08.12.2018 (containing Ammonium Bifluoride (1D004)), 3322088 dated 06.04.2019 (containing Dimethylamine (1D007)), 7020857 dated 20.08.2018, 4626205 dated 03.06.2019 (containing Sodium Fluoride (1D020)), 9470069 dated 08.12.2018 (containing Sodium Hexafluorosilicate (1D021)), 5837545 dated 27.06.2018, 3849286 dated 30.04.2019, 4116594 dated 13.05.2019 (containing Diethylamine (1D025)) and 3849286 dated 30.04.2019 (containing Diisopropylamine (1D006)). These items, listed under Category 1D of Appendix-3 to Schedule-2 of ITC (HS), 2018, are restricted for export and require an export authorization from the DGFT. The offence report confirmed that no such authorization was provided by the exporter or verified by M/s C.C. Shah & Sons. The statement of Mr. Pritesh Shah, Partner of M/s C.C. Shah & Sons recorded under Section 108 of the Customs Act, 1962 indicated that the exporter did not declare the items as restricted nor provided any DGFT authorization. Further, the CB did not advise the exporter to obtain the mandatory authorization, despite their obligation under Regulation 10(d) to ensure compliance with the Customs Act, 1962, the Foreign Trade (Development and Regulation) Act, 1992 and related export policies including the Foreign Trade Policy (FTP) 2015-20 and SCOMET regulations. Thus, the CB violated Regulation 10(d) of CBLR, 2018.'

(b) I find that the Inquiry Officer, in this regard has observed that the scrutiny of all the documents revealed that the goods valued at Rs. 11,242/- were exported under nine shipping bills in the year 2018 and 2019 against end use certificate which was e-sanchit at the time of export. The IO stated that the CB did not hide the facts. Appendix -3 along with Schedule 2 (Export Policy) of ITC (HS), 2018 was notified vide DGFT vide Notification No. 47/2015-20 dated 31.01.2018 wherein the products exported had been inserted. Customs system was not updated as no such objections were pointed out after the goods were examined. The IO submitted that therefore, it will be an injustice to pass on onus of SCOMET declaration only on the CB. The IO thus held the charge of violation of Regulation 10(d) as not proved.

(c) The CB contends that they did not hide any truth or manipulate details, as the goods were laboratory chemicals exported in very small quantities (e.g., 500 ml or 10 gm) for civilian use in school and college labs. They argue that the items were not under SCOMET regulations before 2018 but were newly added and that the exporter had been clearing these items as per past practice long before the regulation change. The CB maintains that they followed the normal process and the exporter provided an end-use letter specifying the chemicals were for educational purposes. Furthermore, they contend that the Customs ICEGATE system itself was not updated with specific SCOMET requirements or HSN codes at the time, leading their staff to process the shipping bills as per established practice.

(d) Regulation 10(d) mandates that a Customs Broker shall advise his client to comply with the provisions of the Act and allied Acts, and in case of non-compliance, shall bring the matter to the notice of the Deputy/Assistant Commissioner of Customs. Having gone through the facts and records of the case, I find the investigation revealed that the CB filed 09 Shipping Bills from 2018 to 2019 for their client M/s SISCO Research Laboratories Pvt. Ltd. for export of various chemicals including Diisopropylamine, Diethylamine, Ammonium Bifluoride, Dimethylamine, Triethanolamine Hydrochloride, Sodium Fluoride and Sodium Hexafluorosilicate which were restricted under SCOMET Category as per Appendix-3 to Schedule-2 of the ITC(HS) Classification. I have gone through the CB's submission and observe that the CB argued that the items which were being shipped were newly added to the SCOMET list and they were not aware about the same. I find that the DGFT Notification No. 05/2015-20 dated 24.04.2017 which brought the subject chemicals under the SCOMET List came into effect on 01.05.2017 i.e. almost a year prior to the first shipping bill mentioned in Table-A and almost two years prior to the current shipping bill. The CB's contention that the chemicals were newly added does not hold water in light of the facts on record. The CB's plea of ignorance is actually an admission of professional incompetence. By failing to check the restricted status of chemicals categorized under SCOMET, the CB failed to advise the exporter regarding the necessary export authorization from DGFT. I observe that the CB acts as an intermediary between the exporter/importer and Customs. The CB's work is not just to get the goods cleared but to

follow every regulation/law while attempting to clear the goods through Customs. In the present case, the CB was the proper entity to advise the client to obtain export authorization for the SCOMET items that were being exported under the concerned SBs before effecting the export. Keeping in view the duties and obligations mentioned in the CBLR, 2018, the CB is required to be well versed with the provisions of the Customs Act, other allied Acts and the rules and regulations. The CB cannot absolve himself of his responsibilities by arguing that the system was not updated. The CB was required to advise the exporter to obtain the mandatory authorization for export of the SCOMET items. Instead, they relied on the exporter's declaration that the items were freely exportable and intended for research purposes and therefore failed to comply with its responsibilities and obligations mandated under the CBLR, 2018. I further observe that the Inquiry Report deals with the charges in a very superficial manner without discussing the lapses by the CB in any substantial detail. In view of these findings and available evidences on record, I am inclined to differ with the inquiry officer's findings and hold the CB guilty of violating Regulation 10(d) of the CBLR, 2018.

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

(a) I find that the charge of violation of Regulation 10(e) of the CBLR, 2018 has been levelled against the CB on the grounds that, 'Customs Broker M/s. C.C. Shah & Sons did not exercise due diligence in verifying the correctness of the information provided by the exporter regarding the exportability of Diisopropylamine (1D006), Diethylamine (1D025), Ammonium Bifluoride (1D004), Dimethylamine (1D007), Triethanolamine Hydrochloride (1D023), Sodium Fluoride (1D020) and Sodium Hexafluorosilicate (1D021). Mr. Pritesh Shah's statement revealed that the exporter had been exporting School laboratory items for more than 15 years due to which they never suspected that school laboratory items could fall under SCOMET. They were not aware about addition of these chemicals in the SCOMET list. Further, the quantity was so small that they never thought that these chemicals fell in SCOMET list as it required technical knowledge about chemicals which they didn't have. The client was a bonafide and reputed exporter having

clean record over the past decades. Further, CB stated that the exporter themselves checked for the restrictions and incentives before forwarding the documents to them and due to the complexity and technicality of SCOMET list, they depended on client information. The SCOMET list which was updated via DGFT Notification No. 05/2015-20 dated 24.04.2017 (effective from 01.05.2017) and Notification No. 47/2015-20 dated 31.01.2018, clearly identified Diisopropylamine(1D006), Diethylamine (1D025), Ammonium Bifluoride (1D004), Dimethylamine (1D007), Triethanolamine Hydrochloride (1D023), Sodium Fluoride (1D020) and Sodium Hexafluorosilicate (1D021) as restricted items requiring DGFT authorization for export to non-Table1 countries. M/s C.C. Shah & Sons did not consult the updated SCOMET list or verify the classification of these chemicals despite their obligation under Regulation 10(e) to ensure the accuracy of information related to cargo clearance. Thus, the CB violated Regulation 10(e) of the CBLR, 2018.’

(b) I find that the Inquiry Officer has held the charge of violation of Regulation 10(e) as not proved without going into detail.

(c) The CB asserts that there was no misdeclaration or fraud on their part, a fact they claim was supported by the inquiry report. They emphasize that all goods were physically examined and cleared by customs officers before export, indicating that the information provided was checked by the department’s own resources. The CB argues that the failure to detect the SCOMET status was due to the sudden addition of these chemicals to the list in mid-2018 and the lack of system alerts in the customs software. They also point out that the exporter, who is the actual accused, was only penalized Rs. 10,000/- and the CB has already paid a similar amount, making further penalties disproportionate.

(d) I have gone through the facts and records of the case in detail. I observe that the CB was the proper entity to advise the client to take export authorization for the SCOMET items that was being exported under the concerned SBs before effecting the export, however, the CB was negligent on their part and failed to exercise due diligence regarding advising the exporter on the type of goods viz. SCOMET goods and the relevant statutory requirements. Had the CB been careful on their part, export of SCOMET goods without

necessary authorization could have been averted. The CB's contention that they had exercised due care and had made persistent efforts to ascertain the correctness of all information imparted to their client does not hold water under the circumstances of the case. I find that Shri Pritesh Shah, partner in M/s C.C. Shah & Sons in his statement recorded under the Customs Act, 1962 stated that "The 1D category was included in the SCOMET list in 2018. They were not aware of this inclusion. They had seen previous documents of other CHAs and handled the shipment accordingly". This clearly shows the callous manner in which the CB handled clearance of cargo containing sensitive dual-use chemicals. As discussed supra, the CB filed shipping bills for export of the subject restricted chemicals without the necessary authorization for almost two years post issuance of DGFT Notification No. 05/2015-20 dated 24.04.2017. Had they acted diligently, the very basic thing they could have done was to check the SCOMET list for any restricted chemicals being exported by M/s. SISCO Research Laboratories Pvt. Ltd. A Customs Broker is expected to be diligent in their filing process, peruse the document submitted by the client and apply their mind so as to tender timely advice to spot deficiencies and non-compliance. They cannot blindly rely on a client's declaration when the investigations suggest that the items were explicitly listed in the SCOMET Appendix. The CB's failure to identify and flag restricted items despite those being listed under SCOMET Category 1D demonstrates a lack of due diligence mandated under Regulation 10(e). By failing to verify the restricted status of the cargo and subsequently failing to upload the required authorization for items classified under the SCOMET list, the CB failed to exercise the degree of diligence required during the clearance process. Further, the CB's contention that they have already paid penalties under the Customs Act does not stand as the current proceedings under CBLR, 2018 is independent of the action taken under the Customs Act, 1962 against the exporter and the CB. Consequently, I do not find substance in the IO's findings and hold the CB guilty of violation of Regulation 10(e) of the CBLR, 2018.

14.3 Violation of Regulation 10(f) of the CBLR, 2018:

(a) I find that the charge of violation of Regulation 10(f) of the CBLR, 2018 has been levelled against the CB on the grounds that, 'based on the available records and statements,

it appeared that the CB breached Regulation 10(f) of CBLR, 2018 by failing to communicate critical information about SCOMET export restrictions to their client M/s SISCO Research Laboratories Pvt. Ltd. Specifically, they did not share the implications of DGFT Notification Nos. 05/2015-20 dated 24.04.2017 and 47/2015-20 dated 31.01.2018 which classified Diisopropylamine, Diethylamine, Ammonium Bifluoride, Dimethylamine, Triethanolamine Hydrochloride, Sodium Fluoride and Sodium Hexafluorosilicate as restricted items requiring DGFT authorization. These notifications were essential for lawful cargo clearance. The CB's failure to verify or communicate these restrictions effectively withheld information that the client was entitled to know, contributing to violations of regulation 10(f) of the CBLR, 2018.'

(b) I find that the Inquiry Officer, in this regard, has observed that the charges under SCN dated 22.09.2025 for violation of Regulations under 10(d), 10(e) and 10(f) and subsequent OIO, had nowhere proved that the CB was a proper entity to disclose its usage than the exporter of those goods. The end use of the goods had been disclosed and therefore the SCN for violation of Regulations 10(d), 10(e) and 10(f) of CBLR, 2018 would not stand good in law. The IO held the charge of violation of Regulation 10(f) as not proved.

(c) The CB maintains they never intentionally withheld or manipulated any information from the Customs authorities. They argue that the exporter used to export the chemicals before SCOMET regulation also which has been stated by the exporter in their statement. Goods exported were used in schools and colleges for education and can't be used for mass destruction as quantity was very small. End use letter had been given by the exporter which specified their use in school and colleges labs. The CB further states that the customer SISCO has been with them for many years and they continued to handle all shipment smoothly as per practice and suddenly SCOMET Notification was issued which was not updated in ICEGATE website or any website with specific HSN code and hence, their staff processed the Shipping Bills as per practice.

(d) I have gone through the facts and records of the case alongwith available evidences on record. I observe the CB argued that they never intentionally withheld or manipulated

any information from the Customs authorities. They argued that the exporter used to export the chemicals before SCOMET regulation also which has been stated by the exporter in their statement and that the exported goods were used in schools and colleges for education and can't be used for mass destruction as quantity was very small. The CB further added that end use letter had been given by the exporter which specified their use in school and colleges labs. I find the CB's arguments untenable. I observe that the obligation under Regulation 10(f) is not contingent upon the nature of the client i.e. importer/ exporter but a cardinal duty of the CB to provide information contained in any order, instruction or public notice relating to clearance of cargo to the client in a proactive manner. A client hires a CB precisely because they lack the technical expertise in Customs law and procedures, regardless of how much they know about the physical nature of the goods. By failing to inform the exporter about the DGFT Notifications that restricted these chemicals, the CB effectively withheld vital information. Had the CB shared these notifications, the exporter might have sought the necessary licenses. By remaining silent and processing the shipment, the CB facilitated export of chemicals specified under the SCOMET list without necessary authorization from DGFT. In view of these findings, I am of the firm opinion that the CB violated Regulation 10(f) of the CBLR, 2018.

15. 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 CB by the Government Agencies; however, by their acts of omission and commission, the Customs Broker M/s. C.C. Shah & Sons (CB License No. 11/217) has violated Regulations 10(d), 10(e) and 10(f) of the CBLR, 2018. I find that for the violation of obligations provided under the CBLR, 2018 and for their acts of omission and commission, the Customs Broker M/s. C.C. Shah & Sons have rendered themselves 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."

16. As discussed above, I conclude that the CB M/s. C.C. Shah & Sons (CB License No. 11/217) is guilty of violating Regulations 10(d), 10(e) and 10(f) of the CBLR, 2018. In view of the detailed discussion and analysis above, it is established that the CB M/s. C.C. Shah & Sons has failed to discharge the professional and statutory obligations mandated under the Customs Brokers Licensing Regulations, 2018. The evidence on record confirms that the Customs Broker did not advise the exporter regarding the mandatory SCOMET compliance prior to filing the concerned shipping bills. It is evident from the

investigation records that the CB filed the first shipping bill containing a SCOMET item without the necessary authorization from DGFT on 25.04.2018 and the latest on 15.06.2019. The DGFT Notification No. 05/2015-20 dated 24.04.2017 which brought the subject chemicals under the SCOMET List came into effect on 01.05.2017. The CB's own submission that they were not aware about the updated SCOMET list indicates that the CB failed to get themselves acquainted with the updated SCOMET list for more than two years. By blindly relying on the client's declaration/ end use letter and failing to independently verify the restricted status of the chemicals which were clearly listed in the SCOMET Appendix, the Customs Broker failed to exercise necessary due diligence.

Further, I have gone through the facts of the case and observed that the quantity of the chemicals exported was small and those were one of the many other chemicals exported by the exporter M/s SISCO Research Laboratories Ltd under the respective Shipping Bills. I also observe that the value of the export goods classified under SCOMET across nine shipping bills filed by the CB was less than Rupees Twenty Thousand. Thus, the attempted export in the instant case does not seem to be a systemic fraud but an error committed due to possible oversight by the CB's staff and a lapse in judgement. Accordingly, I find no connivance angle but an act of diminished diligence on the part of the CB during the clearance process. It is of importance to note that the exporter, in this case, was involved in providing lab-based chemicals to research laboratories and such institutions, which may have caused the CB to make assumptions and the resultant non-compliance. Accordingly, I am inclined to allow the benefit of doubt to the CB and hence, find the extreme action of revocation of the Customs Broker's License unwarranted. Also, I find that the Adjudicating Authority vide Order-in-Original No. AC/SRB/1387/2024-25/Exp.Assmt/ACC(X) dated 15.03.2025 imposed a cumulative penalty of Rs. 10,000/- (Rupees Ten Thousand only) on the CB and a penalty of Rs. 10,000/- (Rupees Ten Thousand only) on the exporter M/s SISCO Research Laboratories Pvt. Ltd. Hence, under the factual matrix of the case and applying the principle of proportionate punishment I am not inclined to revoke the License and forfeit the security deposit of the CB as the punishment of revocation of license and forfeiture of security deposit is much harsher and disproportionate to the offence

committed. However, I am of the considered view that the ends of justice will be met by imposing a penalty on the CB, under Regulation 18 of the CBLR, 2018, 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 licensee 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\(1\)\(g\)](#) 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”.

17. I observe that the CB vide its submission dated 24.03.2026 stated that the show cause notice dated 22.09.2025 was issued after nearly two and half years of offence report

AC/SB/245/2023-24 dated 01.07.2023. The CB further stated that the Inquiry Report has not been issued within 90 days from show case notice date and hence was time barred as per regulation 17(5) of the CBLR, 2018. I observe the CB's claims are fundamentally misplaced as the SCN dated 22.09.2025 has been issued against the offence report Order-in-Original No. AC/SRB/1387/2024-25/Exp.Assmt/ACC(X) dated 15.03.2025 and not against order-in-original dated 03.07.2023 as claimed by the CB. On scrutiny of the records, I find that the offence report dated 15.03.2025 was received in this office on 13.06.2025 and the SCN has been issued on 24.09.2025, therefore, there doesn't appear to be an inordinate delay. 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 necessitate a thorough review to protect revenue and national security interest. Furthermore, the gravity of exporting SCOMET items which are dual-use goods with potential chemical weapon applications supersedes mere procedural technicalities. In this regard, I place reliance on the following caselaws:

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 (Born.), 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”.

18. Having gone through the facts of the case and evidences on record, it is noted that the role of the CB, though marked by negligence and lack of professional caution, appears to be one of omission and failure to adhere to prescribed standards rather than a thought after modus operandi to effect illegal exports. This distinction is of material importance while determining the proportionality of punishment under the licensing regulations. The objective of action under the CBLR is not punitive alone but also corrective and deterrent, aimed at ensuring that Customs Brokers adhere to the high standards of diligence and responsibility expected of them as licensed intermediaries. In the present case, the regulatory lapses established on record justify the imposition of a monetary penalty under Regulation 18 of the CBLR, 2018 so as to underscore the seriousness of the obligations violated and to deter recurrence of such lapses in future. However, having regard to the absence of proven abetment, the nature of the violations, and the fact that revocation of the licence would have severe and disproportionate consequences for the CB's livelihood and that of its employees, the extreme penalty of revocation or forfeiture of the security deposit is not warranted.

19. In view of the above judgements and the “Doctrine of Proportionality” which propagates the idea that a punishment for an offence should be proportional to the gravity of the offence, I am not inclined to revoke the license and forfeit the security deposit of the

CB. However, for their acts of omission and commission, the Customs Broker M/s. C.C. Shah & Sons (CB License No. 11/217) is held liable and guilty for violating the provisions of the CBLR, 2018, as mentioned above. Accordingly, I pass the following order:

ORDER

20. I, 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 impose a penalty of Rs. 50,000/- (Rupees Fifty Thousand only) on the Customs Broker M/s. C.C. Shah & Sons (CB License No. 11/217) 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.


(Shradha Joshi Sharma)
Commissioner of Customs (Gen.)
NCH, Mumbai-I

To,

M/s. C.C. Shah & Sons (CB License No. 11/217)

239, 2nd floor, Adarsh Industrial Estate,
Andheri Sahar Road, Chakala,
Andheri (E), Mumbai - 400099.

Copy to:

1. The Pr. Chief Commissioner/ Chief Commissioner of Customs, Mumbai - I, II, III Zone.
2. SIIB (X), ACC, Sahar, Mumbai.
3. EDI of NCH, ACC & JNCH
4. ACC (Admn), Mumbai with a request to circulate among all departments.
5. JNCH (Admn) with a request circulate among all the concerned.
6. Cash Section, NCH
7. Office copy