



**OFFICE OF THE PRINCIPAL COMMISSIONER OF  
CUSTOMS (GENERAL)  
CUSTOMS BROKER SECTION, NEW CUSTOM HOUSE,  
BALLARD ESTATE, MUMBAI - I**

F. No. GEN/CB/329/2023-CBS

Date: 30.04.2024

DIN: 202405790C0000000E64

**ORDER No. 09/2024-25  
UNDER REGULATION 16 OF THE CUSTOMS BROKER LICENSING  
REGULATION, 2018**

M/s. Mangaldas and Bro. (CB No. 11/352 & PAN No. AACFM5468LCH002), having office address at B 27 Matru Chhaya Sarojini Naidu Road, Mulund West, Mumbai-400080 [hereinafter referred to as the Customs Broker/CB], is holding a regular Custom Broker License No. 11/352 issued by Commissioner of Customs, Mumbai under Regulation 10(1) of the Customs House Agents Licensing Regulations (CHALR), 1984 [Now regulation 7(2) of Customs Broker Licensing Regulations (CBLR, 2018)] and as such they are bound by the regulation and condition stipulated therein.

2. An offence report in the form of O-i-O No. GOA-CUSTM-ADJ(NRG)-02-2022-23 dated 07.02.2023 issued vide F.No. GEN/ADJ/COMM/103/2021-Adjn(A)-O/o Commr-Cus-Goa received from Goa Customs with covering letter dated 01.11.2023, wherein it was told that M/s. Finolex Essex Industrial Ltd., Pune, [hereinafter referred to as the importer], cleared consignments of Copper Cathodes covered under Bills of Entry Nos. 89/4.11.99, 102/7.12.99 and 352/22.11.99 from Marmagao, Goa utilizing TRAs obtained from Calcutta Custom House against the following DEPB licenses, which upon investigations were found to be bogus.

Sr. No.	DEPB license No. & Date, Name of License	TRA No. & Date	B/E No. & Date	Credit Amount (Rs.)
1	0210005079/2/06/00 Dated 30.07.99 issued to M/s. Indian Rayon & Industries Ltd. (Jaya Shree Textiles) Rishra, Dis- Hoogly, West Bengal-712249	S/32-E-2447/99 LIC dated 13.10.99 75/99- Lic dated 13.10.99	89/4.11.99	23,31,347/-
2	0210004968/2/06/00 dated 28.07.99 -do-	S/32-2448/99- LIC dated 13.10.99 76/99- LIC dated 13.10.99	89/4.11.99	20,82,712/-
3	0210005073/2/06/00 Dated 30.7.99 -do-	S/32- 2686/99- LIC dated 10.11.99 77/99- LIC dated 11.11.99	102/7.12.99 352/22.11.99	98,971/- 27,08,974/-
				72,22,004/-

**2.1** The Office of the Joint Director General of Foreign Trade, Calcutta, vide letter No. 18/219/99-2000-ECA/CA 1/898 dated 14.2.2000 addressed to the Deputy Commissioner of Customs, Marmagoa has furnished the details of above mentioned DEPB licenses which is as under:

Sr.No.	DEPB License No. & Date	Name of the Firm
1	0210004968 dated 28.07.99	M/s. Ramapati Exports, Calcutta
2	0210005073 dated 02.08.99 (Not 30.7.99)	M/s. Modern Jute Machinery Co. P. Ltd.
3	0210005079 dated 02.08.99 (Not 30.07.99)	M/s. Orient

**2.2** The Assistant Commissioner of Customs, Special Investigation Branch, Calcutta vide fax bearing F.No. S121-20/2000-SIB dated 18.1.2000 had communicated that the TRAs issued by Calcutta Custom House had been obtained fraudulently against fake documents and that the office of the Director General of Foreign Trade, Calcutta had also confirmed that the said licenses had not been issued in the name of M/s. Indian Rayon & Industries Ltd.

**3.1** Statements of Shri Girish Mangaldas Shah of M/s Mangaldas and Brothers, CHA No. 11/352 was recorded under Section 108 of the Customs Act, on 28.09.2001 and 01.10.2001, wherein he interalia stated that he is one of the partners of M/s Mangaldas & Brothers who is acting as CHA for M/s Finolex group for the past 24 years; that M/s Finolex Essex Industries Ltd. were regularly importing raw materials through Goa Port as well as Mumbai Port; that for import clearances, they regularly needed DEPBs, which they purchased through import license dealers and brokers and they helped M/s. Finolex Essex Industries Ltd. in procurement of these DEPBs Licenses; that he charged Rs. 1,500/- per R/A for DEPB value less than Rs. 10 lakhs and for DEPB value more than 10 lakhs, Rs.2500/- per R/A; that he used to finalize the deals for the DEPB licences over the phone with the brokers and dealer after acceptance of the rates by Mr. P.J Shanbhag of M/s Finolex Essex Industries Ltd; that in the case of DEPBs issued from ports other than Mumbai and JNPT, he was to certify that R/A is properly issued, however in the case of DEPBs for Finolex Essex Industries Ltd, this certification was given by him either on debit note or on copy of DEPB License or by the way of separate letter for releasing of payments; that in the instant case Shri Rajesh Gandhi of M/s. Madhu Overseas Pvt. Ltd, address 224, Avon Arcade, D.J. Road, Vile Parle (W). Mumbai-400056, offered DEPB, worth approximately Rs.40 lakhs by saying that these DEPBs have been issued to some LIMITED Company; that terms of the offer was -R/As would be issued from Calcutta Customs to Goa Customs and payments towards consideration would have to be made against Customs Sealed Envelopes containing Original DEPBs, original Transfer Letters and Copies of Shipping Bills; that he utilized the blank R/A Application forms without filling in DEPB No. date and the amounts etc which along with the Invoices and Bills of Lading were given to the representative of M/s. Madhu Overseas Pvt. Ltd; that he had asked for payments through demand draft payable at Calcutta in favour of M/s Classic International who was a third party; that he did not convey the fact that the payment was made to a third party to Shri P.J Shanbhog of M/s. Finolex Essex Ltd; that once again in late October 99/1<sup>st</sup> week of November 99, Shri Rajesh Gandhi offered

DEPB license on the same terms i.e. with R/A from Calcutta; that Shri Rajesh Gandhi did not divulge the name of the licensee, he only mentioned that it has been issued to a LIMITED COMPANY; that he again utilized the blank R/A Application which along-with copies of Invoices and Bills of Lading were given to the representatives of M/s. Madhu Overseas Pvt Ltd; that during his absence, Shri Rajesh Gandhi contacted his brother Shri Hasmukh Shah and informed him to arrange for the payment as per the debit note; that he and his brother were in constant touch with each other; that he instructed his brother to inform Shri K.R. Madhekar of M/s. Finolex Essex for arranging the payment by the way of faxing the debit notes; that his brother did so in his absence; that he did not consider important that Shri Rajesh Gandhi had asked for pay-order and not demand draft as in the earlier transaction particularly when on debit note addresses of M/s. Classic International were of Jaipur and Calcutta; that Shri Rajesh Gandhi told him, M/s Classic International had purchased the DEPBs from M/s Indian Rayon at rate much lesser than the market rate in connivance with the officers of M/s Indian Rayon; that he did not insist for papers which could establish the co-relation of the intermediary i.e. of M/s Classic International with the license i.e. M/s Indian Rayon.

**3.2** Statement of Shri Rajesh B. Gandhi, Director of M/s Madhu Overseas was recorded on 14.08.2001, under Section 108 of Custom Act 1962, wherein he interalia, stated that during the normal course of business of buying and selling of DEPB import licenses to the interested parties, one Mr. Subhash Agarwal of M/s. R.G. Enterprises informed him that he had some DEPBs licenses for disposal; that Mr. Subhash Agarwal was known to him as proprietor of M/s. R. G. Enterprises and dealing in the license brokerage business for the past four to five years; that he (Rajesh Gandhi) was regular broker for M/s. Finolex Essex Ltd. For the last 15/20 years; that he informed Mr. Subhash Agarwal to arrange for the DEPB licenses; that Mr Subhash Agarwal informed him that DEPB licenses were from Calcutta; that he informed the same to M/s. Finolex Essex and as per their instructions, he had asked Mr. Subhash Agarwal to arrange TRA otherwise the deal was not possible; that he requested Mr. Subhash Agarwal to deliver the licenses alongwith TRAs to the office of M/s Mangaldas and Brothers, CHA; that these licenses were handed over by Mr. Subhash Agarwal to him; that the licenses were purchased at a premium of 106.75%; that the licenses were issued in favor of M/s Indian Rayon Ltd Calcutta; that out of Rs.31,525/- brokerage received by him, Rs.30,494/- was paid to Mr. Subhash Agarwal: that this money was paid to him by M/s Finolex Essex Industries Ltd., by cheque that the premium was paid to one M/s Classic International by pay order by the company directly; that in answer to the question that when licenses were of M/s Indian Rayon Industries, then why the premium was paid to M/s Classic International he stated that the same was done as per advice of Mr Subhash Agarwal who had requested M/s. Finolex to make payments to M/s Classic International instead of M/s. Indian Rayon Ind. Ltd.; that this is the normal Practice adopted by the trade; in answer to whether he was aware that these DEPB licenses were genuine or fake before finalizing the deal, he stated that he had no idea about the same, as the licenses were transferred to M/s Finolex Essex after getting TRAs from Calcutta Customs, and the deal was finalized: that he did not know the proprietor of M/s. Classic International, since he did not deal directly with him.

**3.3** Statement of Shri Subhash Agarwal of M/s R.G. Enterprises was recorded on 08.08.2001, 09.08.2001 and 14.08.2001, wherein he interalia stated that he

knew Shri Lokesh Agarwal by face and it was Mr. Vishamber Buchasia who coordinated with Lokesh Agarwal for the Licences. In November, 1999, Mr. Rajesh Gandhi, Proprietor of M/s Madhu Overseas, contacted him and enquired about DEPB licenses which were required by M/s Finolex; that thereafter he contacted Mr Vishamber and asked him to arrange these licenses; that accordingly Mr. Vishamber arranged three DEPB licenses No. 0210005073 dated 30.7.99 CIF of value Rs.28,07,945/-, 0210004968 dated 28.7.99 CIF of value Rs. 20,82,712/- and 0210005079 dated 30.7.99 CIF off value Rs.23,31,347/, issued in the name of M/s Rayon Industries Ltd. Calcutta; that the said licences thereafter were forwarded to M/s Finolex Essex Ltd. by Mr. Rajesh Gandhi proprietor of M/s Madhu Overseas; that he further stated that SIIB (Export) of Mumbai Custom House had already questioned him and the concerned documents were surrendered by him to them; that he knew Mr Rajesh Gandhi of M/s. Madhu Overseas as a dealer / broker of this type of licenses; that he was paid his brokerage by M/s Madhu Overseas; that he did not know who had made the payment to M/s Classic International; On being specifically asked as to what documents he checks for verification while doing DEPB licence business dealings he deposed that during transaction of DEPB licences he checks the transfer letter of person company in whose name the licence is issued, photo-copy of the shipping bill based on which the licence is issued, the original licence which is issued by DGFT, the date of issue of the DEPB licence as the DEPB licence is only valid for 12 months, customs verification of the licence, the punching of the licence, customs officers signature and his stamp, annexure in which the details of the shipping bills are mentioned including - the rate the good which have been exported, whether the goods were actually exported and from which port, in which rate the DEPB licence has been issued etc.

**3.4** Statement of Shri Vishamber Umashankar Buchasia was recorded on 09.08.2001 and 14.08.2001, under section 108 of the Customs Act 1962, wherein he interalia, stated that he knew Shri Rajesh Mandelia, who was operating as exporter under the name of Cardinal Exports and his own licenses were transacted by him (Vishambher) during February 1999; that he knew that Shri Rajesh Mandelia owned M/s Classic International, that Shri Rajesh Mandelia offered him DEPB licences with TRA's issued from Calcutta and accordingly he contacted Mr. Subhash Agarwal and the deal was finalized, that Shri Rajesh Mandelia arranged three DEPB licence Nos. 0210005073 dated 30.7.99 CIF for a value of Rs.28,07,945/-, 0210004968 dated 28.7.99 CIF for a value of Rs.20,82,712/- and 0210005079 dated 30.7.99 CIF for a value of Rs.23,31,347/- issued in the name of M/s Indian Rayon Ltd., Calcutta, that the said licences were delivered to the office of M/s Mangaldas and Brothers, clearing agents for M/s Finolex Essex; that the said licenses were handed over by him along with Mr. Rajesh Mandelia to Mr Subhash Agarwal; that he came to know that the said licences were purchased by clearing agents for M/s. Finolex Essex.

**3.5** Statement of Shri Prabhakar Jarappa Shetty (in whose name, bank account of M/s Classic international was opened with HDFC Versova Mumbai, Premium paid by M/s Finolex was credited to this account) was recorded on 16.08.2001 under section 108 of the Customs Act, 1962, wherein he interalia stated that in the year 1999, he was to finalize the marriage of his sister at his native place and so he was in need of some money; that his employer Shri Gangade Shetty declined to give him any money; that he came in contact with Shri Lokesh Agarwal who was a regular customer of the hotel along with one Rajesh; that he requested Shri Lokesh Agarwal to advance some loan of about

RS. 30,000/- so that he could get his sister married; that after three to four days Shri Lokesh Agarwal told him he would help him and asked him to open account in HDFC Bank, Versova, Mumbai; that he had asked him for his ration card but since he could not get it then they asked him for his passport which he agreed; that he opened an account in HDFC Bank Versova along with Shri Lokesh Agarwal in the name and style of Classic International; that he was not sure whether it was Classic International or Classic Enterprises; that he signed as a proprietor of the company; that the account opening amount of Rs. 10,000/- was deposited in cash by Shri Lokesh Agarwal; that he did not know the account; that after eight to ten days Shri Lokesh Agarwal came with the blank cheque book and asked him to sign the same; that he signed about ten blank cheques and that when he asked as to what it was all about Shri Lokesh Agarwal told him not to worry as it was his company and he would take care about all and he would not be in trouble; that thereafter, he had never seen the transactions of the bank account that in the span of about Two months after opening the account Shri Lokesh Agarwal gave him Rs.50,000/- (i.e. first Rs.15,000/- then Rs.25,000/- and thereafter Rs.10,000/-); that at that time; it came to his mind as to why he was being paid so much money but since he was in need of money for sister's marriage he left for the native place with the money; that till date he had not returned the money and Shri Lokesh Agarwal had never asked him to return; that apart from opening the account in the HDFC Bank and signing the blank cheques he did not know anything about the said company Classic International or its transactions in the bank account; that nothing was told to him by Shri Lokesh Agarwal and how he could say that he was used by him for his benefit; that he was not even aware when the company (Proprietary) in the name and style of "CLASSIC INTERNATIONAL" was opened; that he recollected that Shri Lokesh Agarwal had taken his signature on two blank papers; that probably Shri Lokesh Agarwal would have used those papers and his passport for opening/floating the company; that in December 1999, Shri Lokesh Agarwal took him to the bank and got his signature for closing the bank account, that he further state that Shri Lokesh Agrawal was about 35 years old staying behind Adarsh Dugdhalaya, Marway Road, Malad (W), Mumbai; that though he came to hotel frequently with Shri Rajesh who stayed at Mira Road that he did not know much about Shri Lokesh Agrawal or his business; that he did not know about any Subhash Agrawal or Vishamber Buchasia at all; that he has never come across them nor did Shri Lokesh Agrawal told him about them; that for the first time, he had been asked about his opening the account in HDFC bank and running the company in the name of "CLASSIC INTERNATIONAL" or "CLASSIC ENTERPRISES"; that he did not have any documents in this regard to submit nor did he have anything else to add.

**3.6** Statement of Shri Lokesh Ramgopal Agarwal was recorded on 16.04.2002 and 18.04.2002 under section 108 of the Customs Act, 1962 wherein he interalia stated that he was working with his brother-in-law, Mr. Rajesh Madelia in the company called M/s. Plant Technologies, in which they were the partners sharing 50:50 profits; that they used to sell a chemical called suffa which was used in tea plantations; that Shri Rajesh Mandelia used to make some export in his own Company in which he was a proprietor; that he used to do the banking work; that during this period, as per the instruction of Shri Rajesh Mandelia, he delivered on two occasions DEPB licences, that as per the instructions of Shri Rajesh Mandelia, he got the account of Shri Prabhakar Jarrappa Shetty opened in HDFC Bank, Andheri (W), Versova; that he was carrying out all the bank related works on behalf of Shri Rajesh Mandelia, that he used to collect the pay

orders and hand over the DEPB licences along-with other documents and deposit the same into the account of M/s Classic International which was opened in the name of Shri Prabhakar Jarappa Shetty; that he knew Mr. Prabhakar Jarappa Shetty as the manager of Sea Queen Hotel, Malad, Mumbai; that he along-with Shri Rajesh Mandelia used to go to the said hotel quite often during the period 1999-2000; that as per the instruction of Shri Rajesh Mandelia, he inquired with Shri Prabhakar Jarappa Shetty whether he would like to open an account in HDFC Bank, Versova Branch, to which Shri Prabhakar Jarappa Shetty agreed; that it was agreed that Shri Prabhakar Jarappa Shetty would get commission on the basis of the transaction in the account; that the account no. was 01920000004591; that on the instructions of Shri Rajesh Mandelia, he took several times Shri Prabhakar Jarappa Shetty to the HDFC Bank and got the Demand Draft issued from the bank, that the commission given to Shri Prabhakar Jarappa Shetty was Rs.50,000/- and the same was done as per the instructions of Shri Rajesh Mandelia.

**4.** From facts of case, it appears that the CB M/s. Mangaldas and Bro. (11/352) has failed to comply with regulation 10 (d) & 10 (e) of CBLR, 2018, as amended.

**4.1** The relevant regulation of CBLR, 2018, are produced below for reference:

- (i) *Regulation 10(d) states that "A custom 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"*
- (ii) *Regulation 10(e) states that "A custom 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".*

Shri Girish Mangaldas Shah in spite of being aware, of the irregularity, recommended payments through demand draft in favor of a third party, viz., M/s Classic International and not M/s Indian Rayon & Industries Ltd. in whose name the license were actually forged. He deliberately did not convey to Shri PJ Shanbhog of M/s Finolex Essex Ltd. the fact that payments are made to a third party. He actively abetted the fraud by allowing payments to a third party by the importers to a DEPB holder introduced vaguely twice as a 'LIMITED COMPANY' by his co-conspirators. Thus, it appears that CB has failed to comply with Regulation 10(d) of CBLR, 2018.

Shri Girish Mangaldas allowed the certification of the debit note to M/s Finolex Essex Ltd. without actually verifying that the DEPB Scrip based on which the R/As was issued was not genuine. Shri Girish Mangaldas Gandhi did not ask for the relevant papers which could establish the co-relation of the intermediary, i.e, M/s Classic International, the bogus/ front company account into which the cheques were deposited, which indicates that CB didn't exercise due diligence to ascertain the correctness of DEPB license. Thus, it appears that CB has failed to comply with Regulation 10(e) of CBLR, 2018.

5. I have gone through the facts of the case. I observe that the Customs Broker CB M/s. Mangaldas and Bro., having Customs Broker Licence No. 11/352 has failed to discharge his obligations as required under regulation 10(d) & 10(e) of CBLR, 2018. It is apprehended that the Customs Broker may adopt similar modus operandi in future consignments and department cannot remain oblivious to the danger posed by such an eventuality. Hence, I observe that this case is a fit case where immediate action is needed for invoking regulation 16 of the CBLR, 2018.

6. Accordingly, I pass the following order:


**Order**

(i) I, Principal Commissioner of Customs (General), in exercise of powers conferred upon me under the provisions of Regulation 16 (1) of CBLR, 2018 hereby suspend the licence of Customs Broker M/s. Mangaldas & Bro., PAN No. AACFM5468L (CB No. 11/352), with immediate effect, being fully satisfied that the Customs Broker have violated provisions of Regulation 10(d) & 10(e) of CBLR, 2018.

(ii) However, I offer the Customs Broker M/s. Mangaldas & Bro., PAN No. AACFM5468L (CB No. 11/352) an opportunity of personal hearing on 7/5/2024 at 12:30 PM through in-person/video conferencing facility. Any written representation against this order should reach the undersigned before the date of hearing.

(iii) CB M/s. Mangaldas & Bro., PAN No. AACFM5468L (CB No. 11/352) is directed to surrender all the original Custom Passes issued to their employee/partner/director/ Proprietor immediately.

7. This order is being issued without prejudice to any other action that may be taken against the CB or any other person(s)/firm(s) etc. under the provisions of the Customs Act, 1962 and Rules/ Regulations framed there under or under any other law for the time being in force.

  
(SUNIL JAIN)

**Principal Commissioner of Customs (General)  
New Custom House, Mumbai-I**

To,  
M/s. Mangaldas & Bro. (11/352)  
B 27 Matru Chhaya  
Sarojini Naidu Road, Mulund West,  
Mumbai-400080

Copy to:

1. The Pr. Chief Commissioner of Customs/ Chief Commissioner of Customs, Mumbai Zone-I, II & III.
2. CIU's of NCH, ACC & JNCH
3. Pr. Addl. Director General, DRI, MZU
4. EDI of NCH, ACC & JNCH
5. BCBA, Mumbai
6. Office copy
7. Notice Board