



प्रधान सीमाशुल्क आयुक्त (सामान्य) का कार्यालय  
**OFFICE OF THE PRINCIPAL COMMISSIONER OF CUSTOMS (GENERAL)**  
कस्टम ब्रोकरअनुभाग, नवीन सीमाशुल्क भवन,  
**CUSTOMS BROKER SECTION, NEW CUSTOM HOUSE,**  
बेलार्ड इस्टेट, मुंबई - I  
**BALLARD ESTATE, MUMBAI - I**

F.NO. GEN/CB/337/2024-CBS

Date: 28.08.2025

DIN: 2025087700000077457e

**SHOW CAUSE NOTICE No. 25/2025-26 CBS**

M/s. Prayosha Logistics LLP (CB No. 11/1980) (PAN No. AAYFP9463G) having address 3C/23, Second Floor, Kalpataru Aura, Opposite R City Mall, L B S Marg, Ghatkopar West, Mumbai-400086, Maharashtra (hereinafter referred to as the Customs Broker/CB) is holder of Customs Broker License No. 11/1980, issued by the Commissioner of Customs, Mumbai under Regulation 7(1) of CBLR, 2013 (now regulation 7(2) of CBLR, 2018) and as such they are bound by the regulations and conditions stipulated therein.

2. An offence report in a form of Show Cause Notice No. 01/COMMR(X)/DBK(EDI)/2025-26/ACC dated 11.06.2025 received from the Commissioner of Customs (Export), Air Cargo Complex (ACC), Mumbai, wherein inter-alia following were stated: -

2.1. The Exporter M/s Siddh Exports LLP (hereinafter referred to as "the exporter/the noticee") having office at B7, Aristrocate Building, Ground Floor, Lajja Silk Mill Compound, Village Mogra, Andheri East, Mumbai 400069 and having IEC No. ADRFS2375Q, has filed following 02 shipping bills of activated/unlocked mobile phones through their Customs Broker M/s. Prayosha Logistics LLP (CB No. 11/1980) and claimed ineligible Duty Drawback on export of mobile phones which was pre-activated.

(i) Shipping Bill No. 8320499 dated 01.02.2021 - Declared FOB Value: ₹31,48,150.10; Claimed Drawback Amount: ₹1,16,604.48

(ii) Shipping Bill No. 8322998 dated 01.02.2021 - Declared FOB Value: ₹3,98,69,928.40; Claimed Drawback Amount: ₹14,30,200.19

3. An investigation was initiated by Special Investigation and Intelligence Branch SIIB (X), ACC, Sahar, Mumbai on the basis of clarification issued by the drawback division of CBIC vide letter F. No. 609/4/2020-DBK/1063 dated 25.09.2020 w.r.t Admissibility of Duty Drawback on export of "Unlocked/tested" mobile phones by merchant exporters.

The drawback division of CBIC clarified that: -

"Rule 2(e) of the Customs and Central Excise Duties Drawback Rules, 2017 (Rules 2017) defines "manufacture" as including processing of or any other operation carried out on goods and that the term manufacturer shall be construed accordingly, Clause (i) of second proviso to Rule 3(1) of the Rules, 2017 provides that no Duty Drawback shall be allowed on export of goods that have been taken into use after manufacture".

"Some merchant exporters of mobile phones are undertaking various activities on mobile phones like activation and unlocking of mobile phones by inserting an Indian SIM card in India and placing a call for 5 minutes or testing of handsets or re-flashing of software for a particular region etc. it is undisputed that these activities are all post manufacturing and post



*packaging activities undertaken by the merchant exporters before export. As the mobile phones packages are opened and the mobile phones are suitably worked upon for sale in destination countries, thereby they are already 'taken into use' by merchant exporters and such activity disentitle them for Duty Drawback".*

4. Further, past export data till 23.09.2019 of the exporter M/s Siddh Exports LLP (IEC-ADRFS2375Q) was retrieved from EDI system and investigation of SBs filed till 23.09.2019 was concluded and IR was issued on 30.09.2023. Further, On the basis of specific intelligence, it was brought to notice that the exporter has continued to attempt the export of activated mobile phones and has unscrupulously availed duty drawback benefits by filing two Shipping Bills, namely: SB No. 8320499 dated 01.02.2021 and SB No. 8322998 dated 01.02.2021 and claimed ineligible duty claimed Drawback. Both Shipping Bills were filed by the Customs Broker M/s. Prayosha Logistics LLP on behalf of M/s. Siddh Exports LLP for the export of activated mobile phones under the Duty Drawback Scheme. The goods were carted at Air Cargo Complex, Sahar, Mumbai and were consigned to M/s. Captains Freight Services FZCO, D15 & D16, Dubai Airport Free Zone, Dubai, UAE. Furthermore, it was observed that the exporter had opted to claim export incentives by selecting 'YES' under the reward scheme column for all items in the said Shipping Bills, indicating their intent to claim rewards in addition to drawback.

5. The goods covered under the aforementioned two Shipping Bills—SB No. 8320499 and SB No. 8322998, both dated 01.02.2021—were put on hold for detailed examination. A 100% examination of the consignments was carried out on 02.02.2021 by officers of the SIIB(X), Air Cargo Complex, in the presence of Mr. Dinesh G. Mirani, representative of the Customs Broker and Shri Rajesh Nisar, Partner of the firm M/s. Siddh Exports LLP. The examination proceedings were duly recorded under a Panchnama dated 02.02.2021. During the course of examination, the carton numbers, description of the goods and the IMEI numbers declared by the exporter were verified and found in order with the declarations made in the respective Shipping Bills.

6. Further, during the physical examination of the packages pertaining to Shipping Bill No. 8320499 dated 01.02.2021, it was observed that the mobile phones were appeared to be new and unused. Furthermore, the examination of the packages under Shipping Bill No. 8322998 dated 01.02.2021 revealed that out of a total of 16 packages, it was noted that in 9 packages, the seals on the majority of the mobile phone boxes were tampered with or broken. Specifically, all mobile boxes containing Samsung and Tecno brand phones were found to have their seals already broken. This suggests that the phones may have been opened for some form of post-manufacturing activity. Additionally, visible fingerprints, touch marks, and other indications were noticed on several mobile phones, implying that the devices may have been unlocked, tested or used in relation to Shipping Bill No. 8322998 dated 01.02.2021.

7. Considering the facts outlined above, it appears that M/s. Siddh Exports LLP may have deliberately mis-declared the description of the exported mobile phones by concealing the fact. The activation reports submitted by the respective mobile brand companies confirm that the majority of the exported phones, particularly those listed under Shipping Bill No. 8322998 dated 01.02.2021, were indeed activated post manufacture. Activation was established through either the insertion of SIM cards or connection via Wi-Fi. Therefore, the duty drawback claimed and availed on these goods is inadmissible under Clause (i) of Rule 3 of the Customs and Central Excise Duties Drawback Rules, 2017, read with Section 75(1) of the Customs Act, 1962. Furthermore, the activation reports clearly demonstrate that the exporter attempted to export preactivated mobile phones, which contravenes the directive issued by the Office of the OSD (Drawback



Division), CBIC, New Delhi, vide letter F. No. 609/4/2020-DBK/1063 dated 25.09.2020.

8. Consequently, the goods covered under Shipping Bill No. 8322998 dated 01.02.2021 were seized vide seizure memo dated 04.02.2021 on the grounds of contravention of the Customs Act, 1962, as these goods are liable for confiscation under the provisions of the Act. Regarding the consignment under Shipping Bill No. 8320499 dated 01.02.2021, reports received from Samsung and Xiaomi mobile companies confirmed that the mobile phones were non-activated. No discrepancies were found in this regard, as per the information provided by the respective manufacturers.

9. The exporter, vide letters dated 04.02.2021 and 19.02.2021 requested the provisional release of their cargo, citing significant financial losses due to the volatility of the market. They informed that the samples taken for examination are already in the possession of the department and further requested the provisional release of the goods covered under Shipping Bill No. 8322998 dated 01.02.2021 to prevent cancellation. In response, the SIIB (X) informed the exporter that their request for provisional release of the goods covered under the aforementioned Shipping Bill had been approved by the Competent Authority. The release was granted on the condition that the exporter furnish a Bond for the full FOB value of the goods and a Bank Guarantee equivalent to 25% of the export benefit claimed. Subsequently, the exporter submitted a Bond of ₹4,00,00,000/- and a Bank Guarantee of ₹3,58,000/- towards the provisional release of the goods under Shipping Bill No. 8322998 dated 01.02.2021. Accordingly, the consignment was allowed provisional release for export.

10. Further, the past export records of M/s. Siddh Exports LLP (IEC – ADRFS2375Q) from 24.09.2019 to 12.03.2021 were also retrieved and examined. Upon scrutiny, it was observed that the exporter filed a total of 105 Shipping Bills during this period under the Duty Drawback Scheme, including the two Shipping Bills as mentioned above. The exporter claimed Duty Drawback benefits on all these 105 Shipping Bills. The BRC (Bank Realization Certificate) status of the said Shipping Bills, in which Duty Drawback was availed, was retrieved from the ICES 1.5 system. It was found that foreign remittances have been realized for all the 105 Shipping Bills.

11. The total FOB value of the activated mobile phones filed under above said shipping bills amounts to ₹99,50,99,729.60. However, the FOB value of mobile phones classified under the "No Report" category, comprising devices for which activation data could not be ascertained due to issues such as incorrect IMEI numbers or the absence of inbuilt software to capture activation dates—stands at ₹8,74,67,554/-. These mobile phones are liable for confiscation under the provisions of Section 113(i) and 113(ia) of the Customs Act, 1962. Consequently, Duty Drawback amounts of ₹2,86,94,118.60 and ₹25,23,817/-, totalling ₹3,12,17,935.60, along with applicable interest are recoverable from the exporter in accordance with the Central Excise Duties Drawback Rules, 2017, read with Section 75 and Section 75A(2) of the Customs Act, 1962.

**Table**

	<b>FOB Value (Rs.)</b>	<b>Drawback (Rs.)</b>
<b>Activated Phones</b>	99,50,99,729.6	2,86,94,118.6
<b>No Report</b>	8,74,67,554	25,23,817
<b>Total</b>	108,25,67,283.6	3,12,17,935.6

12. The exporter has deposited a drawback amount of ₹11,03,905/against Shipping Bill No. 5323608 dated 21.09.2020 through Demand Draft No. 049335 dated 03.03.2021. Subsequently, an additional amount of ₹30,00,000/- was also returned by the exporter through Demand Draft No.



051016 dated 10.03.2022. However, the voluntary return of the drawback amount does not absolve the exporter of liability or mitigate the case initiated against them. During the course of investigation and in statements recorded under Section 108 of the Customs Act, 1962, the exporter had explicitly stated that the exported mobile phones were non-activated. Contrary to this declaration, reports received from the respective mobile brand companies have confirmed that a significant number of the mobile phones covered under the said shipping bills were, in fact, activated prior to export. This discrepancy establishes a clear case of misdeclaration on the part of the exporter, rendering them liable for penal action under the applicable provisions of the Customs Act, 1962.

**13.** M/s. Siddh Exports LLP appears to have willfully mis-declared the description of the exported mobile phones by failing to disclose that the devices had been taken into use after manufacture. Activation reports obtained from the respective mobile brand companies indicate that many of the exported mobile phones were, in fact, activated prior to export, thereby establishing that the devices were used post manufacture. In such cases, duty drawback is not admissible, as per the second proviso to Rule 3(1)(c) of the Customs and Central Excise Duties Drawback Rules, 2017, read with Section 75(1) of the Customs Act, 1962. Accordingly, the drawback amount claimed and availed by the exporter is inadmissible and becomes recoverable along with applicable interest under Section 75A(2) of the Customs Act, 1962, read with Rule 17 of the aforementioned Rules. It appears that the exporter deliberately mis-declared the nature of the exported mobile phones with the intention to avail inadmissible duty drawback benefits, despite being aware that pre-activated mobile phones are not eligible for such benefits. In view of the above, M/s. Siddh Exports LLP appears to have rendered themselves liable for penal action under Sections 114(iii) and 114AA of the Customs Act, 1962 in relation to the impugned goods.

**14.** The statement of Mr. Rajesh Nisar, Partner of M/s. Siddh Exports LLP was recorded under Section 108 of the Customs Act, 1962, dated 05.02.2021, in which he inter-alia stated that:

- In Shipping Bill 8322998 dated 01.02.2021, the mobile phones were activated; however, at the time of filing the shipping bill, the Customs Broker described them as "non-activated" based on the invoice provided to them.
- Their Customs Broker, M/s. Prayosha Logistics LLP, was aware that the mobile phones were activated.
- He acknowledged that the report received from the respective mobile phone companies regarding the activation status of the mobile phones, as per the IMEI list submitted by the exporter, and accepted that some of the phones were indeed activated, as mentioned in the report.

**15.** Mr. Dinesh G. Mirani, partner of the Customs Broker M/s. Prayosha Logistics LLP, in his statement recorded on 05.02.2021 under Section 108 of the Customs Act, 1962, inter alia stated the following:

- He handles customs related work concerning exports, including mobile consignments, imports, and liaising with exporters. He has been working with the company since 2019.
- He became aware of the activation of the mobile phones during the examination process.
- He acknowledged the report received from the respective mobile phone companies regarding the activation status of the mobile phones, as per



the IMEI list submitted by the exporter, and accepted that some of the phones were activated, as stated in the report.

**16.** Furthermore, under the regime of trade facilitation, a significant amount of trust is placed on Customs Brokers, who directly interact with importers and exporters. Any failure on the part of a CB to comply with the regulations mandated under the CBLR creates opportunities for unscrupulous individuals to commit import-export violations and revenue fraud. In the present case, the Customs Broker, M/s Prayosha Logistics LLP, filed all 105 Shipping Bills under duty drawback scheme and drawback was claimed by the exporter. There was a clear suppression of facts and wilful misstatement on the part of both the exporter and the CB. Specifically, in respect of Shipping Bill No. 8322998 dated 01.02.2021, the mobile phones being exported were unlocked prior to export. However, the exporter, in his statement dated 05.02.2021, admitted that the CB had described the goods as "nonactivated" in the shipping bills. He also stated that the CB was fully aware that the mobile phones were pre-activated. Contradictorily, Shri Dinesh G. Mirani, Partner of the CB firm M/s Prayosha Logistics LLP, in his statement dated 05.02.2021, claimed that he became aware of the activation status of the mobile phones only at the time of examination. This inconsistency indicates that the CB deliberately made false and misleading statements to the department. Therefore, it appears that the Customs Broker connived with the exporter by making false and incorrect statements in an attempt to mislead the department by concealing the vital information that mobiles to be exported, are preactivated and despite knowing the fact, he had filed the subject shipping bills under the drawback claim. The said fact later proven by the activation reports from the mobile brand companies, which confirmed that the mobile phones in the said shipping bills were indeed activated

**17.** From the offence report, the following omissions leading to the violation of obligations stipulated in Regulation 10 of CBLR, 2018 are apparent:

**17.1 The regulation 10(d) of CBLR, 2018, which read 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 noncompliance, shall bring the matter to the notice of the Deputy Commissioner of Customs or Assistant Commissioner of Customs, as the case may be"*

In the instant matter, the Customs Broker appears to have been aware of the ineligibility of duty drawback on pre-activated mobile phones. Such fact has been revealed through the statement of Sh. Mr. Rajesh Nisar, Partner of M/s. Siddh Exports LLP. Therefore, it is CB's responsibility to advise his client to declare correct information in the shipping bill but CB failed to do so. From the offence report, it is also unearthed that CB has not only failed to advise his client but also not made efforts to bring the matter to the attention of the Deputy Commissioner of Customs or the Assistant Commissioner of Customs.

Under the Regulation 10(d) of CBLR, 2018, it is the responsibility of CB to advise his client to comply with the provisions of non-compliance. Also, CB should have informed Docks DC/AC about the instance, but CB failed to do so. Therefore, in view of the above, it appears that CB has violated the provisions of Regulation 10(d) of CBLR, 2018.

**17.2 The regulation 10(e) of CBLR, 2018, which read 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;"*

Upon scrutiny of the subject offence report, it appears that the Customs Broker failed to exercise due diligence and did not inform the exporter about the ineligibility of duty drawback on pre-activated mobile phones. Instead, the broker assisted the exporter in availing the ineligible duty drawback by deliberately omitting the correct description of the goods in the shipping bills. Therefore, it appears that the Customs Broker has



violated the provisions of Regulation 10(e) of the Customs Brokers Licensing Regulations (CBLR), 2018.

**17.3 The regulation 10(n) of CBLR, 2018, which read as:**

"verify correctness of Importer Exporter Code (IEC) number, Goods and Services Tax Identification Number (GSTIN), identity of his client and functioning of his client at the declared address by using reliable, independent, authentic documents, data or information"

In the present case, it appears that the Customs Broker has colluded with the exporter to clear the subject shipping bills and has failed to comply with the provisions of Regulation 10(n), specifically by failing to submit accurate customs declarations and engaging in unethical business practices. It is standard business practice for a Customs Broker to thoroughly understand the identity and operations of their clients, as failure to do so could result in an investigation into their actions. However, the Customs Broker has failed to do so. Therefore, in light of the above, it appears that the Customs Broker has violated the provisions of Regulation 10(n) of the Customs Brokers Licensing Regulations (CBLR), 2018.

**18.** The CB has a very important role in customs clearances and lot of trust has been placed by the Department on the CB. In regime of trade facilitation and with more and more of the goods being facilitated by the Risk Management Systems without examination by the Customs, the role of CB has further increased so that economic frontiers of the country are well guarded. In this regard, I rely on the judgement of the Hon'ble Supreme Court in case of Commissioner of Customs Vs M/s K.M. Ganatra & Co *has held that:*

*"the Customs House Agent (CHA) occupies a very important position in the customs house. The customs procedures are complicated. The importers have to deal with a multiplicity of agencies namely carriers, custodians like BPT as well as the Customs. The importer would find it impossible to clear his goods through its agencies without wasting valuable energy and time. The CHA is supposed to safeguard the interests of both the importers and the customs. A lot of trust is kept in CHA by the importers/exporters as well as by the government agencies..."*

**19.** In view of the above, it appears that the exporter claimed duty drawback on pre activated mobile phones and CB M/s. Prayosha Logistics LLP (CB No. 11/1980) abetted the exporter to avail this noneligible duty drawback for the said period and did not bring the matter to the notice of the Customs authorities. Hence, it appears that CB M/s. Prayosha Logistics LLP (11/1980) has violated the regulations 10(d), (e) and (n) of CBLR, 2018 and thereby committed misconduct rendering themselves liable to penalty under Regulation 18 of the CBLR, 2018.

**20.** Now therefore, in terms of Regulation 17(1) of CBLR, 2018, CB M/s Prayosha Logistics LLP (CB No. 11/1980), are hereby called upon to show cause, as to:

- i. Why the Customs Broker license bearing No. 11/1980 issued to them should not be revoked,
- ii. Why security deposited should not be forfeited,
- iii. Why penalty should not be imposed upon them under Regulation 14 read with Regulation 17 & Regulation 18 of the CBLR, 2018 as elaborated in above paras of this Show Cause Notice within 30 days of receipt of this notice.

**21.** The CB M/s. Prayosha Logistics LLP (CB No. 11/1980) is directed to appear for personal hearing on the date as may be fixed and to produce proof of evidence/documents, if any, in their defence to the Inquiry Officer, **Shri Hari Singh Mina, Disposal, Zone-I** to conduct inquiry into the case under regulation 17 of CBLR, 2018. If no reply is received within the

stipulated time period, it will be presumed that they have no explanation to offer, and it will be presumed that they do not want personal hearing and the issue will be decided on the facts available on records.

**22.** This notice 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 any other law for the time being in force.

**23.** The documents/records relied upon are as under:

- i.) Show Cause Notice No. 01/COMMR(X)/DBK(EDI)/2025-26/ACC dated 11.06.2025 issued by the Commissioner of Customs (Export), Air Cargo Complex (ACC), Mumbai.

**(RAJAN CHAUDHARY)**

**Pr. Commissioner of Customs (General)  
NCH, Mumbai-I.**

To,

M/s. Prayosha Logistics LLP (CB No.11/1980), AAYFP9463G  
Add: 3C/23 SECOND FLOOR KALPATARU AURA  
OPP. R CITY MALL, LBS MARG GHATKOPAR WEST  
MUMBAI-400086, MAHARASHTRA.

Copy to:

1. IO, **Shri Hari Singh Mina, Disposal, Zone-I**
2. The Pr. Chief/Chief Commissioner of Customs, Mumbai Zone I,II,III.
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