**IN THE CUSTOMS, EXCISE AND SERVICE TAX APPELLATE TRIBUNAL**
**EASTERN ZONAL BENCH: KOLKATA**

REGIONAL BENCH – COURT NO. 1

**Customs Appeal No. 75152 of 2026**

(Arising out of Order-in-Original No. 01/CBLMS/KOL(Prev.)/2025 dated 08.12.2025 passed by the Commissioner of Customs(Preventive) 3rd Floor, Custom House, 15/1, Strand Road, Kolkata-700001)

**M/s. P. B. N. Logistics** **: Appellant**
2, Church Lane, 2nd Floor,
Room No. 201 H(T), Kolkata-700001

**VERSUS**

**Commissioner of Customs(Preventive)** **: Respondent**
3rd Floor, Custom House, 15/1, Strand Road, Kolkata-700001

**APPEARANCE:**

Shri R. N. Bandyopadhyay, Advocate for the Appellant
Shri S. Debnath, Authorized Representative for the Respondent

**CORAM:**

**HON'BLE SHRI ASHOK JINDAL, MEMBER (JUDICIAL)**
**HON'BLE SHRI K. ANPAZHAKAN, MEMBER (TECHNICAL)**

**FINAL ORDER NO.75954/ 2026**

DATE OF HEARING: 23.06.2026
DATE OF PRONOUNCEMENT: 29.07.2026

**ORDER: [PER SHRI K. ANPAZHAKAN]**

The present appeal has been filed against the Order-in-Original No. 01/CBLMS/KOL(Prev.)/2025 dated 08.12.2025 passed by the Commissioner of Customs(Preventive) 3rd Floor, Custom House, 15/1, Strand Road, Kolkata-700001, wherein the Custom House Agent M/s. PBN Logistics( herein after referred as the Appellant) License was revoked and the Security Deposit furnished by them was forfeited. A penalty of Rs.5000/- was also imposed on the Appellant.

2. The facts of the case are that the Appellant is a licensed Customs Broker operating under Licence No. CALC/01/2012 issued by the Customs Commissionerate, Kolkata.

2.1. A Show Cause Notice dated 27.12.2024 was issued to the Appellant proposing revocation of the Customs Broker Licence, forfeiture of security deposit and imposition of penalty alleging violation of Regulations 10(d), 10(e), 10(m) and 10(n) of the Customs Brokers Licensing Regulations, 2018. The allegations emanate from exports made by M/s Gravity Impex Pvt. Ltd. through Jawaharlal Nehru Custom House (JNCH), Nhava Sheva, wherein the exporter was alleged to have overvalued export goods with a view to avail undue benefits under the Merchandise Exports from India Scheme (MEIS) and Duty Drawback Scheme.

2.2. The Appellant submitted that they have acted merely as a Customs Broker and filed export documents on the basis of documents furnished by the exporter. The shipping bills were assessed by Customs officers and Let Export Orders were issued after examination and clearance by the Customs authorities. Accordingly, the Appellant denied all the allegations made in the Notice.

2.3. On adjudication, the Ld. Adjudicating Authority passed the impugned Order-in-Original dated 08.12.2025 revoking the licence, forfeiting the security deposit and imposing penalty primarily relying upon the findings recorded in another adjudication proceeding concerning the same exporter.

3. The submissions made by the Appellant are summarized as under:

- there was no valid offence report as contemplated under Regulation 17 of CBLR, 2018;
- proceedings were initiated on the basis of an adjudication order passed by another Commissionerate instead of a legally sustainable offence report;
- no evidence existed showing connivance, knowledge or involvement of the Appellant in any alleged overvaluation;
- findings regarding violations of provisions of Regulations 10(d), 10(e), 10(m) and 10(n) are not supported by any evidence,
- the proceedings are contrary to the statutory scheme and timelines prescribed under CBLR, 2018;
- the order is non-speaking, arbitrary and passed in violation of natural justice; and revocation of licence is grossly disproportionate to the alleged lapses.

3.1. The Appellant further submits that a Customs Broker cannot be expected to function as an investigating agency and cannot be penalized merely because, at a later stage, the exporter is alleged to have indulged in irregularities, particularly when the Appellant had completed KYC verification and acted upon documents appearing genuine on their face. In support of their contention that the Customs Broker is not expected to verify correctness of valuation etc, the Appellant relied on the following decisions:

*1. KUNAL TRAVELS (CARGO) VERSUS CC (I & G), IGI AIRPORT, NEW DELHI 2017 (354) E.L.T 447 (Del. H.C)*

*2. BAID INTERNATIONAL SERVICES LTD. CUSTOMS, Versus COMMISSIONER OF ACC, KOLKATA. 2023 (386) E.L.T 567 (Tri. Kol.)*

3.2. Accordingly, the Appellant submits that the impugned order revoking the License is liable to be set aside.

4. The Ld. A.R. submits that the Appellant has violated the provisions of Regulations 10(d), 10(e), 10(m) and 10(n) and hence the License was revoked. Accordingly, he supported the impugned order.

5. Heard both sides and perused the appeal documents.

6. We observe that Regulation 17 of the Customs Brokers Licensing Regulations (CBLR), 2018 outlines the legal procedure the Customs Department must follow to revoke a Customs Broker’s license or impose a penalty. It lays out mandatory steps to ensure fairness. In the present case, we find that there is no valid offence report as contemplated under Regulation 17 of CBLR, 2018. In the absence of a valid ‘Offence Report” as contemplated under Regulation 17, we observe that the revocation proceedings initiated in the present case under CBLR, 2018 are not sustainable.

6.1. Further, we find that the Ld. Adjudicating authority has placed his reliance upon the findings recorded in separate proceedings against the exporter for the purpose of revocation of the Customs Broker Licence. There is no evidence brought on record showing connivance, knowledge or involvement of the Appellant in the alleged overvaluation. We observe that a Customs Broker cannot be expected to function as an investigating agency and verify whether the valuation adopted by the Appellant for the goods exported are proper or not. The Customs Broker filed export documents before the Customs authorities on the basis of the documents furnished by the exporter. In the present case, we find that the shipping bills were assessed by Customs officers and Let Export Orders were issued after examination and clearance by the Customs authorities. Later, if the goods exported were found to be overvalued with a view to avail undue benefits under the Merchandise Exports from India Scheme (MEIS) and Duty Drawback Scheme, the Customs Broker cannot be held responsible. The Customs Broker cannot be penalized merely because, at a later stage, the exporter is alleged to have indulged in irregularities, particularly when the Appellant had completed KYC verification and acted upon documents appearing genuine on their face. This view has been taken by the Hon'ble Delhi High Court in the case of *Kunal Travels (cargo) versus CC (i & g), IGI Airport, New Delhi [2017 (354) e.l.t 447 (Del. H.C.)],* Wherein it has been held as under:-

> *"12. Clause (e) of the aforesaid Regulation requires exercise of due diligence by the CHA regarding such information which he may give to his client with reference to any work related to clearance of cargo. Clause (1) requires that all documents submitted, such as bills of entry and shipping bills delivered etc. reflect the name of the importer/exporter and the name of the CHA prominently at the top of such documents. The aforesaid clauses do not obligate the CHA to look into such information which may be made available to it from the exporter/importer. The CHA is not an inspector to weigh the genuineness of the transaction. It is a processing agent of documents with respect to clearance of goods through customs house and in that process only such authorized personnel of the CHA can enter the customs house area. What is noteworthy is that the IE Code of the*

*exporter M/s. H.M. Impex was mentioned in the shipping bills, this itself reflects that before the grant of said IE Code, the background check of the said importer/exporter had been undertaken by the customs authorities, therefore, there was no doubt about the identity of the said exporter. It would be far too onerous to expect the CHA to inquire into and verify the genuineness of the IE Code given to it by a client for each import/export transaction. When such code is mentioned, there is a presumption that an appropriate background check in this regard i.e. KYC etc. would have been done by the customs authorities. There is nothing on record to show that the appellant had knowledge that the goods mentioned in the shipping bills did not reflect the truth of the consignment sought to be exported. In the absence of such knowledge, there cannot be any mens rea attributed to the appellant or its proprietor. Whatever may be the value of the goods, in the present case, simply because upon inspection of the goods they did not corroborate with what was declared in the shipping bills, cannot be deemed as misdeclaration by the CHA because the said document was filed on the basis of information provided to it by M/s. H.M. Impex, which had already been granted an IE Code by the DGFT. The grant of the IE Code presupposes a verification of facts etc. made in such application with respect to the concern or entity. If the grant of such IE Code to a non-existent entity at the address WZ-156, Madipur, New Delhi - 63 is in doubt, then for such erroneous grant of the IE Code, the appellant cannot be faulted. The IE Code is the proof of locus standi of the exporter. The CHA is not expected to do a background check of the exporter/client who approaches it for facilitation services in export and imports. Regulation 13(e) of the CHALR, 2004 requires the CHA to: "exercise due diligence to ascertain the correctness of any information which he imparts to a client with reference to any work related to clearance of cargo or baggage" (emphasis supplied). The CHAs due diligence is for information that he may give to its client and not necessarily to do a background check of either the client or of the consignment. Documents prepared or filed by a CHA are on the basis of instructions/documents received from its client/importer/exporter. Furnishing of wrong or incorrect information cannot be attributed to the CHA if it was innocently filed in*

> *the belief and faith that its client has furnished correct information and veritable documents. The misdeclaration would be attributable to the client if wrong information were deliberately supplied to the CHA. Hence there could be no guilt, wrong, fault or penalty on the appellant apropos the contents of the shipping bills. Apropos any doubt about the issuance of the IE Code to M/s. H.S. Impex, it was for the respondents to take appropriate action. Furthermore, the inquiry report revealed that there was no delay in processing documents by the appellant under Regulation 13(n).”*

6.2. We find that a similar view has been taken by the Tribunal, Kolkata in the case of *Baid International Services Ltd. Versus Commissioner of Customs, ACC, Kolkata [2023 (386) E.L.T 567 (Tri. Kol.)].* The relevant part of the said decision is reproduced below for ready reference:-

> *21. Regulation 10(n) merely requires the Customs Broker to verify the correctness of Importer Exporter Code, (IEC) number, Goods and Service Tax Identification number at the declared address by using reliable independent authentic documents, data or information. Obviously, this responsibility does not extend to physically going to verify the premises of each of the exporters to ensure that they are functioning at the premises. When a Government Officer issues the certificate bearing registration number with an address, it is not for the Customs Broker to sit in judgement over such a certificate. The Customs Broker cannot be faulted for trusting the certificates issued by the various government bodies/department. It is a different matter, if the documents are not authentic and are forged by the Customs Broker or the Customs Broker had reason to believe that the said documents were not truthful and their veracity was in doubt. The Customs Broker is only a processing agent of documents with respect to a document submitted to him. The Hon’ble Delhi High Court in*

*the case of Kunal Travels (Cargo) Vs. CC (I&G), IGI Airport, New Delhi 2017 (354) ELT447 Del. has held that*

> *"The CHA is not an inspector to weigh the genuineness of the transaction. It is a processing agent of documents with respect of clearance of goods through Customs House and that process only such authorised personnel of the CHA can enter the Custom House area.—— It would be far too onerous to expect the CHS to enquire into and verify the genuineness of the ID code given to it by client for each import export transaction. When such code is mentioned, there is a presumption that an appropriate background check in this regard that is the KYC would have been done by the customs authority."*

*22. The appellant has relied upon the registration certificate issued by the appropriate authority, it is an error of the authority issuing registration, if and when the firm does not exist. There is nothing on record to indicate the role of the Customs Brokers in getting the various certificates issued. It is particularly noteworthy that all the documents referred for substantiation of the KYC are all issued by government organisations. Unless, all the officers of various organisations who issued the registration and the necessary documents, either acted fraudulently or carelessly in connivance with the Customs Broker, the letter cannot be faulted upon. The Customs Broker is neither omniscient nor omnipotent. The Customs broker is not concerned with to ensure that the documents issued by the various organisations were issued correctly. If they were issued wrongly, the fault lies with the authorities issuing such certificate, and registrations, and not with the Custom Broker. It is* *not for the Custom Broker to needlessly doubt the government issued IDs and registration numbers. The broker cannot be faulted for believing in them. 23. The Customer Broker in terms of regulation 10(n) of the CBLR, is obligated to verify the correctness of the IEC number, GSTIN, identity of his client and functioning of his client at the declared address by using reliable independent authentic documents, data or information. It merely cannot be pleaded that the IEC code which is issued by the DGFT, the GST number, the PAN which is issued by the Department of Revenue, CBIC & CBDT respectively, have all been done with collusion and for enabling the exports. The fault for any wrong doing revenue loss thus does not befall upon the Customs Broker.*

*24. In the case of Mauli Worldwide, Logistics vs. Commissioner, Customs New Delhi (Airport & General), F. No. 50561/2022 dated 04.07.2022 in the Tribunal held as under :*

> *"17 It is undisputed that the GSTIN, PAN, IEC, and other documents obtained by the appellant as a part of the KYC were genuine documents and were issued by the officers concerned. In our considered view, if the GSTIN is issued by te officers to persons who did not exist at the time of verification it could mean that the officers have issued GSTIN to non-existent firms or that they had subsequently either stopped operating from that address or that they had moved from that place and have not changed the address. In any of these scenarios, if the GSTIN was issued by the departmental officers to such a large number of non-existent persons, it shows either the lack of any due diligence on the part of the officers*

*or an inherently flawed system of issuing GSTIN. The appellant cannot be faluted for trusting the GSTIN issued by the department. 18. Similarly, if the importer-exporter code6 issued by the Director General of Foreign Trade7 is wrongly issued to non-existent businesses and entities, the appellant connot be blamed for trusting the IEC issued by the DGFT. Similar is the case with respect to other documents such as PAN card (issued by the Income Tax Department). When a document is issued by a Government authority, it is reasonable to presume it to be valid. It is not open to the appellant to question the issue of these documents and as a Customs Broker to sit in judgement over the decisions of these officers. If the verification reports are true and none of the exporters existed at their premises, the irresistible conclusion is that all these officers of various departments have been either extremely careless or were operating under flawed system which allowed documents to be issued to non-existing business. 19. It would have been a different matter if the documents produced by the appellant were fake or forged and were not issued by the officers. Such is not the case. In fact, the entire investigation by DGARM was initiated based on the GSTIN issued to various assesses as available in its system. Therefore, there is no possibility of the GSTIN being not issued by the department because it was extracted from its own system. Similarly, the Importer-Exporter Code (IEC) is an essential field for filing any Shipping Bill in the Customs EDI system and we find it unbelievable that an*

> *IEC not issued by the DGFT would be accepted by the Customs EDI system. Since the GSTIN is PAN based, the PAN must have also been issued by the Income Tax Department. It is a different matter if the Customs Broker files export documents in the name of 'A' when the goods are actually being exported by 'B' or produces forged documents. Such is not the such as GSTIN, IEC, PAN card, etc. were issued by the concerned authorities which were obtained by the appellant as a part of KYC. 20. Despite the appellant obtaining and producing various documents issued by various Government authorities as a part of KYC and producing additional documents before the Commissioner during the proceedings, since a large number of exporters were found to be non-existent at the addresses, the Commissioner inferred and held that the appellant had not fulfilled its obligations under Regulation 10(n) of CBLR, 2018."*

*25. It may also be likely, that all the authorities who issued the above documents had issued them correctly and thereafter, by the time of verification, situation may have changed. If so, it may be a ground for starting a fresh investigation but certainly not a ground to suspend/cancel the licence of the Customs Broker who processed the exports. It is not the responsibility of the Customs Broker to physically visit each exporter and verify the existence of each exporter at all locations, let alone, keeping a track of the exporter in case they move address. To a query from the Bench as to how the appellant Customs Broker can be faulted when they relied on the IEC, GST Registration and other documents, all issued by the Government* *and if the exporters did not exist at all of the premises how were the said documents issued by several Government officers, there were no clear answers emanating. If the officers are not mandated to ensure that the exporter(s) exist and are functioning from the known premises the Customs Broker cannot be so mandated, in the least. The scope of the obligations of the Customs Broker under Regulation 10(n), requires them to verify the correctness of Importer Exporter Code (IEC) number, Goods Service 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. 26. Thus, in terms of Regulation 10(n), any of the three methods viz. document, data or information can be employed by the Customs Broker to establish the identity of their client. It is not necessary that the Customs Broker are required to collect information or launch an investigation. So long as there are documents which are independent, reliable and authentic to establish the identity of the client, this obligation is fulfilled. Documents such as GSTIN, IEC and PAN card are all such documents as prescribed. 27. The responsibility of the Customs Broker as held by judicial bodies does not require then to maintain vigil and continuous surveillance on the client to ensure that they continue to operate from the address as given in the various KYC documents and in case of change as such get the documents amended. 28. Under the circumstances that none of the documents entertained by the Customs Broker obtained for KYC, have been indicated to be fictitious and not genuine, we find that the Customer Broker has not violated Regulation 10(n) of CBLR with regard to the said fifteen exporters. 29. We, therefore, hold that Customs Broker has* *not failed in discharging his responsibilities under Regulation 10(n) of CBLR, 2018 Under the circumstances, the Customs Broker cannot be held responsible for the exporters found to not exist during subsequent verification undertaken, by the officers or there has been unrealized IGST, availed of by the untraceable exporters.*

6.3. We find that the ratio of the decisions cited supra are squarely applicable to the facts and circumstances of the present case. Accordingly, we hold that the Appellant has not violated any of the provisions of Regulations 10(d), 10(e), 10(m) and 10(n) of the CBLR, 2018.

7. In view of the above findings, we hold that the impugned order revoking the License, forfeiting the security and imposing penalty on the Appellant is not sustainable and hence the same are set aside.

8. Thus, we set aside the impugned order and allow the appeal filed by the Appellant with consequential relief, if any, as per law.

(Order Pronounced in Open court on 29.07.2026)

**(ASHOK JINDAL)**
MEMBER (JUDICIAL)

**(K. ANPAZHAKAN)**
MEMBER (TECHNICAL)

RKP