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|  <p>OFFICE OF THE Pr. COMMISSIONER OF CUSTOMS, NS-I IMPORT BOND SECTION Jawaharlal Nehru Custom House, NhavaSheva, Dist- Raigad, Maharashtra – 400 707. Email Id – ibond-jnch@gov.in</p> | |
| DIN क्र. /DIN No. | 20260278NW0000999C89 |
| फा. क्रमांक /F.No. | CUS/BDWH/W57/65/2022-BOND-NS1-JNCH |
| एस सी एन क्रमांक SCN No.: | 787/2021-22/CC/NS-I/CAC/JNCH DT. 15.03.22 |
| आदेश क्र. /Order No. | 389/2025-26/Pr.COMMR/NS-1/BOND(I)/CAC/JNCH DT. 16.02.2026 |
| आदेश की तारीख/Date of Order | 16.02.2026 |
| जारी करने की तारीख/Date of Issue | 16.02.2026 |
| आदेशकर्ता/Passed By: | Shri Yashodhan A. Wanage, Pr. Commissioner of Customs, NS-I, JNCH |
| Party name: /पार्टी का नाम | M/s. Allcargo Logistics Ltd. (NSA1U053) |

ORDER-IN-ORIGINAL/ मूलआदेश

1. This copy is granted free of charge for the use of the person to whom it is issued.
यह प्रति जिस व्यक्ति को जारी की जाती है उन्हें निःशुल्क दी जाती है।
2. Any appeal against this order in accordance with Regulation 12(9) of the HCCAR, 2009 lies with the CESTAT, West Regional Bench, 14, P D'Mello Rd, Masjid (E), Mumbai, Maharashtra 400009, addressed to the Assistant Registrar of the said Tribunal under Section 129 (A) of the Customs Act, 1962
इस आदेश के विरुद्ध अपील सीमाशुल्क अधिनियम, १९६२ की धारा १२९ (ए) के तहत सीइएसटीएटी, पश्चिमी प्रादेशिक न्यायपीठ, ३४, पि. डिमेलोरोड, मस्जिद (पु) मुंबई ४००००९ को की जा सकती है। अपील उक्त अधिकरण के सहाय कर जिस्ट्रार को सम्बोधित होगी।
3. Main points in relation to filing an appeal.
अपील दाखिल करने संबंधी मुख्य मुद्दे।
 - a. **Form** - Form No CA3 in quadruplicate and four copies of the order appealed against (at least one of which should be certified copy)
फॉर्म -सीए३, चार पंन्तिया में तथा उस आदेश की चार प्रनित्य जिसके खिलाफ अपील की गयी है (इन चार प्रनित्यो में से कम से कम एक प्रति प्रमाणिक होनी चाहिए।)
 - b. **Time Limit** – within 3 months from date of communication of this order.

समयसीमा – इस आदेश की सूचना की तारिक से ३ महीने के भीतर।

- c. **Fee-** (a) Rs. One Thousand – where amount of duty & interest demanded & penalty imposed in Rs. 5 Lakh or less.

फीस - (क) एकहजाररुपये - जहाँ मांगे गये शुल्क एवं ब्याज की तथा लगायी गयी शाशिस्त की रकम ५ लाख रुपये या उससे कम है।

(b) Rs. Five Thousand – Where amount of duty & interest demanded & penalty imposed is more than Rs. 5 Lakh but not exceeding Rs. 50 Lakh.

(ब) पांच हजार रुपये – जहाँ मांगे गये शुल्क एवं ब्याज की तथा लगायी गयी शाशिस्त की रकम ५ लाख रुपये या उससे से अधिक परन्तु ५० लाख से कम है।

(c) Rs. Ten Thousand – Where amount of duty & interest demanded & penalty imposed is more than Rs. 50 Lakh.

(ग) दस हजार रुपये – जहाँ मांगे गये शुल्क एवं ब्याज की तथा लगायी गयी शाशिस्त की रकम ५ लाख रुपये या उससे से अधिक परन्तु ५० लाख रुपये से अधिक है।

- d. **Mode of payment** – A crossed Bank draft in favor of the Assistant Registrar, CESTAT, Mumbai payable at Mumbai from a nationalized Bank.

भुगतानकीरिती- क्रॉस बैंक ड्राफ्ट जो राष्ट्रकृत बैंक द्वारा सहायक रजिस्ट्रार साईंसटीएटी मुंबई के पक्ष में जारी किया गया है तथा मुंबई में देय हो।

- e. **General** – For the provision of law & from as referred to there & other related matters, Customs Act, 1962, Customs (Appeal) Rules, 1982, Customs, Excise and Service Tax Appellate Tribunal (Procedure) Rules, 1982 may be referred.

सामान्य : विधि के उपबंधों के लिए तथा ऊपर यथा संदर्भित एवं अन्य सम्बन्धित मामलों के लिए, सीमाशुल्क अधिनियम, १९६२, सीमाशुल्क (अपील) नियम, १९८२, सीमाशुल्क उत्पाद शुल्क एवं सेवा कर अपील अधिकरण (प्रक्रिया) नियम १९८२ का सन्दर्भ लिया जाए।

4. Any person desirous of appealing against this order shall, pending the appeal, deposit 7.5% of duty demanded or the penalty levied therein and produce proof of such payment along with the appeal failing which the appeal is liable to be rejected for non-compliance with provisions of Section 129 of the Customs Act, 1962.

इस आदेश के विरुद्ध अपील करने के लिए इच्छुक व्यक्ति अपील अनिर्णित रहने तक उसमें मांगे गए शुल्क अथवा उधुगुहित शासित का ७.५०% जमा करेगा और ऐसे भुगतान का प्रमाण प्रस्तुत करेगा ऐसा न किए जाने पर अपील सीमाशुल्क अधिनियम १९६२ की धारा १२९ E के उपबंधों की अनुपालन न किये जाने के लिए ना मंजूर किये जाने की दायी होगी।

BRIEF FACTS OF THE CASE

M/s. Allcargo Logistics Ltd. (herein after referred to as 'Licensee') situated at Khopta village, Uran, Raigad -410212, falling under the jurisdiction of Jawaharlal Nehru Custom House, was issued Public Bonded Warehousing License (Warehouse Code-NSA1U053) under section 57 of the Customs Act, 1962.

2. The relevant conditions appended to the license issued in File No. S/6-Gen- 12229/2016-17/Bond-JNCH dated 01.03.2017 are reproduced below for ready reference:

a. The stock to be held at any time in the warehouse shall be within Rs.305 crore in value and subject to availability of space and the duty thereon should not exceed at any time Rs.100 crore.

b. the license shall be required to renew the insurance policy annually

c. The warehouse manager is also required to furnish the monthly statement of the balance stock of the goods and it should be in the prescribed form. The statement should be hand delivered and should reach the Bond Department, JNCH, Nhava Sheva by 2nd of every month.

d. The details prescribed in the Forms (A-statement for live bonds and for B-for time expired bonds) shall be maintained electronically.

3. During the scrutiny of insurance policy submitted by the licensee by the audit officers, the following discrepancies were found:

(i). Perusal of the insurance policy i.e. customs duty policy bearing No.251100/46/17/9500000346 and 12050046182480000006 covering the period 04.11.2017 to 03.11.2018 and 04.11.2018 to 03.11.2019 revealed that the sum insured was Rs.80 crore and Rs.50 crore respectively. Whereas, the license shall provide an all-risk insurance policy for a sum equivalent to the amount of duty involved on the dutiable goods proposed to be stored in the public warehouse during the impugned period ie., Rs. 100 crore as per the license. However, sum insured is enhanced to Rs.100 cr with effect from 18.04.2019 vide endorsement No.12050046192483000003.

(ii). Perusal of the insurance policy i.e. customs duty policy bearing 12050046182480000006 covering the period 04.11.2018 to 03.11.2019 revealed that the sum insured was Rs.50 crore and the said insurance policy was sub limited to 25% of the sum insured in the case of (a). Burglary, House breaking, theft, leakage and contamination and (b). acts of dishonesty/infidelity/commercial crime committed by employees, agents, representatives etc., as specified in the clause. Whereas, the license shall provide an all-risk insurance policy for a sum equivalent to the amount of duty involved on the dutiable goods proposed to be stored in the public warehouse at any point of time.

4. In view of the above, the licensee has warehoused goods without sufficient safeguards against any possible loss of revenue. Thus, by their actions as above, they not only flouted the terms of the license granted to them, but also jeopardized the revenue of the government.

5. From the forgoing, it appeared that M/s Allcargo Logistics Ltd have failed to comply with the statutory provisions of the Act conditions appended to the license Issued under Section 57 of the Act. Hence, M/s Allcargo Logistics Ltd were issued SCN 787/2021-22/CC/NS-I/CAC/JNCH dated 15.03.2022 so as to why: -

(i). The License granted under section 57 of the Customs Act, 1962 to M/s Allcargo Logistics Ltd should not be suspended under Section 58 B ibid;

(ii). Penalty should not be Imposed on M/s Allcargo Logistics Ltd under Section 117 of the Customs Act, 1962;

6. LEGAL PROVISIONS APPLICABLE IN THE CASE:

Relevant statutory provisions of the Act are reproduced below for ready reference:

Section 58B. Cancellation of licence. -

(1) Where a licensee contravenes any of the provisions of this Act or the rules or regulations made thereunder or breaches any of the conditions of the licence, the Principal Commissioner of Customs or Commissioner of Customs may cancel the licence granted under section 57 or section 58 or section 58A :

Provided that before any licence is cancelled, the licensee shall be given a reasonable opportunity of being heard.

(2) The Principal Commissioner of Customs or Commissioner of Customs may, without prejudice to any other action that may be taken against the licensee and the goods under this Act or any other law for the time being in force, suspend operation of the warehouse during the pendency of an enquiry under sub-section (1).

(3) Where the operation of a warehouse is suspended under sub-section (2), no goods shall be deposited in such warehouse during the period of suspension:

Provided that the provisions of this Chapter shall continue to apply to the goods already deposited in the warehouse.

(4) Where the licence issued under section 57 or section 58 or section 58A is cancelled, the goods warehoused shall, within seven days from the date on which order of such cancellation is served on the licensee or within such extended period as the proper officer may allow, be removed from such warehouse to another warehouse or be cleared for home consumption or export:

Provided that the provisions of this Chapter shall continue to apply to the goods already deposited in the warehouse till they are removed to another warehouse or cleared for home consumption or for export, during such period.

Section 117. Penalties for contravention, etc., not expressly mentioned. -

Any person who contravenes any provision of this Act or abets any such contravention or who fails to comply with any provision of this Act with which it was his duty to comply, where no express penalty is elsewhere provided for such contravention or failure, shall be liable to a penalty not exceeding four lakh rupees.

Regulation 4(a) of the Public Warehouse Licensing Regulations, 2016: -

4(a). provide an all-risk insurance policy, that includes natural calamities, riots, fire, theft, skillful pilferage and commercial crime, in favour of the President of India, for a sum equivalent to the amount of duty involved on the dutiable goods proposed to be stored in the public warehouse at any point of time.

7. **WRITTEN SUBMISSION AND PERSONAL HEARING IN THE CASE**
The licensee, in response to the subject SCN has inter alia made the following written submissions dated 05.05.2022 and further vide letter dated 10.11.2025 has requested to waive the requirement of personal hearing and adjudicate the case based on the written submissions filed by them: -

- i. They are in receipt of Public Bonded warehouse license on 01.03.2017 taking into consideration Stock worth 305 Crores and proposed Customs duty amount of Rs. 100 Crores. They had obtained insurance policy of Rs 100 Crores which is equivalent to proposed volume handled. After six months they reviewed volume handled and it was noticed that the volume handled is very less as compared to the proposed volume and thereafter reduced the policy sum insured to Rs 80 Crores for the period 04.11.2017 to 03.11.2018 and Rs 50 Crores for the period 04.11.2018 to 03.11.2019.
- ii. At the time of extension of warehouse, licensee has increased the insured cover amount to Rs 100 Crores for the period 18.04.2019 to 03.11.2019.
- iii. In reply to Paragraph no 3(i) of SCN, it is stated by Licensee that Customs duty policies bearing number 251100/46/17/9500000346 and 1205004618248000006 having sum insured is Rs. 80 and Rs. 50 Crores instead of Rs. 100 Crores. However, as stated above, actual stock of cargo never exceeds the value Of 50 -80 Crores for this particular period. After the directives from the customs, it is enhanced to Rs. 100 Crores. In reply to para 3(ii) for the Insurance Policy No- 1205004618248000006 for the period 04.11.2018 to 03.11.2019 for 50 Crores sub limited to 25% of the sum insured by the insurance company and it was not noticed by them or customs at that time and afterwards It was rectified and presently the sub limit has been removed and insurance policy is same for all the clauses.
- iv. Further, they have stated that in respect of Paragraph no. 4 of SCN, since the insurance cover is sufficient for the actual cargo stored in the warehouse and clause of sub limit is due to oversight and not intentionally done and hence not violated any license condition. In respect of Paragraph no 5. As a Licensee they are providing an all risk insurance policy, that Includes natural calamities, riots, fire, theft, skillful pilferage and commercial crime in favor of customs, for a sum equivalent to the amount of duty involved on the dutiable goods proposed to be stored in the public warehouse at any point of time. In respect of paragraph no.6 it is submitted by the Licensee that they have not violated or failed to comply with the conditions appended to the license issued under Section 57 of the Act intentionally and hence lenient view must be taken while taking action under Section 58 of the Act and Section 117 of the Act.

7.1. Records of Personal Hearing:

Vide letter dated 23.09.2025 & 10.11.2025, the Licensee has requested to waive the requirement of personal hearing and adjudicate the case based on the written submissions filed by them and further submitted that there was no intension of wilful default on their part and that we take a lenient view while adjudicating the matter.

8. Discussions and Findings:

- 8.1. I have carefully gone through the facts & records of the case, evidences brought on record, as well as submissions made by the Licensee M/s Allcargo Logistics Ltd.
- 8.2. I find that M/s. Allcargo Logistics Ltd., a company operating under the jurisdiction of the Jawaharlal Nehru Custom House (JNCH), was granted a Public Bonded Warehousing License issued with certain conditions. During an audit and scrutiny of records, two major discrepancies were identified. Firstly, Insurance Policy during the period 04.11.2017 to 03.11.2018 and 04.11.2018 to 03.11.2019 covered the duty sum of Rs.80 crore and Rs.50 crore respectively. Whereas, the licensee should have provided an all-risk insurance policy for a sum equivalent to the amount of duty involved on the dutiable goods proposed to be stored in the public warehouse during the impugned period, which was Rs. 100 crore as per license condition/s. Secondly, the insurance policy i.e. customs duty policy during the

period 04.11.2018 to 03.11.2019 revealed that the sum insured was Rs.50 crore and the insurance policy was sub limited to 25% of the sum insured in the case of

- (a). Burglary, House breaking, theft, leakage and contamination and
- (b). Acts of dishonesty/infidelity/commercial crime committed by employees, agents, representatives etc., as specified in the clause.

Whereas, the licensee shall provide an all-risk insurance policy for a sum equivalent to the amount of duty involved on the dutiable goods proposed to be stored in the public warehouse at any point of time. These violations indicate that the licensee stored goods without securing adequate insurance coverage without proper authorization, thereby breaching the conditions of the warehouse license and putting government revenue at risk.

9. I now proceed to frame the issues that are to be decided by me as under:

i. Whether or not, the subject warehouse has failed to adhere to the rules and regulations as detailed in the inquiry/investigation, and if so, does this constitute a breach of its responsibilities under the Customs Act, 1962, read with the Public Warehouse Licensing Regulations, 2016, the Warehouse (Custody and Handling of Goods) Regulations, 2016, as well as the specific licensing conditions under which the license was granted?

ii. If such violations are established, what is the quantum of penalties or fines that may be imposed on the warehouse?

iii. Whether or not, the License allotted to M/s Allcargo Logistics Ltd. (NSA1U053), is liable for cancellation under Section 58B of the Customs Act?

10. After framing the issues that are to be decided by me, I now proceed to take up the first issue. I note that, the licensee, M/s Allcargo Logistics Ltd. was granted a license under Section 57 of the Customs Act, 1962 read with the Public Warehouse Licensing Regulations, 2016 and the Warehouse (Custody and Handling of Goods) Regulations, 2016 for operating a Customs Public bonded warehouse. Further, I also note that there were certain licensing conditions mentioned in Annexure- 'A' of the said license that were supposed to be strictly adhered to by the licensee.

10.1. I note that, following the changes introduced in the warehousing provisions in 2016, the system of physical control over Bonded Warehouses by Customs authorities has been discontinued. Previously, Customs officers were stationed at these warehouses to oversee and supervise daily operations. With the removal of this physical oversight, the responsibility now rests entirely with Public Bonded Warehouses to ensure full compliance with the provisions of the Customs Act, 1962, and all applicable rules and regulations framed thereunder.

10.2. Accordingly, it is incumbent upon the warehouse operators to strictly adhere to the Customs Act, 1962, the Public Warehouse Licensing Regulations, 2016, the Warehouse (Custody and Handling of Goods) Regulations, 2016, and the specific licensing conditions attached to their license. They are also required to make accurate declarations before the Customs authorities and furnish correct information to their clients, i.e., the Importer or Clearing Agent etc.

10.3. I find that during the Audit, certain shortfall in the insurance was noticed which was in violation of the licensing conditions and the rules made there under. I find that the Licensee has failed to comply with certain conditions imposed under the license granted pursuant to Section 57 of the Customs Act, 1962. These licensing conditions, which are based on governing regulations, circulars, and instructions, are integral to the operation of a bonded warehouse. Any breach thereof constitutes a violation of both, the license conditions and the statutory provisions under which it was issued.

10.4.(a) I find that during the Audit by the officers, they had noticed that Insurance Policy

during the period 04.11.2017 to 03.11.2018 and 04.11.2018 to 03.11.2019 covered the duty sum of Rs.80 crore and Rs.50 crore respectively. Whereas, the licensee should have provided an all-risk insurance policy for a sum equivalent to the amount of duty involved on the dutiable goods proposed to be stored in the public warehouse during the impugned period which is Rs. 100 crore as per the license condition/s. However, I also find that the sum insured was enhanced to Rs.100 cr with effect from 18.04.2019.

(b). Further, I find that the Audit officers had noticed that the insurance submitted by the licensee for the sum Rs 50 crore, covering the period 04.11.2018 to 03.11.2019 was inadequate as the insurance was limited to only 25% for critical risks such as (a). Burglary, House breaking, theft, leakage and contamination and (b). acts of dishonesty/infidelity/commercial crime committed by employees, agents, representatives etc., as specified in the clause. This was in clear violation of the license condition requiring full coverage against all risks up to duty of the goods stored therein. I note that the **Regulation 4(a)** of the warehouse Licensing regulations, 2016 mandated to provide an all-risk insurance policy, that includes natural calamities, riots, fire, theft, skillful pilferage and commercial crime, in favour of the President of India, for a sum equivalent to the amount of duty involved on the dutiable goods proposed to be stored in the public warehouse at any point of time. I note that the licensee in his representation has also accepted this lapse but has however cited the technical nature of the policy for the lacunae and the fact that the same were unnoticed by the department till the audit observations had pointed out the same. I note that the Regulation 4 (a) discussed above has made it abundantly clear that the licensee has to provide an all-risk insurance policy, that includes natural calamities, riots, fire, theft, skillful pilferage and commercial crime and it was thus incumbent upon the licensee to ensure the compliance of the same. I find that the licensee cannot use the technical nature of the policy as an excuse.

11. I find that vide letter dated 10.11.2025, the Licensee has requested to waive the requirement of personal hearing and adjudicate the case based on the written submissions filed by them and further submitted that there was no intension of wilful default on their part and that we take a lenient view while adjudicating the matter.

11.1. It is pertinent to note that the above contraventions came to light only during departmental verification. This indicates a lack of due diligence and proactive compliance on the part of the Licensee, despite the liberalized warehousing regime which places the onus of compliance primarily on the Licensee.

11.2. In a liberalized regulatory environment, the **entire responsibility** for proper and lawful operation of the bonded warehouse is placed on the Licensee. The department's verification merely exposed the lapses that were not proactively identified or corrected by the Licensee.

12. In view of the foregoing, I hold that the Licensee has been found in violation of provisions under the **Public Warehouse Licensing Regulations, 2016**, for not having adequate insurance policy which is in violation of the licensing conditions.

12.1 In view of above, it is evident that contraventions of **Public Warehouse Licensing Regulations 2016**, has taken place. Therefore, the only issue that remains to be decided is, whether these contraventions warrant the cancellation of License under section 58B of the Customs Act 1962?

12.2. I find that, the violation as enumerated above are of technical nature. These are

procedural irregularities which are rectifiable. Investigation conducted by this office has not brought up any adverse findings of mala-fide intentions on part of warehouse operator. Also, there is no serious act of commission or omission by warehouse operator having revenue implication.

12.3 In view of foregoing, I take a lenient view regarding action envisaged under section 58B of the Customs Act 1962. I find that penalty envisaged under section 117 of the Customs Act 1962, is sufficient in the instant case and stringent action of cancellation of license under Section 58B is not warranted.

13. Considering the above facts, and after evaluating the Licensee's submissions and the contraventions identified during the verification, I am convinced that the acts of omission and commission justify the imposition of penalties. The Licensee has contravened the provisions of the **Public Warehouse Licensing Regulations, 2016**, and is, therefore, **liable for penalty under Section 117 of the Customs Act, 1962.**

14. In view of fore-going paras, I pass the following Order:

ORDER

(i) I impose a penalty of Rs. 1,00,000/- (**Rupees One Lakh only**) on the Licensee M/s Allcargo Logistics Ltd., under **Section 117** of the Customs Act, 1962 read with Regulation 4(a) of the **Public Warehouse Licensing Regulations, 2016** and for violation of licensing condition of the license granted under section 57 of the Customs Act, 1962.

ii. I refrain from cancellation of the License of M/s Allcargo Logistics Ltd. having Public Bonded Warehousing License (Warehouse Code-NSAIU053) under Section 58B.

15. This order is issued without prejudice to any other action that may be taken in respect of the goods in question and/or the persons/ firms concerned, covered or not covered by this order, under the provisions of Customs Act, 1962, and/or any other law for the time being in force in the Republic of India.

Digitally signed by
Yashodhan Arvind Wanage
Date: 16-02-2026
15:50:06

(Yashodhan A. Wanage)
Pr. Commissioner of Customs,
NS-I, JNCH

To,
M/s. Allcargo Logistics Ltd.,
Khopta village, Uran, Raigad
Maharashtra-410212

Copy submitted to:

1. The Chief Commissioner of Customs, JNCH
2. The Asst/Dy. Commissioner of Customs, CAC Admin, JNCH.
3. The Dy. Commissioner of Customs, Disposal Section, JNCH
4. Notice Board (Through CHS Section for display on Notice Board).
5. Office Copy.

6. EDI [for uploading on website] software