

o/c

 सत्यमेव जयते	सीमा शुल्क आयुक्त का कार्यालय, (एनएस-1). OFFICE OF THE COMMISSIONER OF CUSTOMS (NS-I), जवाहरलाल नेहरू कस्टम हाउस, न्हावा शेवा, JAWAHARLAL NEHRU CUSTOM HOUSE, NHAVA SHEVA, तालुका उरण, जिला रायगड, महाराष्ट्र- 400 707 TALUKA URAN, DIST. RAIGAD, MAHARASHTRA-400 707	 आज़ादी का अमृत महोत्सव
---	---	--

F. NO.: CUS/APR/INV/652/2025-Gr 2(C-F) Date:13-11-2025

DRI F. No. DRI/MZU/F/INT-35/2024

SCN No. 1322/2025-26/JC/NS-I/Gr.II C-F/CAC/JNCH

DIN: 20251178NW000000F60F

S/10-1117/25-26/Pr.commr./IC-F/NS-I/CAC/JNCH.

Show Cause Notice on the basis of Investigation Report issued by DRI regarding Wrong availment and utilization of benefits under Service Exports from India Scheme (SEIS) by M/s. Nhava Sheva International Container Terminal Pvt. Ltd. - Recovery of Customs Duty of Rs. 3,44,99,079/- [Rupees Three Crore Forty-Four Lakh Ninety-Nine Thousand Seventy-Nine only], under Section 124 read with Section 28AAA of the Customs Act, 1962)

1. A specific intelligence, received by the officers of the Directorate of Revenue Intelligence (DRI), Mumbai Zonal Unit, Mumbai, indicated that M/s. Nhava Sheva International Container Terminal Pvt. Ltd., having their office at Darabshaw House Level-1, Narottam Morarji Road, Ballard Estate, Mumbai - 400 001, are holders of IEC: 0397045751 (hereinafter referred to as 'NSICT') were engaged in the business of providing "**Maritime Transport Services**" to their clients.

2. Intelligence further indicated that NSICT had obtained Service Exports from India Scheme (hereinafter referred to as **SEIS**) Scrips/Licences/Instruments (hereinafter referred to as **Scrips**), on all the services provided by them. It appears that NSICT availed benefits of SEIS on the services provided to some of their clients, and these services rendered were not eligible for the SEIS benefits, as **'the services were not provided through the overseas principal's authorised agents in India, in the Customs Notified Area to foreign liner'** and **'these service s have not been provided in the manner as per para 9.51 (ii) Supply of a 'service' from India to service consumer(s) of any other country in India; (Mode 2- Consumption abroad)'**, in terms of **Appendix-3E** issued vide Public Notice No.7/2015-20 dated 04.05.2016 read with Para 3.08(c) of the Foreign Trade Policy 2015-2020 (hereinafter referred to as **'FTP-2015-20'**) [**RUD-01**]. It appears that the manner of services rendered by NSICT are actually services provided to Independent Indian entities, **"where no export of service involved."** Hence, such Services provided by NSICT are not eligible for SEIS benefit.

3. SUBMISSION OF RECORDS AND DOCUMENTS

Based on the said specific intelligence, investigation was initiated in respect of SEIS Scrips obtained by NSICT. During the

investigation information/documents, in relation to the services rendered, related to the availment of benefits of SEIS were sought from NSICT.

3 . 1 In response to the said request, NSICT submitted the following documents:

- (i) Copies of Application (ANF-3B) submitted to DGFT for availing benefits under SEIS for FY 2015-16 to 2018-19 along with Chartered Accountant Certificate. **[RUD-02];**
- (ii) Copies of SEIS Scrip issued by DGFT for FY 2015-16 to 2018-19 **[RUD-03];**
- (iii) Customers ledgers, income ledgers and ledger summary maintained by them in respect of service recipients for the financial years 2015-16 to 2018-19 vide letters dated 06.06.2024 and 20.06.2024 **[RUD-04 & 04A];**
- (iv) Copies of all the invoices attached with the applications made to DGFT for obtaining SEIS Scrips during the period from 2015-16 to 2018-19, submitted vide letter dated 07.02.2025. Also, the statement of these invoices was submitted via mail dated 06.02.2025. **[RUD-05 & 05A];**
- (v) Details of SEIS scrips sold by NSICT. **[RUD-06];**
- (vi) Copies of 167 Agency Agreements entered into between foreign services recipients (foreign liners) and their Authorised Indian agents vide letters dated 28.01.2025 & 14.02.2025. In these agreements the Indian entities/companies are nominated as authorised agent to handle the work related to the services provided by NSICT. The list of such 167 agreements is enclosed **[RUD-07].**

4. DETERMINATION OF SERVICES PROVIDED BY NSICT

The procedure of Handling Containerised Cargo of import and export at Nhava Sheva Port, by NSICT is given in brief as under:

- v. Before arrival/departure of vessel shipping companies/importers/exporters sent e-mail an Import/Export Advance List to NSICT, under which details of containers related to them are intimated.
- w. After confirming the receipts of such Import/Export Advance List, the containers mentioned therein are stored in the yard of NSICT situated at Nhava Sheva Port.
- x. The receipts of containers intimated to the shipping companies/importers/exporters via e-mail.
- y. Further, upon receipt of delivery order from shipping companies/importers/exporters the containers are delivered to the authorised persons of such shipping companies/importers/exporters.

4.1 NSICT, while handling the containerised cargo of import/export, at their terminal situated at Nhava Sheva Port, through the aforementioned procedure, provides the following services and charge fee to their clients in Indian Rupees: -

- i. Stevedoring Charges;
- ii. Cargo Storage Charges;
- iii. Reefer Container Charges;
- iv. Shutout Storage Charges and
- v. Terminal Handling Charges.

4.2 The above-mentioned services are rendered by NSICT directly, without involvement of any third party. NSICT claimed SEIS benefits on the income earned on the service provided to their clients.

4.3 As per FTP-2015-20, a service provider of notified services, located in India, shall be rewarded under SEIS, subject to conditions as may be notified. Only services rendered in the manner as per para 9.51 (i) Mode-1 (Cross boarder trade) & (ii) Mode-2 (Consumption abroad) of the FTP shall be eligible for SEIS benefits.

Mode 1 (Cross-border trade): Services flow from one member's territory to another member's territory.

Mode 2 (Consumption abroad): Service consumers move to another member's territory to obtain services or services provided by their appointed agents.

When a consumer of services does not physically move across borders but instead appoints agents in another member's territory, it falls under **Mode 2 (Consumption abroad) of the General Agreement on Trade in Services (GATS)**. NSICT are provider of services under **Mode-2 (Consumption abroad)**.

4.4 From preliminary examination of documents/information submitted by NSICT, it *prima facie* appeared that NSICT, in many cases have not provided services either directly to foreign liners or through any authorised agent appointed by them in India, in terms of **Appendix-3E** issued vide Public Notice No.7/2015-20 dated 04.05.2016 read with Para 3.08(c) of FTP 2015-20, and hence were not eligible for SEIS benefits.

WHY THE SERVICES CLAIMED TO BE EXPORTED BY NSICT APPEARS NOT TO BE EXPORTED ON THE BASIS OF DOCUMENTARY EVIDENCES

5.1 SCRUTINY OF THE DOCUMENTS/RECORDS

During the scrutiny of list of invoices, across the period from 2015-2016 to 2018-2019, it has been noticed that NSICT have provided the aforementioned services as out lined in Para 4.1, to their clients (service recipients). While going through the invoices, the following discrepancies were noticed:

Scrutiny of Invoices: -

5.2 NSICT, has claimed the benefits of SEIS Scrips on the invoices issued by them, for the services, which are discussed briefly: (i) Stevedoring Services, (ii) Cargo Storage Services (iii) Reefer Container Services, (iv) Shutout Storage Charges, and (v) Terminal Handling Services provided to the Container Handling Terminals, as detailed in **Annexure-A** to this Show Cause Notice. These Container Handling Terminals are independent service providers themselves. These Container Handling

Terminals are not authorized agents of any foreign liners in India but are independent Indian Entities.

5.3 Further, NSICT, have also claimed the benefits of SEIS Scrips on the invoices issued by them, for the (i) Stevedoring Services, (ii) Cargo Storage Services, (iii) Reefer Container Services, (iv) Shutout Storage Charges, and (v) Terminal Handling Services provided to the Indian importers, as detailed in **Annexure-B** to this Show Cause Notice. These Indian importers have taken direct delivery of the goods from the yard of NSICT. These 219 Indian importers for which Amount of SEIS benefit Rs. 29,74,838/- involved are not authorized agents of any foreign service liners in India but are independent Indian Entities.[H1] [H2]

5.4 Furthermore, NSICT, have also claimed the benefits of SEIS Scrip on the invoices issued by them, for the services provided to the Indian Shipping Companies & Container Freight Stations (CFS), as detailed in **Annexure-C** to this Show Cause Notice. These Indian Shipping Companies & CFS are also not authorized agents of any foreign service liners and are independent Indian Entities, and services rendered were consumed in India itself, as such there was no export of services. It appears that the services provided by NSICT to Container Handling Terminals, Indian importers and Indian Shipping Companies & CFS are not eligible for the benefits of SEIS Scrip, So, these are actually services provided by NSICT (Indian entity) to other Indian entities as ***'the services were not provided through the overseas principal's authorised agents in India, in the Customs Notified Area to foreign liner' and 'these services have not been provided in the manner as per para 9.51 (ii) Supply of a 'service' from India to service consumer(s) of any other country in India; (Mode 2- Consumption abroad)'***, in terms of **Appendix-3E** issued vide Public Notice No.7/2015-20 dated 04.05.2016 read with Para 3.08(c) of the Foreign Trade Policy 2015-2020 (hereinafter referred to as **'FTP-2015-20'**). Also, it appears that the manner of services rendered by NSICT are actually services provided to Independent Indian entities, ***"where no export of service involved."*** thus SEIS benefit is not available on provision of these services.

Scrutiny of Ledgers: -

5.5 Also, while going through the details of ledgers, it has been noticed that during the period 2015-2016, NSICT have claimed the benefits of SEIS Scrip on account of Accrued Revenue Provisions in the income ledger, as mentioned in **Annexure-C** to this Show Cause Notice. This ledger entry of income in 2015-16 is a standalone entry Rs. 35,28,286/- [H3] [H4] made out to whom the services are provided. Further, it has also been noticed that no invoices were issued against the revenue earned by NSICT on this account (**Accrued Revenue Provisions**). Since, the invoices have not been issued and NSICT during the investigation failed to provide the details of service recipients.

It appears that the SEIS Scrip benefit claimed on accrued revenue provisions by NSICT is not eligible for the benefits of SEIS Scrip, as ***'the services were not provided through the overseas principal's authorised agents in India, in the Customs Notified Area to foreign liner' and 'these services have not been provided in the manner as***

per para 9.51 (ii) Supply of a 'service' from India to service consumer(s) of any other country in India; (Mode 2- Consumption abroad)', in terms of **Appendix-3E** issued vide Public Notice No.7/2015-20 dated 04.05.2016 read with Para 3.08(c) of the Foreign Trade Policy 2015-2020 (hereinafter referred to as '**FTP-2015-20**'). It appears that the manner of services rendered by NSICT are actually services provided to Independent Indian entities, "**where no export of service involved.**"

Scrutiny of Agency Agreements: -

5 . 6 Further, while scrutinizing of 167 Agency Agreements, submitted by NSICT, the below mentioned discrepancies have been noticed: -

Services provided beyond/after the expiry of Agency Agreement period

(a) In the Para 10 Validity of agreement of the Agency Agreement dated 01.05.2003 enter into between M/s Taby Schiffahrts-Und Speditionen GMBH, Germany (the Principal) and M/s CEL Logistics Pvt. Ltd., India (the Agent), it has been mentioned that "*this agreement comes into effect from May, 1st, 2003 and shall be valid for a period of one year. It shall be automatically extended for another period of one year....*".

It appears that the agency agreement has expired on 30.04.2005. Also, during the investigation, NSICT failed to provide any latest or valid agreement related to M/s Taby Schiffahrts-Und Speditionen GMBH, Germany (the Principal) and M/s CEL Logistics Pvt. Ltd., India (the Agent).

(b) In the Agency Agreement dated 01.05.2003 enter into between M/s Interflow Ltd, England (the Principal) and M/s Merchant Shipping Services Pvt. Ltd., India (the Agent), it has been mentioned that: -

"3.3 Commencement date: -01st June, 2012

3.4 Expiry date 31st May 2013 or such later date as shall result from an extension of the Term pursuant to clause 8.7

8.7 Extension of Term- To extend the terms for further periods of twelve months without any break in continuity provided that none of the events described in Clauses 9.1 to 9.5 has occurred."

It appears that the agency agreement has expired on 31st May, 2014. Also, during the investigation, NSICT failed to provide any latest or valid agreement, related to M/s Interflow Ltd, England (the Principal) and M/s Merchant Shipping Services Pvt. Ltd., India (the Agent).

(c) The Agreement entered into between M/s Amara Container Line Spore Pvt. Ltd, Singapore (the Principal) and M/s Opal Asia (Pvt.) Ltd, India (the Agent), was valid upto 31.12.2018.

The agency agreement has expired on 01.01.2019. Also, during the investigation, NSICT failed to provide any latest or valid agreement, related to M/s Amara Container Line Spore Pte. Ltd, Singapore (the Principal) and M/s Opal Asia (Pvt.) Ltd, India (the Agent).

(d) In the Para 6 of the Agency Agreement dated 01.12.2008, entered into between M/s Asian Tiger Shipping LLC, Dubai, UAE (the Principal) and M/s Radiant Maritime India Pvt. Ltd, India (the Agent), it has been mentioned that "Duration of Agreement - *This agreement shall come into effect from the date of its execution and shall remain for 03 months period and principals have all the rights to terminate/extend the agreement before/after 03 months.*"

It appears that the said agreement was valid up to 28.02.2009, only. Also, during the investigation, NSICT failed to provide any latest or valid agreement related to M/s Asian Tiger Shipping LLC, Dubai, UAE (the Principal) and M/s Radiant Maritime India Pvt. Ltd, India (the Agent).

(e) In the Article 10 of the Agency Agreement dated 01.07.2003, entered into between M/s Sea Hawk Global Lines SDN BHD, Malaysia (the Principal) and M/s Sea Hawk Lines Pvt. Ltd., Chennai, India (the Agent), it has been mentioned that "*This agreement is to be continued for a period of One (01) English Calendar year, subject to termination by written notice by either party with Two (02) Weeks' Notice, within which period all outstanding matters and moneys have to be settled amicably within the notice period. Re-Negotiation of this agreement for a further period may be made by the mutual consent between the two Contracting Parties.*"

It appears that the said agreement was valid up to 30.06.2004, only. Also, during the investigation, NSICT failed to provide any latest or valid agreement related to M/s Sea Hawk Global Lines SDN BHD, Malaysia (the Principal) and M/s Sea Hawk Lines Pvt. Ltd., Chennai, India (the Agent)

(f) In the Para 8 of the Agency Agreement dated 01.11.2007, made between M/s St. John Container Lines Pte. Ltd, Singapore (the Principal) and M/s St. John Freight Systems Ltd, Chennai, India (the Agent), it has been mentioned that "*This agreement shall take effect from 01.11.2007 and shall remain in force for a period for five years with an option that either party may terminate this agreement by giving to the other party not less than 2 (two) months prior notice in writing.*"

It appears that the said agreement was valid up to 31.10.2012, only. Also, during the investigation, NSICT failed to provide any latest or valid agreement related to M/s St. John Container Lines Pte. Ltd, Singapore (the Principal) and M/s St. John Freight Systems Ltd, Chennai, India (the Agent)

Thus, it appears that as per the Agency Agreements mentioned at **Sr.**

No. 5.6 (a) to 5.6 (f), the services rendered by NSICT are beyond/after the expiry of agreement period mentioned in the respective agreements. Accordingly, after the expiry of agreement, the service recipients are no longer acting as authorized agents of any foreign liner in India.

Accordingly, it appears that NSICT is not eligible for SEIS benefits in relation to these service recipients, as detailed in **Annexure-D** to this Show Cause Notice, being ***'the services were not provided through the overseas principal's authorised agents in India, in the Customs Notified Area to foreign liner'*** and ***'these services have not been provided in the manner as per para 9.51 (ii) Supply of a 'service' from India to service consumer(s) of any other country in India; (Mode 2- Consumption abroad)'***, in terms of **Appendix-3E** issued vide Public Notice No.7/2015-20 dated 04.05.2016 read with Para 3.08(c) of the Foreign Trade Policy 2015-2020 (hereinafter referred to as ***'FTP-2015-20'***). It also appears that the manner of services rendered by NSICT are actually services provided to Independent Indian entities, ***"where no export of service involved."***

Services Recipients are not Authorised Agents of Foreign Liner either at Nhava Sheva Port or in Indian Territory.

(g) In the Agency Agreement dated 29th June, 2010, entered into between M/s Transvision Shipping Pvt Ltd., Belapur-4000614, India (the Principal) and M/s Carriage Global Logistics Pte Ltd., Singapore (the Agent), at the para before para 1, it has been mentioned that ***"The Principal appoints agents as its general agent in Singapore, in connection with the business of NVOCC and freight forwarding and the agent accept such appointment under the terms and condition mentioned hereunder."***

It appears that M/s Transvision Shipping Pvt Ltd., Belapur-4000614, India is principal company and appointed their agent in **Singapore**. In terms of the agreement M/s Transvision Shipping Pvt Ltd., Belapur-4000614, India is an Indian entity and not an authorised agent of Foreign Liner in India, to be eligible for SEIS benefits. Also, during the investigation, NSICT failed to provide a valid agreement, to prove that M/s Transvision Shipping Pvt Ltd., Belapur-4000614, India as an authorised agent of Foreign Liner.

(h) In the Para 2 of the Agency Agreement dated 01st June, 2005 entered into between M/s Draft-Cargoways Pte Ltd., Singapore (the Principal) and M/s Care Container Lines, Kolkata, India (the Agent), the territory has been mentioned as ***"Kolkata"***, whereas the area of operation of NSICT is Nhava Sheva Container Terminal, situated at Nhava Sheva, which is not part of territory mentioned in the said agreement. The operational area of NSICT is of a separate territory i.e. Nhava Sheva, Uran Taluka, Panvel Distt. of Maharashtra.

(i) In the Agency Agreement dated 01st September, 2009, entered into between M/s Porttrade Shipping Agencies Pvt Ltd., Vashi, Navi Mumbai, India (the Principal) and M/s BS Shipping Lines Ltd. Bangladesh (the Agent), at para 1, it has been mentioned that *"The Principal appoints the agent as its general **agent in Bangladesh**, in connection with the business of NVOCC and freight forwarding and the agent accept such appointment under the terms and condition mentioned hereunder."*

It appears that M/s Porttrade Shipping Agencies Pvt Ltd., Vashi, Navi Mumbai, India is principal company and appointed their agent in **Bangladesh**. In terms of the agreement M/s Porttrade Shipping Agencies Pvt Ltd., Vashi, Navi Mumbai, India is an Indian entity and not an authorised agent of Foreign Liner in India, to be eligible of SEIS benefits. Also, during the investigation, NSICT failed to provide a valid agreement, to prove that M/s Porttrade Shipping Agencies Pvt Ltd., Vashi, Navi Mumbai, India as an authorised agent of Foreign Liner.

(j) In the Agency Agreement dated 01st November, 2009, entered into between M/s Sea Master Shipping & Logistics Pvt. Ltd. Colombo, Sri Lanka (the Principal) and M/s RR Shipping (Pvt) Ltd., Seawoods, Navi Mumbai, India (the Agent), at para before para 1, it has been mentioned that *"The Principal appoints the agent, upon the terms and subject to the conditions of this agreement, as its handling **agent in Sri Lanka**, for their services operated by the principal."*

It appears that M/s Sea Master Shipping & Logistics Pvt. Ltd. Colombo, Sri Lanka (the Principal) is principal company and appointed M/s RR Shipping (Pvt) Ltd., Seawoods, Navi Mumbai, India (the Agent), as their agent in **Sri Lanka**. In terms of the agreement M/s RR Shipping (Pvt) Ltd., Seawoods, Navi Mumbai, India is an Indian entity and not an authorised agent of Foreign Liner in India, to be eligible of SEIS benefits. Also, during the investigation, NSICT failed to provide a valid agreement, to prove that M/s RR Shipping (Pvt) Ltd., Seawoods, Navi Mumbai, India (the Agent) is an authorised agent of Foreign Liner in India.

(k) In the Article 1 of the Agency Agreement dated 01.01.2011, entered into between M/s Pan Lloyd Logistics Pvt. Ltd., Mumbai, India (the Principal) and M/s Star Marine Services Ltd., Tehran, Iran (the Agent), it has been mentioned that *"Principal appoints agent in **Bandar Abbas, Iran** in order to develop, expand and promote the principal's container business and for transportation on basis as hereinafter, the territory of agent or any combination thereof under the name of Pan Lloyd Logistics Pvt. Ltd. with Star Marine Service Ltd., as agents hereinafter the business."*

It appears that M/s Pan Lloyd Logistics Pvt. Ltd., Mumbai, India is principal company and appointed their **agent in Bandar Abbas, Iran**. In terms of the agreement M/s Pan Lloyd Logistics

Pvt. Ltd., Mumbai, India is an Indian entity and not an authorised agent of Foreign Liner in India, to be eligible of SEIS benefits. Also, during the investigation, NSICT failed to provide a valid agreement, to prove that M/s Pan Lloyd Logistics Pvt. Ltd., Mumbai, India as an authorised agent of Foreign Liner.

(1) In the Agency Agreement dated 01st January, 2009, entered into between M/s Total Transport Systems Pvt. Ltd., India (the Principal) and M/s China Sea Shipping Pte. Ltd., Singapore (the Agent), at para 1, it has been mentioned that *"The applied Company M/s Total Transport Systems Pvt. Ltd., hereby appoints M/s China Sea Shipping Pte. Ltd. as agents fro tramp services in **Singapore**, and the agent accept such appointment on the terms and conditions as set out in this agreement and addenda thereto."*

It appears that M/s Total Transport Systems Pvt. Ltd., India is principal company and appointed M/s China Sea Shipping Pte. Ltd., Singapore, as their agent in **Singapore**. In terms of the agreement M/s Total Transport Systems Pvt. Ltd., India is an Indian entity and not an authorised agent of Foreign Liner in India, to be eligible of SEIS benefits. Also, during the investigation, NSICT failed to provide a valid agreement, to prove that M/s Total Transport Systems Pvt. Ltd., India is an authorised agent of Foreign Liner in India.

(m) In the Agency Agreement dated 25.04.2012 made between M/s Aberdeen Container Lines Pte. Ltd., Singapore (the Principal) and M/s Oceanmasters Marine Services Pvt. Ltd., Chennai, India (the Agents), at starting Para it has been mentioned that: -

"ABERDEEN CONTAINERS LINES PTE LTD (herein after referred as the Principal) appoints M/s OCEANMASTERS MARINE SERVICES PVT LTD (herein after referred as the agents) as their AGENTS in CHENNAI (herein after referred as territory) for the performance of marketing, Marketing research, operations, container management which includes of FCL and empty containers inward as well as outward for their services all over the world."

In the said agreement dated 25.04.2012, the territory applicable as per the agreement has been mentioned as **"CHENNAI"**, whereas the area of operation of NSICT is Nhava Sheva Container Terminal, situated at Nhava Sheva, which is not part of territory mentioned in the said agreement. The operational area of NSICT is of a separate territory i.e. Nhava Sheva, Uran Taluka, Panvel Distt. of Maharashtra.

(n) In the Agency Agreement dated 18/11/2013, entered into between M/s Taurus Lines Pvt. Ltd, Mumbai, India (the Principal) and M/s Zen Lines Shipping Pvt. Ltd., Colombo, Sri Lanka (the Agent), it has been mentioned that: -

"SECTION ONE-RECITAL

- A. *Principal is an NVOCC, duly licensed to operate as such under the applicable laws and agency regulation of India. Agent is an ocean freight forwarder and customs house broker, and represent that it is duly licensed to operate as such in **Colombo, Sri Lanka***
- B. *Principal desires to appoint agent to provide the services described in this agreement*
- C.

SECTION TWO-SCOPE OF AGENTS AUTHORITY

- A.
- B. *Agent authority shall extend to **Colombo, Sri Lanka.***

It appears that M/s Taurus Lines Pvt. Ltd, Mumbai, India is the principal company and appointed M/s Zen Lines Shipping Pvt. Ltd., Colombo, Sri Lanka, as their agent in **Colombo, Sri Lanka**. In terms of the agreement M/s Taurus Lines Pvt. Ltd, Mumbai, India is an Indian entity and not an authorised agent of Foreign Liner in India, to be eligible of SEIS benefits. Also, during the investigation, NSICT failed to provide a valid agreement, to prove that M/s Taurus Lines Pvt. Ltd, Mumbai, India is an authorised agent of Foreign Liner.

(o) In the Agency Agreement dated 01st June, 2013, entered into between M/s Smart Marine Services Pvt. Ltd., Chennai, India and M/s Smart Marine Lanka Pvt. Ltd., Colombo, Sri Lanka (the Agent), it has been mentioned that: -

"This Agency agreement is made by and between Smart Marine Services Pvt. Ltd., having its registered office in 58, 3rd North Beach Road, 2nd floor, Chennai-600001, Tamil Nadu, India (here after called "SMS") and M/s Smart Marine Lanka Pvt. Ltd., having its office at No. 33, 1/1 Carlwill Place, Colombo-03, Sri Lanka (hereafter called as Agent)

SCOPE OF AGREEMENT:

- a. *SMS appoints AGENT as its sales and handling agent in the port of Singapore (hereafter called as "Territory") for SMS's Container Services."*

It appears that M/s Smart Marine Services Pvt. Ltd., Chennai, India is the principal company and appointed M/s Smart Marine Lanka Pvt. Ltd., Colombo, Sri Lanka, as their agent in **Singapore**. In terms of the agreement M/s Smart Marine Services Pvt. Ltd., Chennai, India is an Indian entity and not an authorised agent of Foreign Liner in India, to be eligible of SEIS benefits. Also, during the investigation, NSICT failed to provide a valid agreement, to prove that M/s Smart Marine Services Pvt. Ltd., Chennai, India is an authorised agent of Foreign Liner.

(p) In the Agency Agreement dated 10th May 2014, entered into between M/s S.M. Container Lines Pvt. Ltd., Vasai (West), Mumbai, India (the Principal) and M/s Peyvand Nav Darya Abi

Shipping Co. Ltd., Tehran, Iran (the Agents), at para 1.1.1, it has been mentioned that:

*"The Principal hereby appoints The Agents for all its agreed services serving the trade originating from and terminating in **IRAN**".*

It appears that M/s S.M. Container Lines Pvt. Ltd., Vasai (West), Mumbai, India is principal company and appointed their **Agents in Iran**. In terms of the agreement M/s S.M. Container Lines Pvt. Ltd., Vasai (West), Mumbai, India is an Indian entity and not an authorised agent of Foreign Liner in India, to be eligible of SEIS benefits. Also, during the investigation, NSICT failed to provide a valid agreement, to prove that M/s S.M. Container Lines Pvt. Ltd., Vasai (West), Mumbai, India as an authorised agent of Foreign Liner.

(q) In the Agency Agreement dated 01st September, 2017, entered into between M/s Blue Marlin Container Line Pvt Ltd., Mumbai, India (the Principal) and M/s Alligator Shipping Company, LLC, Dubai, UAE (the Agent), in the first part, it has been mentioned that: -

*"The territory for which the Agent is appointed under this Agreement shall be for all ports of **U.A.E.**".*

It appears that M/s Blue Marlin Container Line Pvt Ltd., Mumbai, India is principal company and appointed their **Agent in U.A.E.** In terms of the agreement M/s Blue Marlin Container Line Pvt Ltd., Mumbai, India is an Indian entity and not an authorised agent of Foreign Liner in India, to be eligible of SEIS benefits. Also, during the investigation, NSICT failed to provide a valid agreement, to prove that M/s Blue Marlin Container Line Pvt Ltd., Mumbai, India as an authorised agent of Foreign Liner.

(r) In the Agency Agreement dated 01st September, 2017, entered into between M/s SBW Logistics Pvt Ltd., Navi Mumbai, India (the Principal) and M/s Interglobe Marine LLC, Dubai, UAE (the Agent), in the para iv), it has been mentioned that: -

*"iv) TERRITORY - The territory shall be **United Arab Emirates** hereinafter referred to as the "Territory".*

It appears that M/s SBW Logistics Pvt Ltd., Navi Mumbai, India is principal company and appointed their **Agent in United Arab Emirates**. In terms of the agreement M/s SBW Logistics Pvt Ltd., Navi Mumbai, India is an Indian entity and not an authorised agent of Foreign Liner in India, to be eligible of SEIS benefits. Also, during the investigation, NSICT failed to provide a valid agreement, to prove M/s SBW Logistics Pvt Ltd., Navi Mumbai, India as an authorised agent of Foreign Liner.

(s) In the Agency Agreement dated 02nd February, 2015, entered into between M/s ATI Freight LLC, Dubai, UAE (the Principal) and M/s NOMA Infrastructure Pvt. Ltd., Mumbai, India

(the Agent), in the para 1, it has been mentioned that: -

*"1. APPOINTMENT- The Principal appoints the agent, and the agent accept the appointment as Principal's general agent in **ISAREL**, including the states/province/cities/areas of Isarel (hereinafter collectively referred to as the "Territory"), for all of the usual service requirements.....".*

It appears that M/s ATI Freight LLC, Dubai, UAE is principal company based in UAE and appoints M/s NOMA Infrastructure Pvt. Ltd., Mumbai, India as their agents in **ISAREL**. In terms of the agreement M/s NOMA Infrastructure Pvt. Ltd., Mumbai, India is an Indian entity and not an authorised agent of Foreign Liner in India, to be eligible of SEIS benefits. Also, during the investigation, NSICT failed to provide a valid agreement, to prove that M/s NOMA Infrastructure Pvt. Ltd., Mumbai, India as an authorised agent of Foreign Liner.

(t) In the Agency Agreement dated 01st September, 2012, entered into between M/s Neptune Container Line & Logistics Pvt. Ltd., Mumbai, India (referred to as NCL/Principals) and M/s Navoka Shipping & Logistics (Pvt.) Ltd, Rajagriya, Sri Lanka (referred to as NVS/Agents), at para A, it has been mentioned that: -

*"A. APPOINTMENT – Subjects to the provisions of this agreement made on this 1st day of September, 2012, **NCL**, India appoints **NVS** as their **agent in Sri Lanka**, and **NVS** agrees to accept such appointment."*

It appears that M/s Neptune Container Line & Logistics Pvt. Ltd., Mumbai is principal company and appointed M/s Navoka Shipping & Logistics (Pvt.) Ltd, Rajagriya, Sri Lanka, as their **agent in Sri Lanka**. In terms of the agreement M/s Neptune Container Line & Logistics Pvt. Ltd., Mumbai India is an Indian entity and not an authorised agent of Foreign Liner in India, to be eligible of SEIS benefits. Also, during the investigation, NSICT failed to provide a valid agreement, to prove that M/s Neptune Container Line & Logistics Pvt. Ltd., Mumbai, India is an authorised agent of Foreign Liner.

(u) In the Agency Agreement dated 25.07.2016, entered into between M/s Jupiter Container Lines Pte. Ltd., Singapore (the Principals) and M/s Jovian Container Lines Pvt. Ltd., Navi Mumbai, India (the Agents), at para A. 2, it has been mentioned that: -

"A. GENERAL CONDITIONS

1.
2. *The territory in which the AGENT shall perform its duties under this Agreement shall be **SINGAPORE** hereinafter referred to as the "territory".*

It appears that M/s Jupiter Container Lines Pte. Ltd., Singapore,

is principal company and appointed M/s Jovian Container Lines Pvt. Ltd., Navi Mumbai, India as their **Agents in Singapore**. In terms of the agreement M/s Jovian Container Lines Pvt. Ltd., Navi Mumbai, India is an Indian entity and not an authorised agent of Foreign Liner in India, to be eligible of SEIS benefits. Also, during the investigation, NSICT failed to provide a valid agreement, to prove that M/s Jovian Container Lines Pvt. Ltd., Navi Mumbai, India is an authorised agent of Foreign Liner.

(v) In the Agency Agreement dated 14.04.2015 made between M/s Transliner Pte. Ltd., Singapore (the Principal) and M/s Transliner Maritime Pvt. Ltd., Chennai, India (the Agents), at Para 1.1, it has been mentioned that: -

*"The territory for which the Agent is appointed under this Agreement shall be for cargos handled through **CHENNAI, INDIA**."*

In the said agreement dated 14.04.2015, the territory has been mentioned as "**CHENNAI**", whereas the area of operation of NSICT is Nhava Sheva Container Terminal, situated at Nhava Sheva, which is not part of territory mentioned in the said agreement. The operational area of NSICT is of a separate territory i.e. Nhava Sheva, Uran Taluka, Panvel Distt. of Maharashtra.

(w) In the Agency Agreement dated 11th March 2008, entered into between M/s Rashi Shipping Services Pvt. Ltd, Mumbai, India (the Principals) and M/s Modern Shipping Agencies Pvt. Ltd, Karachi, Pakistan (the Agents), at para 1.1.1, it has been mentioned that: -

*"The Principals hereby appoints The Agents for all its agreed services serving the trade originating from and terminating into **PAKISTAN**."*

It appears that M/s Rashi Shipping Services Pvt. Ltd, Mumbai, India is principal company and appointed their **Agents in Pakistan**. In terms of the agreement M/s Rashi Shipping Services Pvt. Ltd, Mumbai, India is an Indian entity and not an authorised agent of Foreign Liner in India, to be eligible of SEIS benefits. Also, during the investigation, NSICT failed to provide a valid agreement, to prove M/s Rashi Shipping Services Pvt. Ltd, Mumbai, India as an authorised agent of Foreign Liner in India.

It appears that the services provided to service recipients mentioned at **Sr. No. 5.6 (g) to 5.6 (w)**, are beyond the Territory mentioned in the Agency Agreements. The Operational Area of NSICT is Nhava Sheva Port Terminal situated at Nhava Sheva, Uran Taluka, Panvel District of Maharashtra. Whereas, the territory mentioned in the Agency Agreements, of the authorised agents are either as foreign country or any other port/city of India, which are beyond the Operational Area of NSICT.

Accordingly, it appears that NSICT is not eligible for SEIS benefits in relation to these service recipients, as detailed in

Annexure-D to this Show Cause Notice, being *'the services were not provided through the overseas principal's authorised agents in India, in the Customs Notified Area to foreign liner'* and *'these services have not been provided in the manner as per para 9.51 (ii) Supply of a 'service' from India to service consumer(s) of any other country in India; (Mode 2- Consumption abroad)'*, in terms of **Appendix-3E** issued vide Public Notice No.7/2015-20 dated 04.05.2016 read with Para 3.08(c) of the Foreign Trade Policy 2015-2020 (hereinafter referred to as **'FTP-2015-20'**). It also appears that the manner of services rendered by NSICT are actually services provided to Independent Indian entities, *"where no export of service involved."*

Agency Agreement dated 21-03-2016, is between two Indian Companies

(x) The Agency Agreement made at Mumbai on 21st March, 2016 between M/s Indus Container Line Pvt. Ltd., Andheri East, **Mumbai, India** and M/s TLPL Shipping & Logistics Pvt. Ltd., **Kolkata, India** (the Agent), is an agreement entered into by both Indian companies.

In terms of the agreement M/s Indus Container Line Pvt. Ltd., Andheri East, Mumbai, India is an Indian entity and not an authorised agent of Foreign Liner in India, to be eligible of SEIS benefits. Also, during the investigation, NSICT failed to provide a valid agreement, to prove that M/s Indus Container Line Pvt. Ltd., Andheri East, Mumbai, India is an authorised agent of Foreign Liner in India.

It appears that the services provided to service recipient mentioned at **Sr. No. 5.6 (x)** above, is not an Authorised Agent of Foreign Liners in India, as both the contract parties are Indian Entities, as mentioned in 1st part of Agency Agreement.

Accordingly, it appears that NSICT is not eligible for SEIS benefits in relation to this service recipient, as mentioned in **Annexure-D** to this Show Cause Notice, being *'the services were not provided through the overseas principal's authorised agents in India, in the Customs Notified Area to foreign liner'* and *'these services have not been provided in the manner as per para 9.51 (ii) Supply of a 'service' from India to service consumer(s) of any other country in India; (Mode 2- Consumption abroad)'*, in terms of **Appendix-3E** issued vide Public Notice No.7/2015-20 dated 04.05.2016 read with Para 3.08(c) of the Foreign Trade Policy 2015-2020 (hereinafter referred to as **'FTP-2015-20'**). It also appears that the manner of services rendered by NSICT are actually services provided to Independent Indian entities, *"where no export of service involved."*

5.7 Furthermore, it has also been noticed that: -

(I). The agreement between M/s Fairfreight Lines Pvt. Ltd. and M/s Fairworld Shipping LLC dated 01st December, 2017 is incomplete^[H5] ^[H6]. Upon going through the said agreement, it cannot be established that M/s Fairfreight Lines Pvt. Ltd. is as an authorised agent of Foreign Liner. In the agreement the "Territory" is defined in schedule-II, however the said schedule-II is not available in the given agreement. Also, during the investigation, NSICT failed to provide a valid agreement, to prove that M/s Fairfreight Lines Pvt. Ltd., is an authorised agent of Foreign Liner.

(II). The agreement in relation to M/s Orchid Shipping Agencies Pvt. Ltd. submitted by NSICT, is of agreement between M/s Orchid Shipping Pvt. Ltd. and M/s Gulf Container Lines Ltd. Hence, no valid agreement of M/s Orchid Shipping Agencies Pvt. Ltd. is available on records. Also, during the investigation, NSICT failed to provide a valid agreement, to prove that M/s Orchid Shipping Agencies Pvt. Ltd., is an authorised agent of Foreign Liner.

NSICT, failed to provide the copies of valid agreements related to service recipients mentioned at **Sr. No. 5.7 (I) & 5.7 (II)** and in absence of copies of agreements, it cannot be established that the services recipients are acting as authorized agents of any foreign liner.

Accordingly, it appears that NSICT is not eligible for SEIS benefits in relation to these service recipients, as detailed in **Annexure-E** to this Show Cause Notice, being '**the services were not provided through the overseas principal's authorised agents in India, in the Customs Notified Area to foreign liner**' and '**these services have not been provided in the manner as per para 9.51 (ii) Supply of a 'service' from India to service consumer(s) of any other country in India; (Mode 2- Consumption abroad)**', in terms of **Appendix-3E** issued vide Public Notice No.7/2015-20 dated 04.05.2016 read with Para 3.08(c) of the Foreign Trade Policy 2015-2020 (hereinafter referred to as '**FTP-2015-20**'). It also appears that the manner of services rendered by NSICT are actually services provided to Independent Indian entities, "**where no export of service involved.**"

5 . 8 NSICT, failed to provide the copies of agency agreements related to 27 service recipients and in absence of copies of these agency agreements, it cannot be established that the services rendered to these 27 Clients, are provided to the authorized agents of any of foreign liner in India. The list of these 27 service recipients is enclosed **[RUD-08]**.

As detailed in **Annexure-E** to this Show Cause Notice, it appears that the services provided by NSICT to the 27 recipients are not eligible for SEIS Scrip benefits because '**the services were not provided through the overseas principal's authorised agents in India, in the Customs Notified Area to foreign liner**' and '**these services have not been provided in the manner as per para 9.51 (ii) Supply of a 'service'**

from India to service consumer(s) of any other country in India; (Mode 2- Consumption abroad)', in terms of Appendix-3E issued vide Public Notice No.7/2015-20 dated 04.05.2016 read with Para 3.08(c) of the Foreign Trade Policy 2015-2020 (hereinafter referred to as 'FTP-2015-20'). Also, it appears that the manner of services rendered by NSICT are actually services provided to Independent Indian entities, "where no export of service involved."^[H7]

6. RESULT OF SCRUTINY OF DOCUMENTS

The SEIS Scrip benefits availed by NSICT, during the period from 2015-16 to 2018-19, appear to be ineligible, being services are not rendered to the authorised agent of foreign liners in India, in terms of **Appendix-3E** issued vide Public Notice No.7/2015-20 dated 04.05.2016 read with Para 3.08(c) of FTP 2015-20 and appear to be recoverable under Section 28AAA of the Customs Act, 1962, as under: -

- The SEIS Scrip benefits availed against the services provided to Container Terminals, **para 5.2 above**;
- The SEIS Scrip benefits availed against the services provided to Indian importers, who had taken Direct Port Delivery, **para 5.3 above**;
- The SEIS Scrip benefits availed against the services provided to Container Freight Stations and Indian companies, **para 5.4 above**;
- The SEIS Scrip benefits availed on account of accrued revenue provisions, where the name of the clients to whom services are provided not known **para 5.5 above**;
- The SEIS Scrip benefits availed against the services provided, where agreements submitted by NSICT are not valid agreements, due to the facts that the services are provided beyond/after the expiry of Agency Agreement period, Services Recipients are not Authorised Agents of Foreign Liner either at Nhava Sheva Port or in Indian Territory & Agency Agreement is between both Indian Companies **para 5.6 above**;
- The SEIS Scrip benefits availed against the services provided, where NSICT, failed to provide the copies of valid Agency agreements **para 5.7 & 5.8 above**.^[H8]

7. STATEMENTS OF KEY PERSONS OF NSICT

During the course of investigation, statements of the following persons working with NSICT were recorded under Section 108 of the Customs Act, 1962: -

- Statement of Shri Jibu Kurien Itty, Chief Executive Officer & Director of NSICT was recorded on 08.01.2025 [**RUD-09**]
- Statements of Shri Rajeshkumar Samdani, Senior Director Finance of NSICT were recorded on 08.02.2025 [**RUD- 10**], 20.02.2025 [**RUD-11**] & 07.08.2025 [**RUD-12**]

7.1 Statement of Shri Jibu Kurien Itty, Chief Executive Officer & Director of NSICT was recorded under Section 108 of the Customs Act, 1962 on

08.01.2025, wherein he, stated *interalia* that: -

- i. He is aware of the fact that NSICT availed the benefits of SEIS Scrips and he signed the application made to DGFT;
- ii. The services provided directly to foreign companies, where foreign exchange is earned and also provided to their authorised agents in India, where amount received in Indian Rupees are eligible for SEIS benefits;
- iii. He confirmed the contents of the invoices attached to the applications made to DGFT for the period from 2015-16 to 2018-19 and signed the same;
- iv. The documents related to SEIS Scrip put up to him by the team lead by Shri Rajesh Samdani, Senior Director Finance and Shri Samdani, will be in better position to reply on the SEIS matter.

7.2 Further, statements of Shri Rajeshkumar Samdani, Senior Director Finance of NSICT were recorded on 08.02.2025, 20.02.2025, 07.08.2025 & 08.10.2025, wherein, he stated *interalia* that: -

- (a) His role as Senior Director Finance is to oversee all the financial details i.e. accounts, Audit, Taxation etc. and he is fully responsible for any taxation matter in the company;
- (b) The Brief of work undertaken by NSICT: Firstly Shipping Company of Indian Importers/Exporters email them an Export/Import Advance List, details of container related to these firms are intimated to them before 7 to 10 days of arrival/departure of vessel;
- (c) After receipt of Export/Import Advance List they confirm the receipts and handle the export/import containers i.e. NSICT store the containers in their yard and as per the delivery orders received from shipping lines/importers/exporters, they deliver the containers;
- (d) During the handling of containers, they collect terminal handling charges, stevedoring Charges, cargo storage charges, shut out/ storage charges, reefer charges etc. for the services provided by them;
- (e) The matter pertaining to availment of SEIS benefits, is a part of account/finance/taxation matter and he is aware of the fact that NSICT had availed benefit of SEIS Scheme. NSICT applied to DGFT for SEIS Scrips for the period from 2015-16 to 2017-18, under the Mode-2, para 9.51 (ii) of the FTP-2015-2020, as amended;
- (f) M/s NSICT, provided services to authorised agents in India of foreign companies, and the amount received in Indian Rupees are eligible for the benefit of SEIS scheme;
- (g) They have claimed benefits of SEIS on services provided to Container Terminals, some Direct Port Delivery Customers (Indian entities), CFS etc., which are not authorised companies of foreign service recipients and not eligible for

SEIS benefits;

(h) They booked accrued revenue provision, but invoices for the same have not been raised;[H9] [H10]

(i) NSICT is not having any proof (agreements) to claim that services provided to Container Terminals, Direct Port Delivery Customers (Indian entities), CFS etc. and on accrued revenue (invoices not issued) are provided to Indian Agents appointed by the foreign liners;[H11]

(j) He went through the 26 (twenty-six) agreements table given in Part-I of Annexure to statement dated 20.02.2025, and the reasons recorded against each agency agreement are proper and correct. He confirmed that their company NSICT, appears not to be eligible for SEIS Scrip benefit amounting to Rs. 34,21,552/-, on account of these 26 agreements, being service provided after expiry of agreement period[H12], agent appointed for another territory, agreement not complete and both contracting parties are Indian entities;[H13]

(k) He went through the list of 27 (twenty-six) companies as mentioned in Part-II, of the Annexure to statement dated 20.02.2025, and they have been provided ample time to submit the Agency Agreements to prove that the service recipients are authorised agent of foreign liner but in spite of their all-out efforts, they were unable to provide the Agency Agreements related to these 27 companies. He also admitted that he is aware of the fact that in absence of the agency agreement, they cannot claim the benefit of SEIS Scrip, as they failed to prove that the service receiver is an authorised agent in India of any foreign liner;

(l) He went through the table given in part III of the Annexure attached to his statement dated 20.02.2025. He confirmed the amount Rs. 3,44,99,079/- [H14] related to (i) Container Terminals, (ii) Direct Port Delivery to Indian importers, (iii) Indian Companies & CFS etc. and (iv) Accrued Revenue provision. He also stated that the SEIS Scrip benefit amounting to Rs. 3,44,99,079/-, as mentioned in part III of the Annexure attached to his statement dated 20.02.2025, appears to be payable by NSICT along with applicable interest;

(m) He went through the table given in part IV of the Annexure attached to his statement dated 20.02.2025, wherein details of SEIS Scrip sales and utilization is mentioned. He stated that the SEIS Scrip is freely transferable as per the provisions of FTP 2015-20 and the details of sale of Scrip have already been submitted by them.

(n) During the period from 2015-16 to 2018-19, their company provided services to 429 clients on which SEIS benefits have been claimed. However, while working on the same they observed that they have claimed benefits of SEIS on

services provided to Container Terminal, clients that have taken direct delivery from the port/terminal, CFS etc., which are not authorised companies of Foreign Service recipients. They tried to reach each service recipient to get the copies of agreement but only 153 clients have provided the agreement copies. Also, they are still not in receipt of agreement from some clients.

(o) He agreed that the onus lies on them as they have failed to submit the copies of agreement even after ample time has been afforded to them. He further stated that the clients for whom they failed to submit the agreements are Indian service recipients, for which they are not allowed to take the benefit of SEIS Scrips as per law.

(p) The accrued revenue is the revenue related to the companies to whom they had provided the services, but invoices were not raised to them. Further, stated that those clients to whom they had not raised the invoices are Indian service recipients; accordingly, he agreed that they are not allowed to avail the benefit of SEIS Scrips for those clients.

(q) He has gone through the first para of Appendix 3E i.e. Annexure to Public Notice. 7 dated 04.05.2016 in his earlier statements. As per the plain reading of the said para, it has been understood by him that when a consumer of services does not physically move across borders but instead appoints agents in another member's territory, notified services provided to these agents, in Customs Notified Area are eligible for SEIS benefits. Further stated that Container Terminals, Direct Port Delivery Customers (Indian entities), CFS etc. and accrued revenue (invoices not issued) are not Indian Agents appointed by the foreign liners.

(r) On being asked he stated that M/s. Nhava Sheva International Container Terminal Pvt. Ltd had sold/transferred the SEIS Scrips to M/s Byer Corp Science Limited, M/s Vivid Visions Trexim Pvt Ltd and M/s Kundan Castings Pvt Ltd. Thereafter, they do not know who had availed benefits of these SEIS Scrips.

(s) On being asked that since the SEIS Scrips sold or transferred by M/s. Nhava Sheva International Container Terminal Pvt. Ltd. are invalid, does it imply that M/s. Byer Corp Science Limited, M/s. MMTC Pamp India Pvt. Ltd., M/s. Louis Dreyfus Company India Pvt. Ltd., and M/s. Cofco International India Pvt. Ltd. were aware that the SEIS Scrips they availed were invalid and have still utilised it for payment of duty. In reply he stated that they were not aware that these SEIS Scrips are invalid at the time of purchase. Further, he added that when SEIS Scrips were sold, they were valid SEIS Scrips issued by the DGFT. Therefore, whoever purchased these SEIS Scrips from M/s. Nhava Sheva International Container Terminal Pvt. Ltd. were in bona fide belief that these

SEIS Scrips are valid.

8 . WHY THE SERVICES CLAIMED TO BE EXPORTED BY NSICT APPEARS TO BE IN-ELIGIBLE FOR SEIS BENEFITS

8.1 It further appears that the services provided/exported by NSICT (as discussed hereinafter), are not eligible for SEIS benefits, as the services rendered by NSICT, appears to in-eligible in terms of **Appendix-3E** issued vide Public Notice No.7/2015-20 dated 04.05.2016 read with Para 3.08(c) of FTP 2015-20.

8.2 The SEIS Scheme as notified in FTP 2015-20, is reproduced below [RUD- 13]: -

3.07. Objective

Objective of Service Exports from India Scheme (SETS) is to encourage and maximize export of notified Services from India.

3.08. Eligibility

(a) **Service Providers of notified services**, located in India, shall be rewarded under SEIS. Only Services rendered in the manner as per **Para 9.51(i) and Para 9.51(ii)** of this policy shall be eligible. The notified services and rates of rewards are listed in **Appendix 3D** of Public Notice No 03/2015-2020 dated 01.04.2015 issued by the DGFT.

(b) **Such service provider** should have minimum net free foreign exchange earnings of US \$15,000 in preceding financial year to be eligible for Duty Credit Scrip. For Individual Service Providers and sole proprietorship, such minimum net free foreign exchange earnings criteria would be US \$10,000 in preceding financial year.

(c) Payment in Indian Rupees for service charges earned on specified services, shall be treated as receipt in deemed foreign exchange as per guidelines of Reserve Bank of India. The list of such services is indicated in **Appendix 3E**.

(d) Net Foreign exchange earnings for the scheme are defined as under: Net Foreign Exchange = Gross Earnings of Foreign Exchange minus Total expenses / payment / remittances of Foreign Exchange by the IEC holder, relating to service sector in the financial year.

(e) If the IEC holder is a manufacturer of goods as well as service provider, then the foreign exchange earnings and total expenses / payment / remittances shall be taken into account for service sector only.

(f) In order to claim reward under the scheme, Service provider shall have to have an active IEC at the time of rendering such services for which rewards are claimed.

8.3 Further, Para 9.51 of Foreign Trade Policy 2015-2020 is reproduced below [RUD- 14]: -

9.51 "Service Provider" means a person providing:

(i) Supply of a 'service' from India to any other country;
(Mode 1- Cross border trade);

(ii) Supply of a 'service' from India to service consumer(s) of any other country in India; (Mode 2- Consumption abroad)

(iii) Supply of a 'service' from India through commercial presence in any other country. (Mode 3 - Commercial Presence.)

(iv) Supply of a 'service' from India through the presence of natural persons in any other country (Mode 4- Presence of natural persons.)

As per the definition of "Consumption abroad" given by the WTO in website "https://www.wto.org/english/tratop_e/serv_e/gsintr_e.pdf?" [RUD-15], which is mentioned at "1.3 (b)", also in para 9.51 (ii) of FTP-2015-2020, according to which Supply of a 'service' from India to service consumer(s) of any other country;

8 . 4 The WTO definition of Mode 2 Supply of services has been reproduced below: [RUD-15],

"1.3 Definition of Services Trade and Modes of Supply

The definition of services trade under the GATS is four-pronged, depending on the territorial presence of the supplier and the consumer at the time of the transaction. Pursuant to Article I:2, the GATS covers services supplied

*

(b) in the territory of one Member to the service consumer of any other Member (Mode 2 – Consumption abroad);

*

*

On the basis of plain reading of definition, it becomes clear that provision of service through "consumption abroad" is covered under Mode-2 supply of service. Also, it appears that **Mode 2** applies when a **foreign maritime transport provider offers services consumed by domestic users without establishing a presence** in India. Also appointing an **independent Indian agent** to facilitate the service does **not create a commercial presence**, so the transaction still qualifies as **Mode 2**.

8 . 5 It appears that NSICT provided the maritime transport services under Mode 2, however as discussed in paras 5.6, 5.7 & 5.8 above, the services provided by NSICT are neither provided through the overseas principal's authorised agents in India, in the Customs Notified Area to foreign liner' nor 'these services have not been provided in the manner as per para 9.51 (ii) **Supply of a 'service' from India to service consumer(s) of any other country in India; (Mode 2- Consumption**

abroad), in terms of **Appendix-3E** issued vide Public Notice No.7/2015-20 dated 04.05.2016 read with Para 3.08(c) of the Foreign Trade Policy 2015-2020 (hereinafter referred to as 'FTP-2015-20'). It appears that the manner of services rendered by them are services provided to Independent Indian entities, "where no export of services involved." Hence, on the such Services NSICT not eligible for SEIS benefit.

9 . Therefore, in view of foregoing para, it appears that the service provided claimed to be exported by NSICT, actually never have been exported but provided to Independent Indian Entities and also services rendered did not appear to be provided in the manner as per para 9.51 (ii) Supply of a 'service' from India to service consumer(s) of any other country in India; (Mode 2- Consumption abroad), as per Para 9.51 (ii) of FTP 2015-2020. Further, it appears that to establish the fact that the services have been exported under Mode-2 (consumption abroad) as per Para 9.51 (ii) of FTP 2015-2020, it is essential that the services shall be provided to overseas principal or its agents in India, shall be consumed by overseas buyer, and be provided specifically in Customs Notified Areas to a foreign liner. It appears that the said eligible services related to the two scenarios only, i.e.:

A. Either, the services have been directly provided to overseas buyers of services or

B. Services have been consumed by overseas buyers through its agents in India.

The investigation revealed that the services provided by NSICT to some of their clients, actually falls under the category where no export of services involved and services have been provided to independent Indian entities, subsequently consumed within India. The details of the evidence brought or recorded are summarised as under: -

- a. The services have been rendered to Independent Indian entities i.e. Container Terminals, Indian importers that had taken Direct Port Delivery, Container Freight Stations and Indian companies. These Indian entities were not authorised agents in India, of any overseas principals, and the services have been consumed in India, hence no export of service is involved, as discussed in **para 5.2 to 5.4 above**,
- b. In the years 2015-2016, some services have been rendered to unknown services recipients, and one standalone entry has been mentioned in the income ledger as "**accrued revenue provision**", NSICT availed SEIS benefit on such income. [H15] In the absence of service recipients' identity, nature of service provided and corresponding invoice, it cannot be established that the services have been rendered to authorised agents in India, of any overseas principals, to be eligible for SEIS benefits, as discussed in **para 5.5 above**;
- c. The SEIS Scrip benefits availed by NSICT, on the services provided in respect of 26 agency agreement submitted wherein SEIS Scrip benefit involve Rs. 34,21,552/-, whereas these 26 agreements submitted by them were not valid agreements, due to the facts that the services are

provided beyond/after the expiry of Agency Agreement period, Services Recipients are not Authorised Agents of Foreign Liner either at Nhava Sheva Port or in Indian Territory, and Agency Agreements are between two Indian Companies. In absence of valid clauses of the Agency Agreements, it has been established that service recipients were not authorised agents in India, of any overseas principals, and the services have been [H16] [H17] consumed in India, hence no export of service is involved, as discussed in **para 5.6 above**.

- d. In some cases, Agency Agreements were not made available on records. Even after providing ample time and opportunity to NSICT, to provide the Agency Agreements, to establish the fact that services are provided to the overseas principals or its authorised agents in India, they failed to do so. Accordingly, it appears that services recipients were not authorised agents in India of any overseas principals, and the services have been consumed in India; hence no export of service is involved, as discussed in **para 5.7 & 5.8 above**.
- e. In his statements dated 08.02.2025, 20.02.2025 & 07.08.2025, Shri Rajeshkumar Samdani, Senior Director Finance of NSICT, agreed and confirmed that NSICT is not having any proof (agreements) to claim that services provided to Container Terminals, Direct Port Delivery Customers (Indian entities), CFS etc. and in regard to accrued revenue (invoices not issued), are provided to Indian Agents appointed by the foreign liners; they have been provided ample time to submit the Agency Agreements to prove that the service recipients are authorised agent of foreign liner but in spite of their all-out efforts, they were unable to provide the Agency Agreements; and NSICT, appears not to be eligible for SEIS Scrip benefit, on account of, being service provided after expiry of agreement period, agent appointed for another territory, agreement not complete & both contract parties are Indian entities

EXPORT INCENTIVES UNDER DUTY CREDIT SCRIPS-SERVICES EXPORT FROM INDIA (SEIS):

10. In terms of Chapter 3 of Foreign Trade Policy 2015-2020 exporters are issued duty credit scrips under two schemes for exports of Merchandise and Services namely (i) Merchandise Exports from India Scheme (MEIS) & (ii) Service Exports from India Scheme (**SEIS**) with an objective to provide rewards to exporters to offset infrastructural inefficiencies and associated costs involved in export of goods/products, which are produced/manufactured in India, especially those having high export intensity, employment potential and thereby enhancing India's export competitiveness.

11. Service Export from India Scheme (SEIS) has been introduced by the Government of India w.e.f. 01.04.2015 under the Foreign Trade Policy 2015-2020 replacing the erstwhile 'Served From India Scheme (SFIS)' under the Foreign Trade Policy 2009-2015. As per FTP 2015-20, service Providers of Notified Services, located in India, shall be rewarded under SEIS, subject to conditions as may be notified. Objective of Service Exports from India (SEIS) is to encourage and maximize export of notified Services from India. Only services rendered in the manner as per Para 9.51 (i) and

Para 9.51 (ii) of this policy shall be eligible for SEIS benefit. The notified services and rates are listed in **Appendix 3D**. SEIS is reward computed based on the 'net' free foreign exchange realised and the percentage of this reward is also specified in Appendix 3D of FTP 2015-20. Benefit allowed under this scheme is 3% to 7% (as amended from time to time) as per nature of services supplied and the Scrips can be used for payment of Customs duties on imports, payment of excise on domestic procurement, including capital goods and payment of service tax. The duty Scrips are freely transferable. The SEIS entitlements as per Public Notice No. 03 dated 01.04.2015 (as amended by DGFT) **[RUD-16]** issued by the Directorate of General of Foreign Trade (DGFT), Ministry of Commerce on all the list of services are as under:

Annexure to Appendix 3D

Note 1: The services and rates of rewards notified against them shall be applicable for services export made between 1-4-2015 to 30-09-2015 only. The list of services/rate is subject to review with effect from 1-10-2015. It was discontinued from 01.04.2020.

Note 2: The rate of reward for eligible services is subject to conditions as specified in FTP and HBP.

Note 3: For Educational Services, SEIS reward shall not be available on Capitation Fee.

Note 4: Under Maritime Transport Services marked with *[9A (a), (b) and (c)], the reward shall be limited to Operations from India by Indian Flag Carriers only. [H18] [H19]

List of Services

S. No.	SECTORS	Central product Classification (CPC) Code	Admissible rate in % (on Net Foreign Exchange earnings) [as amended]
1	BUSINESS SERVICES		
A.	Professional services		
a.	Legal services	861	5/7
b.	Accounting, auditing and bookkeeping services	862	5/7
c.	Taxation services	863	5/7
d.	Architectural services	8671	5/7
e.	Engineering services	8672	5/7
f.	Integrated engineering services	8673	5/7
g.	Urban planning and landscape architectural services	8674	5/7
h.	Medical and dental services	9312	5/7
i.	Veterinary services	932	5/7
j.	Services provided by midwives, nurses, physiotherapists and paramedical personnel	93191	5/7
B.	Research and development		

	services		
a.	R&D services on natural sciences	851	5/7
b.	R&D services on social sciences and humanities	852	5/7
c.	Interdisciplinary R&D services	853	5/7
C.	Rental/Leasing services without operators		
a.	Relating to ships	83103	5/7
b.	Relating to aircraft	83104	5/7
c.	Relating to other transport equipment	83101 83102 83105	5/7
d.	Relating to other machinery and equipment	83106- 83109	5/7
D.	Other business services		
a.	Advertising services	871	3/5
b.	Market research and public opinion polling services	864	3/5
c.	Management consulting service	865	3/5
d.	Services related to management consulting	866	3/5
e.	Technical testing and analysis services	8676	3/5
f.	Services incidental to agricultural, hunting and forestry	881	3/5
g.	Services incidental to fishing	882	3/5
h.	Services incidental to mining	883 5115	3/5
i.	Services incidental to manufacturing	884 885	3/5
j.	Services incidental to energy distribution	887	3/5
k.	Placement and supply services of personnel	872	3/5
l.	Investigation and security	873	3/5
m.	Related scientific and technical consulting services	8675	3/5
n.	Maintenance and repair of equipment (not including maritime vessels, aircraft or other transport equipment)	633 8861- 8866	3/5
o.	Building- cleaning services	874	3/5
p.	Photographic services	875	3/5
q.	Packaging services	876	3/5
r.	Printing, publishing	88442	3/5
s.	Convention services	87909	3/5
2	COMMUNICATION SERVICES		

	Audiovisual services		
a.	Motion picture and video tape production and distribution service	9611	5/7
b.	Motion picture projection service	9612	5/7
c.	Radio and television services	9613	5/7
d.	Radio and television transmission services	7524	5/7
e.	Sound recording	n.a.	5/7
3.	CONSTRUCTION AND RELATED ENGINEERING SERVICES		
A.	General Construction work for building	512	5/7
B.	General Construction work for Civil Engineering	513	5/7
C.	Installation and assembly work	514 516	5/7
D.	Building completion and finishing work	517	5/7
4.	EDUCATIONAL SERVICES (Please refer Note 3)		
A.	Primary education services	921	5/7
B.	Secondary education services	922	5/7
C.	Higher education services	923	5/7
D.	Adult education	924	5/7
5.	ENVIRONMENTAL SERVICES		
A.	Sewage services	9401	5/7
B.	Refuse disposal services	9402	5/7
C.	Sanitation and similar services	9403	5/7
6.	HEALTH-RELATED AND SOCIAL SERVICES		
A.	Hospital services	9311	5/7
7.	TOURISM AND TRAVEL-RELATED SERVICES		
A.	Hotels and Restaurants (including catering)		
a.	Hotel	641-643	3/5
b.	Restaurants (including catering)	641-643	3/5
B.	Travel agencies and tour operators services	7471	5/7
C.	Tourist guides services	7472	5/7
8.	RECREATIONAL, CULTURAL AND SPORTING SERVICES		

	(other than audiovisual services)		
A.	Entertainment services (including theatre, live bands and circus services)	9619	5/7
B.	News agency services	962	5/7
C.	Libraries, archives, museums and other cultural services	963	5/7
D.	Sporting and other recreational services	964	5/7
9.	TRANSPORT SERVICES (Please refer Note 4)		
A.	Maritime Transport Services		
a.	Passenger transportation*	7211	5/7
b.	Freight transportation*	7212	5/7
c.	Rental of vessels with crew *	7213	5/7
d.	Maintenance and repair of vessels	8868	5/7
e.	Pushing and towing services	7214	5/7
f.	Supporting services for maritime transport	745	5/7
B.	Air transport services		
a.	Rental of aircraft with crew	734	5/7
b.	Maintenance and repair of aircraft	8868	5/7
c.	Airport Operations and ground handling		5/7
C.	Road Transport Services		
a.	Passenger transportation	7121 7122	5/7
b.	Freight transportation	7123	5/7
c.	Rental of Commercial vehicles with operator	7124	5/7
d.	Maintenance and repair of road transport equipment	6112 8867	5/7
e.	Supporting services for road transport services	744	5/7
D.	Services Auxiliary To All Modes Of Transport		
a.	Cargo-handling services	741	5/7
b.	Storage and warehouse services	742	5/7
c.	Freight transport agency services	748	5/7

(emphasis added)

12. Further, DGFT vide Public Notice No.7/2015-2020 dated 04.05.2016 notified Appendix-3E [**RUD-01**] as Annexure to this Public Notice, read with Para 3.08 (c) and Public Notice No. 03/2015-20 dated 01.04.2015, wherein

the effect of this Public Notice clarified, the same are as under:

"Subject: Services Exports from India Scheme (SEIS) –Appendix 3E notified.

In exercise of powers conferred under paragraph 1.03 of the Foreign Trade Policy (2015-2020), as amended from time to time the Director General of Foreign Trade hereby notifies Appendix 3E as Annexure to this Public Notice.

2. This Public Notice will be effective on services rendered with effect from April 1, 2015. 3. **Effect of this Public Notice:** List of services where payment has been received in Indian Rupees which can be treated as receipt in Deemed Foreign Exchange as per guidelines of Reserve Bank of India in terms of Para 3.08(c) of FTP 2015-20 is notified.

Annexure to Public Notice No. 7, Dated 4th May 2016

APPENDIX 3E (Please read Para 3.08(c) of FTP and Public Notice No.3 dated 01.04.2015)

Payments which have been received in foreign exchange or which would have been otherwise received in foreign exchange, but paid in Indian Rupees(INR), including through its agents in India out of the amount remittable to the overseas principal, or out of remittances to be sent by the overseas buyer, for services rendered in Customs Notified Areas to a foreign liner (or procured by a foreign entity in case of services included in rental of vessels with crew)as listed below would be considered as deemed to be received in foreign exchange and deemed to be earned in foreign exchange and shall be eligible for issuing rewards under the Services Exports From India Scheme.

However, services provided in respect of 'vessel related charges for coastal and inland vessels' and 'cargo related charges' in respect of coastal cargo, coastal containers and coastal empty containers are to be excluded.

TRANSPORT SERVICES	
(A) Maritime Transport Services.	
c. Rental of vessels with crew	
(I) Time Charter/ Voyage Charter/ Bare Boat Charter Services.	
(II) Offshore Support Vessel Services.	
d. Maintenance & repair of vessels	
Services provided for ship repair, dry dock and maintenance by ship repair service provider.	
e. Pushing & towing services.	
(I) Pilotage Services.	
(II) Shifting of vessels.	
(III) Warping Services.	
(IV) Charges for detention of pilot.	
(V) Towing Services.	
(VI) Cold movement Services.	
(VII) Pullback tug Services for Single Point Mooring (SPM) operations.	
(VIII) Tug Services.	

(IX) Pilot cancellation Charges.
f. Supporting services for maritime transport.
(I) Port dues for entry of vessels.
(II) Service Charges for Supply of water/ fresh water to vessels.
(III) Berth hire Services.
(IV) Anchorage Services for stay of vessels at Anchorage.
(V) Tug hire for miscellaneous services to carry pilots and other crew from and to the shore, supply ship stores etc.
(VI) Hire of launch for special jobs.
(VII) Hire of Fire Float / Fire tender
(VIII) Hire of Diving services.
(IX) Services for providing pneumatic fender (including to and from transportation of fenders at Dock/ Oil Jetties/ Barge Jetties/ IWAI Jetty/ Any other Jetty or Anchorage point)
(X) Supply of skilled manpower for marine services.
(XI) Pilot attendance Services at SPM.
(XII) Reefer Container Charges.
(XIII) Storage Services, shutout charges.
(XIV) Terminal Handling Services.
(XV) Stevedoring Services.
(XVI) Cargo Dispatch Services.
(XVII) Cargo Storage Services.
(XVIII) Bunker Supply Services.
(XIX) Garbage Collection Services.
(XX) Slop Collection/ Disposal Services.
(XXI) Tank Washing Services.
(XXII) Internal Transportation Services.
(XXIII) Warehousing Services.
(XXIV) Inter-carting Services.
(XXV) Packing Services.
(XXVI) Survey & Inspection Services
(XXVII) Barge Charges
(XXVIII) Ship chandling Services
(XXIX) Shore Crane Hire Services
(XXX) Equipment Hire Services viz Forklift, Excavator, Payloader, Reach Stacker, Empty Handler, Hydra, Screening Net, Gangway, Grab, Hydra Cranes, Generator, Power supply, etc.
(XXXI) Gangway hire Services
(XXXII) Security Services for providing security guards
(XXXIII) Cargo consolidation charges for export cargo
(XXXIV) Dispatch Services
(XXXV) Handling Services not specified elsewhere.
(XXXVI) Phytosanitary Services
(XXXVII) Lighterage Charges
(XXXVIII) Gas freeing certificate charges
(XXXIX) Shifting and Weighment Services
(XL) Wagon Handling Services
(XLI) Grab transportation Services
(XLII) Hot work Permit Services

(XLIII) Refloating Services.
(XLIV) Cargo Brokering charges for export cargo

13. The DGFT, vide aforementioned Public Notice No. 7/2015-2020 dated 04.05.2016 notified that *"Payments which have been received in foreign exchange or which would have been otherwise received in foreign exchange, but paid in Indian Rupees(INR), including through its agents in India out of the amount remittable to the overseas principal, or out of remittances to be sent by the overseas buyer, for services rendered in Customs Notified Areas to a foreign liner (or procured by a foreign entity in case of services included in rental of vessels with crew)as listed below would be considered as deemed to be received in foreign exchange and deemed to be earned in foreign exchange and shall be eligible for issuing rewards under the Services Exports From India Scheme."* From the above trade Notice, it is clear that SEIS benefits available *"only on the services provided to the overseas principal, including through its agent in India, for services rendered in Customs Notified Area to foreign liner."*

14. In the instant case, the services involved are covered under the category of **"Maritime Transport Services"** and are included in the said **Appendix-3D (9)(f) & Appendix 3E (A)(f)(XII) to (XV) & (XVII).**

15. From the various statutory, and other records/documents, as well as evidence gathered during investigation [as described in para 5.7 (a to x) and para 5.8 (I & II) above], it appears that NSICT had correctly classified the services exported by them. However, it appears that while applying for the SEIS benefits for the year 2015-16 to 2018-19, in the Form ANF-3B, before the DGFT, Mumbai, NSICT wilfully mis-stated the facts that *'the services were provided through the overseas principal's agent in India, to foreign liner'* and *'the services have been provided in the manner as per para 9.51 (ii) Supply of a 'service' from India to service consumer(s) of any other country in India; (Mode 2- Consumption abroad)'*. It appears that the services provided by NSICT are rendered to the Independent Indian entities, beyond/after expiry of agency agreement, outside the territory of the operational area of NSICT, unknown service recipients, where NSICT failed to provide any documentary evidences that the services were provided through the overseas principal's agent in India, to foreign liner and the manner of services rendered by them appears to be services provided to Independent Indian entities, and consumed in India, itself. Hence, **"no export of services involved."**

16. MODUS OPERANDI ADOPTED BY NSICT FOR OBTAINING SEIS SCRIPS

NSICT, engaged in the business of providing services for handling containerised of export/import cargo at their Container Terminal situated at Nhava Sheva Port. Further while handling the containerised cargo of export/import, they are providing (i) Stevedoring, (ii) Cargo Storage, (iii) Reefer Container, (iv) Shutout/Storage, and (v) Terminal Handling services to their clients. It appears that in Form ANF-3B submitted before DGFT, NSICT wilfully mentioned all the services provided by them, whereas all the services provided were not eligible for SEIS benefit being ***'the services that were not provided through the overseas principal's agent in***

India, to any foreign liner'. It also appears that 'the services have not been provided in the manner as per para 9.51 (ii) Supply of a 'service' from India to service consumer(s) of any other country in India; (Mode 2- Consumption abroad), whereas as per the documents available on records, it is clear that services provided to Independent Indian entities, and no export of service involved." In terms of Para 3.02 of the FTP-2015-20 read with sub-clause 2(5) of Notification No. 25-Cus dated 08.04.2015, the SEIS Duty Credit Scrips shall be freely transferable. NSICT had sold/transferred the SEIS Scrips to various importers viz. M/s. Bayer Corp Science Limited, situated at Bayer House, Central Avenue, Hiranandani Estate, Thane (West)-400607, Maharashtra (IEC No.0388048565) **(hereinafter referred as "BCSL")**, M/s. MMTC Pamp India Pvt. Ltd., situated at Rojka Meo Industrial Estate, Tehsil Nuh, Distt. Nuh, Sohna, Gurugram, Haryana, 122103 (IEC No.0507092490) **(hereinafter referred as "MMTC")**, M/s. Louis Dreyfus Company India Pvt. Ltd., situated at RNM Centre, 68/2, Janpath, New Delhi-110001 (IEC No.0397061340) **(hereinafter referred as "LDCIPL")** and M/s. Cofco International India Pvt. Ltd., situated at C/620,621,622, 215-Atrium, Andheri Kurla Road, Andher (East), Mumbai-400059 (IEC No.0311046975) **(hereinafter referred as "CIPL")**, who had utilized these SEIS Scrips for payment of duties against imports made by them, as detailed below:

TABLE-I

Sr. No.	Imported/Utilized by	BE No. & date	SEIS Scrip Number	Port of Import	Proportionate Assessable Value of ineligible SEIS benefit	Amt. of ineligible/ demand
1.	M/s. Byer Corp Science Limited	9774803 dt. 20.05.17	319111545	INNSA1	54,65,02,266	2,73,25,114
2.	M/s. MMTC Pamp India Pvt. Ltd	5718002 dt. 24.03.18	319140872	INDEL4	8,55,10,838	42,75,542
3.	M/s. Louis Dreyfus Company India Pvt Ltd	5637866 dt. 11.11.19	319255138	INMUN1	1,24,59,212	7,38,416
4.	M/s. Cofco International India Pvt. Ltd	9196626 dt. 16.10.20	319300838	INIXY1	3,08,57,236	21,60,006
TOTAL					67,53,29,551	3,44,99,079

VOLUNTARILY PAYMENTS/REFUNDS OF SEIS INCENTIVES BY NSICT

17. The facts revealed during the investigation that the income earned by NSICT during the period from 2015-16 to 2018-19 on the services provided to (i) Container Handling Terminals, (ii) Indian importers (who had taken direct delivery of goods from Terminal of NSICT), (iii) Indian companies and (iv) Container Freight Stations are not eligible for SEIS benefits. Also, NSICT is not eligible for SEIS benefits on services provided to their clients where (i) Agency Agreements are not valid (ii) Agency Agreements are not provided and (iii) accrued account income

without indication of recipient of service and invoices. [H20] [H21] The SEIS benefits are not eligible to NSICT due to the fact that the service recipients are not Authorized Agents of any foreign liners in India, in terms of **Appendix-3E** issued vide Public Notice No.7/2015-20 dated 04.05.2016 read with Para 3.08(c) of FTP 2015-20.

The said facts were brought into the notice of NSICT, who vide their letter dated 28.03.2025 [RUD-17] stated that ***"In response to the above and the ongoing investigation, we wish to submit that the Company continues to believe that the SEIS benefits received by the Company is eligible in terms of Foreign Trade Policy, 2015-2020. However, with the intention to avoid further litigation on this matter, the Company made total payment of Rs. 7,31,97,238/- (Rupees Seven Crore Thirty-One Lakh Ninety-Seven Thousand Two Hundred Thirty-Eight) on 24th March, 2025 as follows: -***

- i. ***Duty amounting to Rs. 3,44,99,079/- paid vide Challan No. 1992780035 (voluntary payment made u/s 28AAA of the Customs Act, 1962 (Annexure-1).***
- ii. ***Interest amounting to Rs. 3,86,98,159/- vide Challan No. 1107828680 (Interest computed till 24th March 2025-voluntary payment made u/s 28AA of the Customs Act, 1962 (Annexure-2). Interest calculation as under.***

TABLE-II

DETAILS OF SCRIP/USE OF SCRIP FOR PAYMENT OF IMPORT DUTY AND PAYMENT OF DUTY & INTEREST										
YE AR	SCR IP N O.	DATE OF IS SUE	B/ E NO	B/E DAT E.	PORT OF IM PORT	INELIGIBLE B ENEFIT CALC UALTED	DUTY PAID	INTER EST P AID	NO OF DAYS D ELAY	PAYM ENT D ATE
A	B	C	D	E	F	G	H	I	J=(K-E)	K
20 15- 16	319 111 545	01-05- 2017	97 74 80 3	20-0 5-20 17	INNSA1	2,73,25,114	2,73,25,114	3,21,72,514	2,865	24-03- 2025
20 16- 17	319 140 872	14-12- 2017	57 18 00 2	24-0 3-20 18	INDEL4	42,75,542	42,75,542	44,92,833	2,557	24-03- 2025
20 17- 18	319 255 138	17-10- 2019	56 37 86 6	11-1 1-20 19	INMUN1	7,38,416	7,38,416	5,94,779	1,960	24-03- 2025
20 18- 19	319 300 838	15-09- 2020	91 96 62 6	16-1 0-20 20	INIXY1	21,60,007	21,60,007	14,38,032	1,620	24-03- 2025

							3,44,99,079	3,44,99,079	3,86,98,158		
--	--	--	--	--	--	--	-------------	-------------	-------------	--	--

We wish to mention that online payment of duty and interest have been made voluntarily referring to Section 28AAA and Section 28AA of Customs Act, respectively.”

Communication with DGFT

1 8 . During the course of investigation, this Directorate of Revenue Intelligence, Mumbai Zonal Unit, Mumbai vide letter F. No. DRI/MZU/F/INT-35/2024 dated 11.06.2025 [RUD-18], had requested the Additional/Joint Director of Foreign Trade, Mumbai to cancel the ineligible SEIS Scrip issued to NSICT, to the extent of mis-use of such SEIS Scrips as the services were neither rendered to the overseas principals nor to the authorised agents of foreign liners in India.

VIOLATION OF STATUTORY PROVISIONS

19. Violation of various statutory provisions by NSICT: -

19.1 Form the independent documentary evidences, as well as confirmatory statements on records, it appears that NSICT wilfully and fraudulently mis-stated the facts before the DGFT with intent to avail undue benefits of SEIS. On the basis of such wilful misstatements with suppression of facts by NSICT, SEIS Scrips were issued to them by DGFT. Such SEIS Scrips fraudulently obtained by them are invalid ab-initio and accordingly DGFT, Mumbai was intimated to take necessary action for cancellation of SEIS Scrips, to the extent of in-eligible SEIS benefit. It appears that NSICT, by restoring to such acts, have contravened the provisions of Foreign Trade (Development & Regulation) Act, 1992, Foreign Trade (Regulation) Rules, 1993, and Foreign Trade Policy, 2015-2020 etc., as well as Customs Notification, Customs Act, 1962 & Rules and Regulations made thereunder, as detailed below: -

(a) **Section 11** of the Foreign Trade (Development & Regulation) Act, 1992, read with, **Rule 14** of Foreign Trade (Regulation) Rules, 1993, in as much as they have made, sign and used the declarations, statements or documents for the purposes of obtaining SEIS Scrips knowing or having reason to believe that such declarations, statements or documents were not representing the true, correct, and factual mode of services, and thereby have employed fraudulent practice for the purposes of obtaining SEIS Scrips;

(b) **Provisions of Foreign Trade Policy related to SEIS Scheme** in as much as they have availed benefit of SEIS Scheme of Foreign Trade Policy, 2015-2020 though they were not eligible for SEIS benefits for the services rendered by them, as the services were neither rendered to the overseas principals nor to the authorised agents of foreign liners in India.

(c) **Para 3.08 of FTP-2015-2020-** Service Providers of notified service, located in India, shall be rewarded under SEIS. **Only services rendered in the manner as per Para 9.51 (i) and Para 9.51 (ii) of this**

policy shall be eligible, whereas the manner of services rendered by NSICT appears to be services provided to Independent Indian entities, **"where no export of service involved."**

19.2 Violation of Notification No.25/2015-Cus dated 08.04.2015 [RUD-19], issued under Customs Act, 1962, by NSICT

As per the Notification:

*In exercise of the powers conferred by sub-section (1) of Section 25 of the Customs Act, 1962 (52 of 1962), the Central Government being satisfied that it is necessary in public interest so to do, **hereby exempts goods when imported into India against a Service Exports from India Scheme duty credit scrip** issued by the Regional Authority under paragraph 3.10 read with paragraph **3.08 of the Foreign Trade Policy** (hereinafter referred to as the said scrip) from-*

(a) the whole of the duty of customs leviable thereon under the First Schedule to the Customs Tariff Act, 1975 (51 of 1975) (hereinafter referred to as said Customs Tariff Act); and

(b) the whole of the additional duty leviable thereon under section 3 of the said Customs Tariff Act.

*

*

In the instant case, it appears that NSICT, while handling the containerised cargo of export/import, providing (i) Terminal Handling, (ii) Stevedoring, (iii) Reefer Container, (iv) Cargo Storage and (v) Storage/Shutout services to their clients and notified as "Maritime Transport Service" in Appendix 3D of FTP 2015-20 & further in Appendix 3E of FTP 2015-20.

19.3 However, as discussed hereinabove, it appears the services provided by NSICT do not appear to be rendered in the manner as per Para 9.51 (ii) i.e. Supply of a 'service' from India to service consumer (s) of any other country in India (Mode-2- Consumption abroad), read with para 3.8 (c) of FTP 2015-2020, but provided to individual Indian entities & consumed within India, where no export of services involved, which are not eligible for SEIS benefits.

20. Penalty:

20.1 NSICT, as a person, mis-stated their export of services and the manner of services rendered by them in Form ANF-3B and fraudulently obtained SEIS Scrips. They subsequently transferred/sold the Scrips to various importers for the purpose of availing benefit of Customs Duty exemption available under Notification 25/2015-Cusoms dated 08.04.2015 issued under Section 25 of the Customs Act, 1962. Therefore, NSICT had knowingly or intentionally made, signed and used, or caused to be made, signed or used, Customs declarations/statements/documents and other declarations/statements/documents, which were false or incorrect in material particular and were used in the transaction of

business for the purposes of Customs Act, 1962. Therefore, NSICT are liable for penalty under Section 114AA of the Customs Act, 1962.

Section 114AA

Penalty for use of false and incorrect material. -

If a person knowingly or intentionally makes, signs or uses, or causes to be made, signed or used, any declaration, statement or document which is false or incorrect in any material particular, in the transaction of any business for the purposes of this Act, shall be liable to a penalty not exceeding five times the value of goods.

20.2 Further, it appears that NSICT, obtained SEIS Scrips fraudulently by way of wilful mis-statement and suppression of facts. It appears that NSICT, wilfully mentioned their services rendered in the manner as per "Para 8.03 (a) read with para 9.51 (i) and 9.51 (ii) of FTP 2015-20, in Form ANF-3B submitted before the DGFT, and exported out of India, whereas these services were actually provided to the Indian entities and consumed in India, and accordingly obtained ineligible SEIS Scrips. It further appears that as per Para 1 of Appendix 3E issued vide Public Notice No.7/2015-20 dated 04.05.2016 read with Para 3.08(c) of FTP 2015-20., only ***'the services provided through the overseas principal's authorised agents in India, in the Customs Notified Area to foreign liner'*** are eligible for SEIS benefits. The SEIS Scrips issued to NSICT were subsequently sold and utilized by other persons for discharging their duty liabilities; therefore, NSICT have also rendered themselves liable for penalty under Section 114 AB of the Customs Act, 1962.

Section 114AB

Penalty for obtaining instrument by fraud, etc. -

Where any person has obtained any instrument by fraud, collusion, wilful misstatement or suppression of facts and such instrument has been utilised by such person or any other person for discharging duty, the person to whom the instrument was issued shall be liable for penalty not exceeding the face value of such instrument.

Explanation .-For the purposes of this section, the expression "instrument" shall have the same meaning as assigned to it in the Explanation 1 to section 28AAA.

IMPORT OF GOODS/QUANTIFICATION OF LIABILITIES:

21. It appears from the above paragraphs that NSICT obtained 04 (four) SEIS Scrips from DGFT, Mumbai fraudulently, by wilful mis-statement and suppression of various facts, and the total duty involved in these 04 (four) Scrips/Licences is **Rs. 3,44,99,079/- [Rupees Three Crore Forty-Four Lakh Ninety-Nine Thousand Seventy-Nine only]**. The detailed calculation of the in-eligible SEIS benefits on account of in-eligible services rendered on account of Container Handling Terminals, Direct Port Delivery Customers (Indian importers), Indian Companies & Container Freight Stations, Accrued Revenue Provisions, invalid agency agreements and non-availability of agency agreements and subsequently utilization of the said Scrips/Licenses by importer/s are as under: -

2 1 . 1 As explained hereinabove, the amounts earned during the period from 2015-16 to 2018-19, for the services rendered on account of Container Handling Terminals, Direct Port Delivery Customers (Indian importers), Indian Companies & Container Freight Stations, Accrued Revenue Provisions, invalid agency agreements and non-availability of agency agreements have been taken into consideration for claim of the wrong availed SEIS benefit by NSICT, as these services were not provided to the authorised agents of foreign liners in India. Hence, NSICT is ineligible to claim the said benefit of SEIS Scrips. Accordingly, ineligible SEIS benefit amount to treating the SEIS Scrips ab-initio invalid is worked out as follows:

TABLE-III

Amount in Rs.			
YEAR	Amount of Service provided	SEIS Scrip benefit ineligible	Remarks
2015-16	32,88,59,478	1,64,42,974	Container Terminals (Annexure-A)
2016-17	60,06,042	3,00,302	
2015-16	1,96,07,712	9,80,386	Indian importers (Direct Port Delivery) (Annexure-B)
2016-17	2,76,19,279	13,80,964	
2017-18	-	-	
2018-19	87,64,119	6,13,488	
2015-16	8,49,02,903	42,45,146	Indian Companies & CFS (Annexure-C)
2016-17	2,83,18,732	14,15,937	
2017-18	3,20,715	22,317	
2018-19	0	0	
2015-16	7,05,65,726	35,28,286	Accrued Account (Annexure-C)
2015-16	2,26,74,740	11,33,737	Agreement not valid (Annexure-D)
2016-17	1,46,18,265	7,30,913	
2017-18	98,46,293	5,76,538	
2018-19	1,40,05,196	9,80,364	
2015-16	1,98,91,708	9,94,585	Agreement not submitted (Annexure-E)

2016-17	89,48,520	4,47,426
2017-18	22,92,205	1,39,561
2018-19	80,87,921	5,66,154
TOTAL	67,53,29,551	3,44,99,079

2 1 . 2 The year-wise quantification of the ineligible SEIS Scrip benefits on account of Container Handling Terminals, Direct Port Delivery Customers (Indian importers), Indian Companies & Container Freight Stations, Accrued Revenue Provisions, invalid agency agreements and non-availability of agency agreements, are as under: -

TABLE-IV

YEAR	Amount in Rs.	
	Amount of Service provided	Amount of SEIS Scrip benefit ineligible
2015-16	54,65,02,206	2,73,25,114
2016-17	8,55,10,838	42,75,542
2017-18	1,24,59,212	7,38,416
2018-19	3,08,57,236	21,60,006
TOTAL	67,53,29,551	3,44,99,079

2 1 . 3 It appears that the total duty demand **Rs. 3,44,99,079/- [Rupees Three Crore Forty-Four Lakh Ninety-Nine Thousand Seventy-Nine only]**, required to be recovered from NSICT under Section 28AAA of the Customs Act, 1962 along with interest under Section 28 AA of the Customs Act, 1962, as discussed in para 20 above. The value of goods and duty relatable to utilization of all the 04 (four) Scrips, which is recoverable, along with the port of import is as per table -I above.

As per Section 28AAA: -

Recovery of duty in certain cases: -

(1) Where an instrument issued to a person has been obtained by him, by means of, -

(a) collusion; or

(b) any willful mis-statement; or

(c) suppression of facts,

for the purposes of this Act or the Foreign Trade (Development and Regulation) Act, 1992 (22 of 1992), or any other law, or any scheme of the Central Government, for the time being in force,

*by such person or his agent or employee and such instrument is utilised under the provisions of this Act or the rules or regulations made or notifications issued thereunder, **by a person other than the person to whom the instrument was issued**, the duty relatable to such utilisation of instrument shall be deemed never to have been exempted or debited and **such duty shall be recovered from the person to whom the said instrument was issued.***

Section 28AA of the Customs Act, 1962: -

Section 28AA of the Customs Act, 1962 stipulates that the person, who is liable to pay duty in accordance with the provisions of Section, 28 shall, in addition to such duty, be liable to pay interest, if any, at the rate fixed under sub-Section (2) whether such payment is made voluntarily or after determination of the duty under that Section.[H22]

21.4 As per para 3.02 of the FTP-2015-20 SEIS Duty Credit Scrips holder was eligible to transfer/sell the entitlement freely. The Duty Credit Scrips can be used for (i) Payment of Customs Duties for import of inputs or goods, except items listed in Appendix 3A, (ii) Payment of excise duties on domestic procurement of inputs or goods, including capital goods as per DoR notification. (iii) Payment of service tax on procurement of services as per DoR notification and (iv) Payment of Customs Duty and fee as per paragraph 3.18 of this Policy.

21.5 In the instant case it appears that in the application made to DGFT, Mumbai in Form ANF-3B, NSICT wilfully mentioned all the services provided by them, whereas all the services provided were not eligible for SEIS benefit being **'the services were not provided through the overseas principal's agent in India, to any foreign liner'**. It also appears that **'the services have not been provided in the manner as per para 9.51 (ii) Supply of a 'service' from India to service consumer(s) of any other country in India; (Mode 2- Consumption abroad)**, whereas as per the documents available on records, it is clear that services provided to Independent Indian entities, and no export of service involved." Hence, NSICT not eligible for SEIS benefits, to the extent of in-eligible services provided. NSICT, had sold/transferred the SEIS Scrips issued to them to various importer through the said SEIS duty credit Scrips for payment of duties. These importers obtained these SEIS scrips in Bonafide belief that these are valid and utilised these scrips for payment of duty. Hence, in line with Section 28AAA, the duty relatable to such utilisation shall be deemed to have never been exempted or debited and this duty shall be recoverable from M/s NSICT, the person to whom the said instrument was issued.

22. In view of, above it appears that on the following charges, notice on merits to be issued to the NSICT, answerable to Pr. Commissioner/Commissioner, Nhava Sheva -I, having office at Jhawarlal Nehru Customs House, Nhava Sheva, Uran Taluka, Distt. Raigad, Maharashtra, in respect of Bills of Entry and SEIS Scrip referred at Sr. No. 1 to 4 of Table-I above, (read with Annexure A to E, as applicable)

(i) The Customs Duties payable amounting to **Rs. 3,44,99,079/-**

[Rupees Three Crore Forty-Four Lakh Ninety-Nine Thousand Seventy-Nine only], as detailed in **TABLE-III** (para 21.1) above, (read with **Annexure A to E**, as applicable) relatable to utilisation of instruments (SEIS Scrips), utilised by person/s other than the person to whom instruments (SEIS Scrips) were issued for the Financial Years 2015-16 to 2018-19, as detailed in para 21 of this Show Cause Notice, liable to be recoverable from them under Section 28AAA of the Customs Act, 1962, along with interest, as applicable under Section 28AA of the Customs Act, 1962, on the Customs Duty, from the date of utilization of the said SEIS Scrips under the Bills of Entry as mentioned in **TABLE-IV** (para 21.2) above, read with the conditions stipulated under FTP 2015-2020.

(ii) Penalty is imposable on NSICT under Sections 114AA of the Customs Act, 1962, for obtaining SEIS Script by wilful mis-statement and suppression of facts, Para 22(i) above.

(iii) Penalty is imposable on NSICT under Sections 114AA and 114AB of the Customs Act, 1962, for obtaining SEIS Script by wilful mis-statement and suppression of facts, Para 22(i) above.

(iv) The amount of **Rs. 3,44,99,079/- [Rupees Three Crore Forty-Four Lakh Ninety-Nine Thousand Seventy-Nine only]**, paid voluntarily, towards the applicable Customs Duties, along with applicable interest amounting to **Rs. 3,86,98,159/- [Rupees Three Crore Eighty-Six Lakh Ninety-Eight Thousand One Hundred Fifty-Nine only]** in terms of Section 28AAA and Section 28AA of the Customs Act, 1962, respectively, to be appropriated against the liabilities as mentioned in para 22 (i).

23. Now therefore, M/s. Nhava Sheva International Container Terminal Pvt. Ltd., having their office at Darabshaw House Level-1, Narottam Morarji Road, Ballard Estate, Mumbai - 400 001, (holders of IEC: 0397045751), are hereby called upon to show cause to the Pr. Commissioner of Customs, Nhava Sheva - I, having office at Jawaharlal Nehru Customs House, Nhava Sheva, Uran Taluka, Distt. Raigad, Maharashtra, as to why:

- I. The Customs Duty amounting to **Rs. 3,44,99,079/- (Rupees Three Crore Forty-Four Lakh Ninety-Nine Thousand Seventy-Nine only)**, relatable to utilisation of instruments (SEIS Scrips), utilised by person/s other than the person to whom instruments (SEIS Scrips) were issued for the Financial Years 2015-16 to 2018-19, as detailed in para 21 of this Show Cause Notice, should not be recovered from them under Section 28AAA of the Customs Act, 1962, along with interest, as applicable under Section 28AA of the Customs Act, 1962, on the Customs Duty, from the date of utilization of the said SEIS Scrips under the Bills of Entry as mentioned in **TABLE-IV** (para 21.2) above, read with the conditions stipulated under FTP 2015-2020.
- II. The amount of **Rs. 3,44,99,079/- (Rupees Three Crore Forty-Four Lakh Ninety-Nine Thousand Seventy-Nine only)**, paid voluntarily towards the applicable Customs Duties, along with the applicable interest amounting to **Rs. 3,86,98,159/- (Rupees Three Crore Eighty-Six Lakh Ninety-Eight Thousand One Hundred Fifty-Nine**

only), in terms of Section 28AAA and Section 28AA of the Customs Act, 1962, respectively, should not be appropriated against the liabilities as mentioned in para 22 (i).

III. A penalty should not be imposed on them under **Section 114AA** of the Customs Act, 1962.

IV. A penalty should not be imposed on them under **Section 114AB** of the Customs Act, 1962.

24. Any representation, oral or written, against this notice shall be made to the Pr. Commissioner of Customs, NS-I, Jawaharlal Nehru Customs House, Raigad, Maharashtra. The aforesaid noticee is required to submit their reply, written or otherwise, himself/themselves or through his/their authorized representative within a period of 30 days of receipt of this Notice. He/they should mention in their written reply whether he/they wish to be heard in person before the case is adjudicated. They should note that if no cause is shown within the time limit stipulated in this notice or if the noticee do not appear before the adjudicating authority as and when the case is posted for hearing, the case will be decided ex-parte on the basis of evidence available on record without any further reference to them.

25. The noticees have an option to make an application under Section 127B of the Act prior to adjudication of this notice, to the Settlement Commission to have the same settled, in such form and in such manner, as specified in the Rules or exercise option of concluding the proceeding under Section 28 (5) of the Act by making payment of the differential duty liability, as detailed supra, along with interest and fifteen percent penalty.

26. This notice is issued without prejudice to any other action that may be taken against the noticees or any other person, in this regard, under the Act or under any other law for the time being in force in the Republic of India.

27. This show cause notice is issued without any prejudice to the right of the department to modify and/or amend the show cause notice and disclose additional evidence in support of the allegations, before the adjudication of the case.

28. The Department reserves its right to amend, modify or supplement this notice at any time prior to the adjudication of the case.

29. List of Relied Upon Documents for the purpose of this Show Cause Notice issued in respect of M/s Nhava Sheva International Container Terminal Ltd. (IEC No. 0397045751), are attached in the CD provided with this Show Cause Notice.

Digitally signed by
Yashodhan Arvind Wanage
Date: 13-11-2025
18:36:30

(Yashodhan A. Wanage)

Pr. Commissioner of Customs,
NS-I, JNCH

Enclosure: -

1. CD containing all the Annexures and RUDs.

To,

✓ M/s. Nhava Sheva International Container Terminal Pvt. Ltd., (IEC:
0397045751)
Darabshaw House Level-1,
Narottam Morarji Road, Ballard Estate,
Mumbai - 400001,

Issued by speed post

EM712709175IN

Copy to: -

- ✓ 1. The Deputy Director, DRI, Mumbai Zonal Unit. → EM712709167IN
2. The Dy./Asstt. Commissioner of Customs, CAC, JNCH.
3. The Dy./Asstt. Commissioner of Customs, EDI, JNCH.
4. Notice Board.
- ✓ 5. Office Copy.