

**CUSTOMS, EXCISE & SERVICE TAX APPELLATE TRIBUNAL**

**NEW DELHI**

PRINCIPAL BENCH- COURT NO. I

**CUSTOMS APPEAL NO. 50043 OF 2025**

(Arising out of Order-in-Original No. DLI/CUS/PREV/HKP/COMMR/03/2024-25 dated 25.06.2024 passed by the Principal Commissioner of Customs, (Preventive), New Customs House, New Delhi)

**M/s. Khandelwal Chain Co.**

1157, Kucha Mahajani,  
Chandni Chowk,  
Delhi-110006

**...Appellant**

Versus

**Commissioner of Customs (Preventive)**

New Customs House,  
Near IGI T-3, Terminal,  
New Delhi-110037

**...Respondent**

**WITH**

**CUSTOMS APPEAL NO. 50042 OF 2025**

(Arising out of Order-in-Original No. DLI/CUS/PREV/HKP/COMMR/03/2024-25 dated 25.06.2024 passed by the Principal Commissioner of Customs, (Preventive), New Customs House, New Delhi)

**Sunil Khandelwal**

S/o Sh. Jagdish Prashad  
R/o House N o. 256,  
Gali No. 12, Than Singh Nagar  
Anand Parvat, Karol Bagth,  
New Delhi-110005

**...Appellant**

Versus

**Commissioner of Customs (Preventive)**

New Customs House,  
Near IGI T-3, Terminal,  
New Delhi-110037

**...Respondent**

**AND**

**CUSTOMS APPEAL NO. 50044 OF 2025**

(Arising out of Order-in-Original No. DLI/CUS/PREV/HKP/COMMR/03/2024-25 dated 25.06.2024 passed by the Principal Commissioner of Customs, (Preventive), New Customs House, New Delhi)

**Sanjay Khandelwal**

S/o Sh. Om Prakash Khandelwal  
R/o B-4/136-137, Sector-7  
Rohini, New Delhi-110085

**...Appellant**

Versus

**Principal Commissioner of Customs  
(Preventive)**

**...Respondent**

New Customs House,  
Near IGI T-3, Terminal,  
New Delhi-110037

**APPEARANCE:**

Ms. Mrinalini Sharma, advocate for the appellant

Shri Gurdeep Singh, Special Counsel and Shri Rakesh Kumar, authorised representative of the department

**CORAM:**

**HON'BLE MR. JUSTICE DILIP GUPTA, PRESIDENT**  
**HON'BLE MS. HEMAMBIKA R. PRIYA, MEMBER (TECHNICAL)**

**DATE OF HEARING: 13.08.2025**  
**DATE OF DECISION: 08.12.2025**

**FINAL ORDER NO's. 51826-51828/2025**

**JUSTICE DILIP GUPTA:**

**Customs Appeal No. 50043 of 2025** has been filed by M/s. Khandelwal Chain Co.<sup>1</sup> to assail that part of the order dated 25.06.2024 passed by the Commissioner of Customs (Preventive)<sup>2</sup> that absolutely confiscates 19 gold coins/bars having foreign marking collectively weighing 450.25 gms and having value of Rs. 22,51,178/-. The order also imposes a penalty of Rs. 5,00,000/- on the appellant under section 112(b)(i) of the Customs Act 1962<sup>3</sup>.

2. **Customs Appeal No. 50042 of 2025** has been filed by Sunil Khandelwal, partner in the appellant firm, to challenge that portion of the order dated 25.06.2024 passed by the Commissioner that imposes a penalty of Rs. 1,00,000/- upon him under section 112(b)(i) of the Customs Act.

3. **Customs Appeal No. 50044 of 2025** has been filed by Sanjay Khandelwal, another partner of the appellant firm, to assail that portion of the order dated 25.06.2024 passed by the Commissioner that

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1. the appellants  
2. the Commissioner  
3. the Customs Act

imposes a penalty of Rs. 1,00,000/- upon him under section 112(b)(i) of the Customs Act.

4. The appellant claims to be a registered dealer/trader in gold and jewellery agency.

5. On 19.01.2023, the officers of the Directorate of Revenue Intelligence<sup>4</sup> searched the premises of the appellant in connection with payments made by the appellant through RTGS to M/s. Mahalaxmi Chains & Jewellery, Mumbai. During the search, Indian currency of Rs. 50,50,000/-, gold jewellery weighing more than 24 kg and 19 gold coins were seized.

6. The appellant claims that as it deals in gold jewellery, it had purchased jewellery from M/s. Mahalaxmi Chains & Jewellery for which payments were made through RTGS. The appellant also claims that it sends gold to M/s. Mahalaxmi Chains & Jewellery for job work and that all the transactions are recorded in the books of accounts of the appellant.

7. As regards Indian currency of Rs. 50,50,000/-, the appellant claims that the seized amount was transferred by the DRI to Income Tax Department. The appellant has also stated that the seized jewellery was subsequently released to the appellant by DRI.

8. The dispute in the present appeal relates to the 19 gold coins weighing 450.25 gms that have been confiscated absolutely by the impugned order.

9. The contention of Ms. Mrinalini Sharma, learned counsel for the appellant is that the said coins, which are more than 15-20 years old, were used for worshipping and, therefore, they could not have been

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4. **DRI**

absolutely confiscated nor penalty could have been imposed upon the appellant or its partners Sunil Khandelwal and Sanjay Khandelwal.

10. The finding recorded by the Commissioner regarding the 19 gold coins/bars is:

**"152.10** I find that 19 gold coins / bars having foreign marking were seized from shop premise of M/s Khandelwal Chains Co. which is not a designated customs port. The said 19 gold coins / bars with foreign markings are illegally imported/ smuggled and the actual port of importation in the instant case is not known. **Hence, I find that 19 gold coins / bars having foreign marking weighing 450.25 grams tariff value of Rs. 22,51,178/- recovered from the shop premise of M/s Khandelwal Chains Co. under Panchanama dated 19.01.2023 and seized vide Seizure Memo dated 19.06.2023 are liable for confiscation under Section 111(a), 111(b) and 111(d) of the Customs Act, 1962."**

**(emphasis supplied)**

11. Penalty has been imposed against the appellants under section 112(b)(i) of the Customs Act for the following reasons:

**"162.** I find that during the search by the DRI officers at the office premise of M/s Khandelwal Chain & Co. 19 gold coins with foreign markings were recovered and later on seized. **However, Sh. Sunil Khandelwal and Sh. Sanjay Khandelwal, proprietor of M/s Khandelwal Chain & Co. failed to produce any document in support of licit possession of the same. I find that they failed to produce any documents showing the licit possession of the said 19 gold coins with foreign markings and they intentionally defended their possession of the said 19 gold bars with foreign marking under the pretext of using the said coins for religious purpose.** I find that M/s Khandelwal Chain & Co. Sh. Sunil Khandelwal and Sh. Sanjay Khandelwal knowingly and intentionally involved in purchasing and dealing with smuggled gold coins / bars having foreign markings and **thus, rendered themselves liable for**

**penal action under Section 112 (b)(i) of the  
Customs Act, 1962.”**

**(emphasis supplied)**

12. The only submission that has been made by the learned counsel appearing for the appellant is that the coins which are more than 15-20 years were used for worshipping and, therefore, could not have been absolutely confiscated nor penalty could have been imposed upon the appellant or the two parties. It is not denied that the coins had foreign marking. The burden of proof under section 123 of the Customs Act was on the appellant since the goods were seized from the possession of the appellant. Nothing has been brought on record to substantiate that this burden had been discharged by the appellant.

13. The learned counsel for the appellant did not make any other submissions.

14. There is, therefore, no infirmity in the impugned order so far as it relates to the appellant and to the two partners Sunil Khandelwal and Sanjay Khandelwal. All the three appeals are, accordingly, dismissed.

(Order pronounced on **08.12.2025**)

**(JUSTICE DILIP GUPTA)**  
**PRESIDENT**

**(HEMAMBIKA R. PRIYA)**  
**MEMBER (TECHNICAL)**