



## प्रधान आयुक्त का कार्यालय, सीमा शुल्क, अहमदाबाद

"सीमा शुल्क भवन", पहली मंजिल, पुराने हाई कोर्ट के सामने, नवरंगपुरा, अहमदाबाद-8009380

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DIN: 20250871MN0000222D52

### SHOW CAUSE NOTICE

**M/s. Shivam Creation, Plot no. B-72 to 77, Rameshwar Indl. Estate, Ved Road, Surat-395004** (hereinafter referred as "the said importer" for the sake of brevity), holding Import Export Code No. 5215004382 had imported 01 Sets of capital goods viz. Computerized Embroidery Machine under EPCG License No. 5230019473 dated 10.02.2016 **[RUD-1]** by saving duty of **Rs.8,17,120/- (Actual Duty Utilized of Rs. 8,54,858/-) [RUD-2]** and had cleared the same vide below mentioned Bill of Entry at zero duty while availing the benefit of exemption available under Notification No. 16/2015-Cus dated 01.04.2015. The details of import are as given in Table-1 below:

**Table-1**

S . N .	B/E No. & Date	Qty machiner y cleared	Assess Value	Duty Saved/ available as per EPCG License	Total Duty Foregone/Debite d at the time of clearance	BG Amount (Rs.)
1	6121046 dtd.26.07.2016	01	36,50,823/-	8,17,120/-	8,54,858/-	1,35,000/-
<b>Total</b>		<b>01</b>	<b>36,50,823/-</b>	<b>8,17,120/-</b>	<b>8,54,858/-</b>	<b>1,35,000/-</b>

As per para 5.16 of Handbook of Procedures, 10% enhancement in CIF Value of duty saved amount is admissible.

2. As per Notification No. 16/2015-Cus dated 01.04.2015 as amended, the said importer was required to fulfill the export obligation on FOB basis equivalent to six times of the duty saved on the goods imported as may be specified on the License or authorization. The relevant portion of the said notification is produced herein below for reference:

### **Notification No. 16 / 2015-CUSTOMS**

*New Delhi, the 1st April, 2015*

*G.S.R. 252 (E) -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 the public interest so to do, hereby exempts goods specified in the Table 1 annexed hereto, from,-*

*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 the said Customs Tariff Act), and*

(ii) the whole of the additional duty leviable thereon under section 3 of the said Customs Tariff Act, when specifically claimed by the importer.

2. The exemption under this notification shall be subject to the following conditions, namely:-

(1) that the goods imported are covered by a valid authorisation issued under the Export Promotion Capital Goods (EPCG) Scheme in terms of Chapter 5 of the Foreign Trade Policy permitting import of goods at zero customs duty;

(2) that the authorisation is registered at the port of import specified in the said authorisation and the goods, which are specified in the Table 1 annexed hereto, are imported within validity of the said authorisation and the said authorisation is produced for debit by the proper officer of customs at the time of clearance: Provided that the goods imported should not fall under clause (f) of paragraph 5.01 of Foreign Trade Policy: Provided further that the catalyst for one subsequent charge shall be allowed, under the authorisation in which plant, machinery or equipment and catalyst for initial charge have been imported, except in cases where the Regional Authority issues a separate authorisation for catalyst for one subsequent charge after the plant, machinery or equipment and catalyst for initial charge have already been imported;

(3) that the importer is not issued, in the year of issuance of zero duty EPCG authorisation, the duty credit scrips under the erstwhile Status Holder Incentive Scrip (SHIS) scheme. In the case of applicant who is Common Service Provider (herein after referred as CSP), the CSP or any of its specific users should not be issued, in the year of issuance of the zero duty EPCG authorisation, the duty credit scrips under SHIS. This condition shall not apply where already availed SHIS benefit that is unutilised is surrendered or where benefits availed under SHIS that is utilised is refunded, with applicable interest, before issue of the zero duty EPCG authorisation. SHIS scrips which are surrendered or benefit refunded or not issued in a particular year for the reason the authorisation has been issued in that year shall not be issued in future years also;

(4) that the goods imported shall not be disposed of or transferred by sale or lease or any other manner till export obligation is complete;

(5) that the importer executes a bond in such form and for such sum and with such surety or security as may be specified by the Deputy Commissioner of Customs or Assistant Commissioner of Customs binding himself to comply with all the conditions of this notification as well as to fulfill export obligation on Free on Board (FOB) basis equivalent to six times the duty saved on the goods imported as may be specified on the authorisation, or for such higher sum as may be fixed or endorsed by the Regional Authority in terms of Para 5.16 of the Handbook of Procedures, within a period of six years from the date of issue of Authorisation, in the following proportions, namely :

S. No.	Period from the date of issue of Authorisation	Proportion of total export
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		obligation
1	Block of 1 <sup>st</sup> to 4 <sup>th</sup> year	Minimum 50%
2	Block of 5 <sup>th</sup> and 6 <sup>th</sup> year	Balance

Provided that in case the authorisation is issued to a CSP, the CSP shall execute the bond with bank guarantee and the bank guarantee shall be equivalent to 100% of the duty foregone, and the bank guarantee shall be given by CSP or by anyone of the users or a combination thereof, at the option of the CSP:

Provided further that the export obligation shall be 75% of the normal export obligation specified above when fulfilled by export of following green technology products, namely, equipment for solar energy decentralised and grid connected products, bio-mass gassifier, bio-mass or waste boiler, vapour absorption chillers, waste heat boiler, waste heat recovery units, unfired heat recovery steam generators, wind turbine, solar collector and parts thereof, water treatment plants, wind mill and wind millturbine or engine, other generating sets - wind powered, electrically operated vehicles - motor cars, electrically operated vehicles - lorries and trucks, electrically operated vehicles - motor cycle and mopeds, and solar cells:

Provided also that for units located in Arunachal Pradesh, Assam, Jammu and Kashmir, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim and Tripura, the export obligation shall be 25% of the normal export obligation specified above:

Provided also that where a sick unit holding EPCG authorisation is notified by the Board for Industrial and Financial Reconstruction (BIFR) or where a rehabilitation scheme is announced by the concerned State Government in respect of sick unit holding EPCG authorisation for its revival, the export obligation may be fulfilled within time period allowed by the Regional Authority as per the rehabilitation package prepared by the operating agency and approved by BIFR or rehabilitation department of State Government. In cases where the time period is not specified in the rehabilitation package, the export obligation may be fulfilled within the period specified in paragraph 5.05 of the Foreign Trade Policy;

(6) that if the importer does not claim exemption from the additional duty leviable under section 3 of the Customs Tariff Act, 1975, the additional duty so paid by him shall not be taken for computation of the net duty saved for the purpose of fixation of export obligation provided the Cenvat credit of additional duty paid has not been taken;

(7) that the importer, including a CSP, produces within 30 days from the expiry of each block from the date of issue of authorisation or within such extended period as the Deputy Commissioner of Customs or Assistant Commissioner of Customs may allow, evidence to the satisfaction of the Deputy Commissioner of Customs or Assistant Commissioner of Customs showing the extent of export obligation fulfilled, and where the export obligation of any particular block is not fulfilled in terms of the condition (5), the importer shall within three months from the expiry of the said block pay duties of customs equal to an amount which bears the same proportion to the duties leviable on the goods, but for the

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*exemption contained herein, which the unfulfilled portion of the export obligation bears to the total export obligation, together with interest at the rate of fifteen percent. per annum from the date of clearance of the goods;*

*(8 ) that where the importer fulfills 75% or more of the export obligation as specified in condition (5) [over and above 100% of the average export obligation] within half of the period specified for export obligation as mentioned in condition (5), his balance export obligation shall be condoned and he shall be treated to have fulfilled the entire export obligation ;*

It is thus evident from the above notification that the said importer was required to execute a bond in such form and for such sum and with such surety or security as may be specified by the Deputy Commissioner of Customs or Assistant Commissioner of Customs binding himself to fulfill export obligation on FOB basis equivalent to six times the duty saved on the goods imported as may be specified on the licence or authorization, or for such higher sum as may be fixed or endorsed by the licencing Authority or Regional Authority, within a period of six years from the date of issuance of licence or authorization i.e. complete 50% export obligation within first block of 1<sup>st</sup> to 4<sup>th</sup> years and remaining 50 % in second block of 5<sup>th</sup> to 6<sup>th</sup> years.

**3.** Accordingly, the said importer had executed Bond dated 22.07.2016 for Rs. 25,00,000/- **[RUD-3]** backed by Bank Guarantee No. 119BG170264 Dated 18.07.2016 For Rs. 1,35,000/- issued by Tamilnad Mercantile Bank Ltd, Surat , for EPCG License No. 5230019473 dated 10.02.2016. They had also undertaken to fulfill all the terms and conditions specified in the License and the said Notification.

**4.** The said machinery i.e. 01 Sets of Computerized Embroidery Machine imported under the above said EPCG License were installed at the factory/business premises i.e. **M/s. Shivam Creation, Plot no. B-72 to 77, Rameshwar Indl. Estate, Ved Road, Surat-395004** as per the Installation Certificate dated 20.09.2016 **[RUD-4]** issued by Chartered Engineer, Dr P.J.Gandhi , Surat certifying the receipt of the goods imported and its installation.

**5.** The aforesaid EPCG License No. 5230019473 dated 10.02.2016 was issued to the said importer and the Bond dated 22.07.2016 was executed. Accordingly, the said importer was required to fulfill the export obligation within a period of six years from the date of EPCG License as per the condition laid down in the Notification and EPCG License itself and submit the Export Obligation Discharged Certificate issued by the DGFT Authority to the department.

**6.** Letters F.No. VIII/6-1226/ICD-Sachin/2016-17 dated 20.07.2023 and 08.07.2025 **[RUD-5]** were issued to the said importer to either furnish the EODC issued by DGFT, Surat or any extension granted by DGFT, Surat for fulfillment of Export Obligation, but no reply received.

6.1. As no reply was received from the said importer, a letter F.No. ICD-Sachin/DGFT/07/2020-21 dated 02.03.2023, 05.02.2025 and 03.06.2025 **[RUD-6]** were issued to the Foreign Trade Development officer, DGFT, Surat requesting them to intimate this office, whether the said importer has been issued EODC against EPCG

License No. 5230019473 dated 10.02.2016 or any documents showing the fulfillment of the export obligation submitted by the aforesaid importer. The Foreign Trade Development Officer (FTDO), Directorate General of Foreign Trade, Surat vide email dated 10.06.2025 stated that the final Intimation of expiry of Export Obligation 06.03.2025 has been given to the importer.

**6.2** Thus, it appears, from the above that the said importer has failed to fulfill the export obligation as specified in the License and has not complied with the mandatory conditions of the Customs Notification No.16/2015-Cus dated 01.04.2015, EPCG License and conditions of the Bond dated 22.07.2016.

## **7. LEGAL PROVISIONS:**

**7.1** The said section is produced herein below for reference:

***“SECTION 143. Power to allow import or export on execution of bonds in certain cases.***

*- (1) Where this Act or any other law requires anything to be done before a person can import or export any goods or clear any goods from the control of officers of customs and the Assistant Commissioner of Customs or Deputy Commissioner of Customs is satisfied that having regard to the circumstances of the case, such thing cannot be done before such import, export or clearance without detriment to that person, the Assistant Commissioner of Customs or Deputy Commissioner of Customs may, notwithstanding anything contained in this Act or such other law, grant leave for such import, export or clearance on the person executing a bond in such amount, with such surety or security and subject to such conditions as the Assistant Commissioner of Customs or Deputy Commissioner of Customs approves, for the doing of that thing within such time after the import, export or clearance as may be specified in the bond.*

*(2) If the thing is done within the time specified in the bond, the Assistant Commissioner of Customs or Deputy Commissioner of Customs shall cancel the bond as discharged in full and shall, on demand, deliver it, so cancelled, to the person who has executed or who is entitled to receive it; and in such a case that person shall not be liable to any penalty provided in this Act or, as the case may be, in such other law for the contravention of the provisions thereof relating to the doing of that thing.*

*(3) If the thing is not done within the time specified in the bond, the Assistant Commissioner of Customs or Deputy Commissioner of Customs shall, without prejudice to any other action that may be taken under this Act or any other law for the time being in force, be entitled to proceed upon the bond in accordance with law.”*

**7.3 SECTION 111. “Confiscation of improperly imported goods, etc. -**

*The following goods brought from a place outside India shall be liable to confiscation: -*

*...*

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(o) any goods exempted, subject to any condition, from duty or any prohibition in respect of the import thereof under this Act or any other law for the time being in force, in respect of which the condition is not observed unless the non-observance of the condition was sanctioned by the proper officer;"

**7.3 SECTION 112:** It provides for penalty for improper importation of goods according to which,

"Any person, -

(a) who in relation to any goods, does or omits to do any act which act or omission would render such goods liable to confiscation under Section 111, or abets the doing or omission of such an act, or

...

Shall be liable; -

...

(ii) in the case of dutiable goods, other than prohibited goods, subject to the provisions of Section 114 A, to a penalty not exceeding ten percent of the duty sought to be evaded or five thousand rupees, whichever is higher:

PROVIDED that where such duty as determined under sub-section (8) of section 28 and the interest payable thereon under section 28AA is paid within thirty days from the date of communication of the order of the proper officer determining such duty, the amount of penalty liable to be paid by such person under this section shall be twenty five per cent of the penalty so determined;

..."

**7.4 SECTION 117:**

"Penalties for contravention, etc., not expressly mentioned. -

Any person who contravenes any provision of this Act or abets any such contravention or who fails to comply with any provision of this Act with which it was his duty to comply, where no express penalty is elsewhere provided for such contravention or failure, shall be liable to a penalty not exceeding 1[four lakh rupees]."

**8.** As per the provisions of Section 143 of the Customs Act, 1962, the aforesaid capital goods were allowed clearance by the proper officer on execution of bond by the said importer wherein the said importer has bound himself to discharge liability within a specified period in certain manner, which he has failed to do, by not fulfilling the export obligation. Therefore, the department is entitled to recover the duty less paid by raising a demand and appropriating the Bank Guarantee furnished by the said importer against this demand.

**8.1** Since, the said importer appears to fail to fulfill the conditions laid down under Notification No. 16/2015-Cus dated 01.04.2015 in as much as they failed to export goods manufactured from 01 Set of Computerized Embroidery Machine imported under EPCG License No. 5230019473 dated 10.02.2016 which was equivalent to six times the duty saved on the goods imported and also neither produced EODC issued by DGFT, Surat nor could produce any extension granted by DGFT, Surat for fulfillment of Export Obligation.

Hence, they appears liable to pay duty of **Rs.8,54,858/-** in respect of the said imported goods along with interest at the applicable rate, in terms of conditions of the said Notification read with condition of Bond executed by the said importer read with Section 143 of the Customs Act, 1962.

**8.2** As per para (7) of Customs Notification No. 16/2015-Cus dated 01.04.2015, the importer was required to produce, within 30 days from the expiry of each block from the date of issue of authorization or within such extended period, evidence to the extent of export obligation fulfilled by them, and where the export obligation of any particular block was not fulfilled, the importer were required to pay duties of customs equal to an amount which for the unfulfilled portion of the export obligation along with interest within three months from the expiry of the said block. The said importer have also given bond to this effect. The letter dated 17.05.2023 was written to the importer to intimate the extent of export obligation fulfilled by them but no reply received. Thus, the fact that they had neither completed their Export obligation nor paid the duty on import as per law & procedure is on record. The DGFT did not reply that the importer has submitted any documents regarding fulfillment of Export obligation. Thus, it appears that the said importer has neither fulfilled their Export obligation nor paid the customs duty along with interest for non-fulfillment of EO. These facts were not disclosed to the department or DGFT, thereby suppressing the facts with a clear intent to evade the payment of duty.

**8.3** It appears that the imported capital goods have not been used for intended purpose for which the exemption from payment of duty was claimed and therefore, the aforesaid Capital goods appears liable for confiscation under Section 111(o) of the Customs Act, 1962 and thus the said importer appears to have rendered itself liable for penal action under the provisions of Section 112(a) and Section 117 of the Customs Act, 1962.

**8.4** Since, the said importer could not fulfill the conditions laid down under Notification No.16/2015-Cus dated 01.04.2015, the Bank Guarantee No. 119BG170264 Dated 18.07.2016 For Rs. 1,35,000/- issued by Tamilnad Mercantile Bank Ltd, Surat in favor of the Deputy/Asstt. Commissioner of Customs, ICD-Sachin, Surat against the EPCG License No. 5230019473 dated 10.02.2016 appears required to be appropriated against the proposed demand.

**9.** In view of the above, **M/s. Shivam Creation, Plot no. B-72, to 77, Rameshwar Indl Estate, Ved Road, Surat-395004** hereby called upon to show cause to the Additional/Joint Commissioner of Customs, having his office at 2nd Floor, Custom House, Navrangpura, Ahmedabad-380009, as to why:

- i. The benefit of Zero Duty for EPCG Scheme under Notification No. 16/2015-Cus dated 01.04.2015 on the subject imported Computerized Embroidery Machine in the name of **M/s. Shivam Creation, Plot no. B-72, to 77, Rameshwar Indl Estate, Ved Road, Surat-395004**, should not be denied. Customs Duty totally amounting to **Rs. 8,54,858/- (Rupees Eight Lakh Fifty Four Thousand Eight Hundred and Fifty Eight only)** being the Duty forgone at the time of import under EPCG License, should not be demanded and recovered from them in terms of Notification No.16/2015-Cus dated 01.04.2015 as

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amended, read with the Conditions of Bond executed and furnished by them in term of Section 143 of the Customs Act, 1962;

- ii. Interest at the applicable rate should not be recovered from them on the Customs Duty as mentioned at (i) above;
  - iii. The imported Capital Goods should not be held liable for confiscation under Section 111(o) of the Customs Act, 1962 read with conditions of Bond executed, in terms of Section 143 of the Customs Act, 1962 read with Notification No.16/2015-Cus dated 01.04.2015 as amended from time to time;
  - iv. Penalty should not be imposed on the Importer under Section 112(a) of the Customs Act, 1962;
  - v. Penalty should not be imposed on the Importer under Section 117 of the Customs Act, 1962;
  - vi. Bond executed by them at the time of import should not be enforced in terms of Section 143(3) of the Customs Act, 1962 and the Bank Guarantee thereof should not be encashed for recovery of the Customs Duty as mentioned above and interest thereupon.
- 10.** The above said importer is hereby required to file a reply to this Notice within thirty days from the receipt of this Notice. They are also required to produce all evidence upon which they intend to rely in support of their defense. They are further required to indicate in their written reply as to whether they desire to be heard in person before the case is adjudicated.
- 11.** If no reply is received within 30 (Thirty) days of receipt of this notice or if they do not appear before the adjudicating authority when the case is posted for hearing, the case will be decided ex-parte, on the basis of the material available on record without further reference to them.
- 12.** This notice is issued without prejudice to any other action that may be taken against them under the Customs Act, 1962 or under any other law for the time being in force.
- 13.** The Department reserves its right to amend, modify or supplement this notice at any time on the basis of evidences available / evidences gathered later on, prior to the adjudication of the case.
- 14.** The relied upon documents are listed in Annexure-A appended to this notice.

Digitally signed by  
Shravan Ram  
Date: 20-08-2025  
12:53:50  
(**Shravan Ram**)  
Additional Commissioner of Customs  
In Charge of ICD, Sachin, Surat

Enclosed: Annexure-A (List of Relied upon Documents)

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DIN: 20250871MN0000222D52  
F. No. CUS/EPCG/MISC/262/2025-ICD-SRT-CUS-COMMRTE-AHMEDABAD

**BY SPEED POST A.D**

TO,  
M/S. SHIVAM CREATION,  
PLOT O.B-72, TO 77,  
RAMESHWAR INDL ESTATE,  
VED ROAD, SURAT-395004

NARESHBHAI PATEL,  
PROPRIETOR OF M/S. SWASTIK ENTERPRISE,  
PLOT NO. 39, 40, 2ND & 3RD FLOOR,  
VIDHATA IND. ESTATE PART-2,  
KADODARA, SURAT-394327

**Copy to: -**

1. The Deputy/Assistant Commissioner of Customs, ICD-Sachin, Surat.
2. The Deputy/Assistant Commissioner (System), Customs HQ, Ahmedabad for uploading on the official website i.e. <https://www.ahmedabadcustoms.gov.in>
3. The Joint Director General, DGFT, 6<sup>th</sup> Floor, Resham Bhavan, Lal Darwaja, Surat-395003 for information and necessary action.
4. Guard File.

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**ANNEXURE-A**

**LIST OF DOCUMENTS RELIED UPON FOR THE PURPOSE OF ISSUANCE OF SHOW  
 CAUSE NOTICE TO M/S. SHIVAM CREATION, PLOT O.B-72, TO 77, RAMESHWAR  
 INDL ESTATE, VED ROAD, SURAT-395004 .**

<b>Sr. No.</b>	<b>Name of the documents</b>	<b>Remarks</b>
<b>1</b>	EPCG License No. 5230019473 dated 10.02.2016 issued by the DGFT, Surat.	Available with the noticee
<b>2</b>	Screen Shot taken from EDI showing the duty debited/foregone amount against the Bond	Available with the noticee
<b>3</b>	EPCG Bond dated 22.07.2016 amounting to Rs. 25,00,000/-	Available with the noticee
<b>4</b>	Installation Certificate dated 20.09.2016	Available with the noticee
<b>5.</b>	Letters F.No.VIII/6-1226/ICD-Sachin/2016-17 dated 20.07.2023 and 08.07.2025	Available with the noticee
<b>6</b>	Letter F.No. ICD-Sachin/DGFT/07/2020-21 dated 02.03.2023, 05.02.2025 and 03.06.2025	Available for inspection

**“ANNEXURE-A”**

List of documents relied upon for the purpose of issuance of Show Cause Notice to  
**M/s. Shivam Creation, Plot o.B-72, to 77, Rameshwar Indl Estate, Ved Road, Surat-395004 .**

<b>Sr. No.</b>	<b>Name of the documents</b>	<b>Remarks</b>
<b>1</b>	EPCG License No. 5230019473 dated 10.02.2016 issued by the DGFT, Surat.	Available with the party
<b>2</b>	Screen Shot taken from EDI showing the duty debited/foregone amount against the Bond	Available with the party
<b>3</b>	EPCG Bond dated 22.07.2016 amounting to Rs. 25,00,000/-	Available with the party
<b>4</b>	Installation Certificate dated 20.09.2016	Available with the party
<b>5.</b>	Letters F.No.VIII/6-1226/ICD-Sachin/2016-17 dated 20.07.2023 and 08.07.2025	Available for inspection
<b>6</b>	Letter F.No. ICD-Sachin/DGFT/07/2020-21 dated 02.03.2023, 05.02.2025 and 03.06.2025	Available for inspection



30/07/25  
Inspector



30/07/25  
Supdt.