

	<p>अपर-आयुक्त, सीमा शुल्क का कार्यालय Office of the Additional Commissioner of Customs, Hazira Port <u>हिज़रा पोर्ट, सुरत, हिज़रा बाय-पास रोड, हिज़रा, सुरत -394270</u> Hazira By-Pass Road, Choriyashi At & Post Hazira – 394270 <u>फोन: 0261-2207683, फ़ैस : 0261-2207694</u> <u>ई.मेल : Hazira.Export@Gov.In</u></p> <p><u>(BY HAND / BY EMAIL/THROUGH CHA)</u></p>
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SHOW-CAUSE-NOTICE

M/s Velvet Touch Fabrics LLP, holding Importer Exporter Code (IEC): AAXFV5552H and GSTIN: 24AAXFV5552H1ZL (*hereinafter referred to as the "Noticee" for the sake of brevity*), has declared its principal place of business at Plot No. 71-72, Building Akash, Mota Borsara, Kim Police Station, Mangrol, Kim, Surat at the time of filing of two Shipping Bills dated 05.03.2024. M/s Velvet Touch Fabrics LLP, later vide its letter dated 11.11.2024 had informed that they had shifted its office to a new location viz "G-157, Green Signature Shoppers, Near Prime Shoppers, Next to Rebounce, Veseu, Surat, Gujarat – 395007" which was verified by the Superintendent of Range-IV, Division-II, Central GST & Excise vide letter F.No.Div-II/R-IV/MISC/2023-24 dated 08.01.2025 and reported that the unit was found in existence at the said declared principal place of business i.e. at "Upper Ground, Green Signature Shoppers, Green Signature Shoppers, N.M. Mavani Road, Vesu, Surat, Gujarat – 395007. As per the particulars available on the GST Network (GSTN), the Noticee has declared its nature of core business activity as "Trader – Wholesaler/Distributor", with the nature of business activities being Retail Business and Wholesale Business. Further, it is on record that the Noticee is engaged in dealing in goods classifiable under HSN 5407, namely "Woven fabrics of synthetic filament yarn, including woven fabrics obtained from materials of heading 5404", which are stated to be the goods exported by the Noticee under the Shipping Bills filed before the Customs authorities.

2. Whereas the Noticee has filed two Shipping Bills dated 05.03.2024 from INHZA1 i.e. Sea Port, Hazira, as detailed under;

Exporter Name	IE Code	Live Sb Count	Live FOB Value	Live DBK Value	Live ROSCTL Value	Live IGST Value
Velvet Touch Fabrics LLP	AAXFV5552H	02	59585958	2443024	3604950	2987806

2.1. The details of the IEC and GSTIN are as under;

Exporter Name	IEC No. & issue date	GSTIN No. & date of Reg.	Jurisdiction	Address
Velvet Touch Fabrics LLP	AAXFV5552H dated 11.12.2023	24AAXFV5552H1ZL dated 20.10.2023	Surat	Upper Ground, Green Signature Shoppers, Green Signature Shoppers, N.M. Mavani Road, Vesu, Surat, Gujarat – 395007

2.2. The details of major suppliers to the Noticee in the relevant months are as under:

Supply Chain Level	GSTIN & Date of Reg.	Supplier Name	Jurisdiction	Address	HSN registered for	Supplied To
L1	24AFDFS0455B1 ZI dated 17.10.2023	Silversail Fabrics LLP	Surat	Plot No. 66, Akash Building, Mota Borsara, Kim Police Station Mangrol, Kim, Surat, Gujarat – 394110 : New Address : 1 st Floor, Plot No. 14-15,	5407	Velvet Touch Fabrics LLP

				Shop No.F1 Urmila Nagar, Palsana, Surat, Gujarat-394315		
L2	07HRPPP3030J1 ZE dated 21.09.2023	Kanhya International [Legal Name: Santanu Pradhan]	Delhi East	Ground Floor, Shop No-05, Upper, P No-64, Badarpur, New Delhi, South East Delhi, 110044	5407, 6209, 6308, 6205, 6214	Silverasil Fabrics LLP
L3	07CTEPS4333K1 ZD	Balaji	Delhi North	HOUSE No.	6214,	Kanhya
L3	07CTEPS4333K1ZD	Balaji	Delhi North	HOUSE No.	6214,	Kanhya
	dated 30.08.2023	Fashion [Legal Name: Sonu Singh]		PVT No.-1-C, KH No.47/9, 12 3 rd Floor, BLK-A-1, Kaushik Enclave Near MCD Office, New Delhi 110084	6209, 5407, 6308, 6110	International
L3	07AHAPG7357D1Z L	Vaishno International	Delhi Sout	Flat No. 125,	6214 ,	Kanhya International

	dated 20.09.2023	l	h	Antriksh Bhawan, 22 KG MARG, Connaugh t Place, New Delhi 110001	6209 1 , 6208 , 6110 , 5407	
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2.3. Whereas it appears that the supply chain has been deliberately manipulated and the goods presented for export were procured by the Noticee without payment of applicable taxes. It further appears that the said goods were exported only with the intent to fraudulently avail undue export incentives and inadmissible benefits, including Drawback, RoSCTL and refund of IGST, by misrepresenting/mis-declaring the genuineness of procurement and suppressing material facts before the Customs authorities.

3. Whereas, the export consignments covered under the aforesaid two (02) Shipping Bills, were granted Let Export Order (LEO) on 07.03.2024. Whereas, thereafter, the scroll in respect of the IGST refund was generated on 01.04.2024, scroll in respect of Drawback and RoSCTL benefits claimed against the said Shipping Bills were generated on 21.03.2024.

4. Whereas, in order to further verify the antecedents of the exporter/Noticee and to ascertain the genuineness of the supply chain, as discussed hereinabove, the letters were issued to the jurisdictional GST authorities seeking verification reports in respect of the Noticee and the entities involved in the said supply chain.

4.1. In response, the jurisdictional Assistant Commissioner, AE-II, CGST Delhi-East Commissionerate, vide letter F. No. GADT/-PV-O/o COMMRCGST-DELHI/East/34/2022/3392 dated 01.05.2024, **(RUD-1)** forwarded the verification report in respect of M/s Kanhya International, under which it was mainly reported that physical verification of M/s Kanhya International (Legal Name: Shri Santanu Pradhan), GSTIN: 07HRPPP3030J1ZE, was conducted at its declared principal place of business, and the said entity was found to be in existence at the time of verification. It was further reported that, upon scrutiny of GSTR-2A, GSTR3B and GSTR-1 of the taxpayer for the financial year 2023-24, the

taxpayer was found to have availed and passed on Input Tax Credit in accordance with the provisions of the CGST Act, 2017.

4.1 (i) Further letter vide F. No. GEXCOM/AE/OTH/17/2026-AE-O/o COMMR-CGST-DELHI dated 10.02.2026 (RUD-2) received from Assistant Commissioner, AE-II, Office of the Commissioner, CGST Delhi East Commissionerate. Vide said letter, they informed that after careful examination of the records available, their office has found that no physical verification has been carried out by this office in respect of M/s Kanhya International (GSTIN: 07HRPPP3030J1ZE), Ground Floor, Shop No. 5 (Upper), Property No. 64, Badarpur, New Delhi-11044, South East Delhi, Delhi.

Further, they informed that no letter bearing File No. GADT/-PV-O/o COMMR-CGST-DELHI/East/34/2022/3392 dated 01.05.2024 has been issued or dispatched from their office and further they stated that the said letter dated 01.05.2024 is indicated forged nature. They have noticed following discrepancies in the letter dated 01.05.2024 which are as under:-

- i. The F.No. File No. GADT/-PV-O/o COMMR-CGST-DELHI/East/34/2022 appearing on the letter does not pertain to the Anti-Evasion branch of this commissionerate, as no file number with the prefix "GADT" exists in this commissionerate.
- ii. Dispatch serial number 3392 dated 01.05.2024, when verified, indicates that no such dispatch number exists for the month of May 2024.
- iii. The letter purports to have been signed by the Assistant Commissioner (AE-II) on 01.05.2024; however, it does not bear the name of the signatory officer. As per records, the then incumbent Assistant Commissioner (AE-II) was Shri Satbir Singh, whose signature is entirely different from the signature appearing on the impugned letter.
- iv. The language used in the letter contains several grammatical and drafting errors, which are not expected from correspondence issued by a Group-A officer, for example:

*Para 1: "Please refer to **the** your office letter F.No. CH/Hazira/Verification/Velvet/2023-24 **dated 18.03.2024** and **Delhi Sales Tax office letter even number 13568 dated 28.03.2024 (#)** on the above mentioned subject"*

*In para 2 ".....the physical verification in respect of was conducted at their principal place of business and found **in exist**."*

*In para 3: "Moreover on **scrutinized** It was observed that the taxpayer had availed and **pass**....."*

(#) It is also pertinent to note that the Delhi Sales Tax Office would not issue a verification letter in a matter falling under the administrative control of SGST/Delhi GST authorities. No such letter dated 28.03.2024 has been traced as having been received as dak in this office.

(V) The concluding salutation "Yours sincerely" further raises suspicion, as in inter-departmental correspondence the standard used is "Yours faithfully".

Further they intimated that the present status of the supplier M/s Kanhya International (GSTIN: 07HRPPP3030J1ZE) is cancelled on application of the taxpayer with effect from 04.09.2024. The GSTIN was under the administrative control of the State GST authorities. The address mention for future correspondence at the time of filing the cancellation application is the principal place of business itself, which was a rented premises owned by the landlord Shri Vijay Chauhan.

Further, they intimated that **Analysis of GSTR-2A, GSTR-1M and E-way bill data reveals that M/s Kanhya International did not have any genuine inward supplies which could substantiate the outward supplies reported by it. This is further corroborate by the fact that, in several instances, no corresponding E-way Bills were generated for the outward supplies. For instance, no E-way bill are reflected on the E-way bill portal for supplies purportedly made to GSTIN24AFDFS0455B1ZI, i.e. M/s Silversail Fabrics LLP.**

4.2. Further, this office issued the letter to the Assistant Commissioner, Range-IV, Division-III, Nanpura, Surat, seeking verification of M/s Velvet Touch Fabrics LLP (GSTIN: 24AAXFV5552H1ZL) and its inward supplies purportedly received from M/s Silversail Fabrics LLP (GSTIN: 24AFDFS0455B1ZI), both falling under the jurisdiction of CGST Division-III, Surat. In response, the letter dated 07.08.2024 was received through email on 15.10.2024 from the Assistant Commissioner, Division-III, Surat **[RUD- 03]**.

4.2.1. In the said verification report in respect of M/s Velvet Touch Fabrics LLP, it was reported that a signboard displaying the name and GSTIN of the firm was found affixed at the entrance of the premises. However,

another paper was affixed on the entrance wall indicating “Shree Valaram Polyester” (GSTIN: 24HCEPK2809G1ZR), which was found to be engaged in manufacturing of transparent plastic bags. It was further reported that no stock of dresses was found at the premises, no responsible person was available at the time of visit, and the mobile number of the registered person of M/s Velvet Touch Fabrics LLP was found switched off.

4.2.2. Subsequently, M/s Velvet Touch Fabrics LLP, vide letter dated 11.11.2024, **[RUD-04]** informed that it had shifted its office to a new location, stated to be “more suitable for buyers to approach from Plot No. 71-72, Building Akash Mota Borsara, Kim Police Station, Mangrol, Kim Surat to “G-157, Green Signature Shoppers, Near Prime Shoppers, Next to Rebounce, Veseu, Surat, Gujarat – 395007”. To verify the said claim of the Noticee, a letter was issued to the new jurisdictional authority, i.e. Division-II, CGST Surat Commissionerate, in reply to the same, the Superintendent of Range-IV, Division-II, Central GST & Excise vide letter F.No.Div-II/R-IV/MISC/2023-24 dated 08.01.2025 reported that the unit was found in existence at the declared principal place of business, namely “Upper Ground, Green Signature Shoppers, Green Signature Shoppers, N.M. Mavani Road, Vesu, Surat, Gujarat – 395007. **(RUD-05)**.

4.3. In the case of M/s Silversail Fabrics LLP (GSTIN: 24AFDFS0455B1ZI), verification report, received from the office of the Assistant Commissioner Division-III, GST & Central Excise, Surat vide letter F. No. Div III/r-IV/Misc/2019 dated 07.08.2024 revealed that although a signboard mentioning the name and GSTIN of the firm was displayed at the premises, manufacturing activity of thread weaving belonging to another firm was found to be ongoing therein. No responsible person was available at the premises except a daily wage labourer, and no stock of dresses was found during the visit. Accordingly, it appears that M/s Silversail Fabrics LLP was neither genuinely existing nor carrying out any business activity at its declared place of business. Further, as per GST records and status of the GSTIN, the GST registration of M/s Silversail Fabrics LLP has been cancelled ab-initio by the jurisdictional authorities due to the reasons of fraudulent business activities **[RUD-06]**.

4.4. With regard to the upstream suppliers, it is observed that the GST registration of M/s Balaji Fashion (GSTIN: 07CTEPS4333K1ZD) stands cancelled suo-motu with effect from 30.08.2023 **[RUD-07]**, and the GST registration of M/s Vaishno International (GSTIN: 07AHAPG7357D1ZL) is reflected as suspended with effect from 04.09.2024 **[RUD-08]**. Thus, it

appears that the said entities were not functioning as valid and compliant suppliers under the provisions of Section 59 of the CGST Act, 2017 read with Section 29 of the CGST Act, 2017, and their registrations were cancelled/suspended by the jurisdictional GST authorities on account of indulging in fraudulent business activities.

5. In view of the above facts, it is noticed that M/s Silversail Fabrics LLP (GSTIN - 24AFDFS0455B1ZI), supplier to M/s Velvet Touch Fabrics LLP is not genuine, non-existent and not carrying out any business activity at the registered place of business. On this account, the supply made from M/s Silversail Fabrics LLP to M/s Velvet Touch Fabrics appears to be suspected and appears to be only on paper with the aim of fraudulently availing export benefits i.e. Drawback, RoSCTL and IGST refund. Therefore, it appears that the Noticee, by projecting the aforesaid nongenuine and fictitious supply chain as a valid source of procurement, knowingly made false and incorrect declarations before the Customs authorities at the time of export. It appears that the Noticee mis-declared and suppressed material particulars relating to the genuineness of procurement, payment of applicable taxes, and eligibility of export incentives in the Shipping Bills filed under Section 50 of the Customs Act, 1962, thereby made fraudulently claims of Drawback, RoSCTL and refund of IGST. Accordingly, it appears that the export goods were liable to be treated as fraudulently exported goods, rendering the declarations made in the Shipping Bills false and misleading within the meaning of the provisions of the Customs Act, 1962. The status of the suppliers in chain is as under;

Supply Chain Level	GSTIN & Date of Reg.	Supplier Name	Supplied To	Remarks
L1	24AFDFS0455B1ZI dated 17.10.2023	Silversail Fabrics LLP	Velvet Touch Fabrics LLP	Cancelled suomoto.
L2	07HRPPP3030J1ZE dated 21.09.2023	Kanhya International [Legal Name: Santanu Pradhan]	Silversail Fabrics LLP	Cancelled on application of the taxpayer.
L3	07CTEPS4333K1ZD	Balaji Fashion	Kanhya	Cancelled

	dated 30.08.2023	[Legal Name: Sonu Singh]	International	suomoto.
L3	07AHAPG7357D1ZL dated 20.09.2023	Vaishno International [Legal Name: Sanjay Kumar Gupta]	Kanhya International	Suspended.

6. It further appears that M/s Velvet Touch Fabrics LLP (IEC: AAXFV5552H) has claimed and availed export-linked benefits in respect of the aforesaid exports, the details of which are enumerated hereunder:

Export incentives claimed:

Sl No.	SB No.	SB Date	FOB	DBK	ROSCTL	IGST	Item Description
1	8073115	05.03.2024	29919978	1226719.1	1810158.67	1500314.40	Boys Dress Set Made Of Cotton
2	8072623	05.03.2024	29665980	1216305.18	1794791.79	1487491.20	
Total			59585958	2443024.28	3604950.46	2987805.60	

7. LEGAL PROVISIONS RELEVANT TO THE CASE:-

The legal provisions applicable in the case are as under:

- i. Section 28AAA of the Customs Act, 1962;
- ii. Section 28AA of the Customs Act 1962; iii. Section 50(2) and (3) of the Customs Act 1962; iv. Section 75A(2) of the Customs Act 1962;
- v. Section 113(d) of the Customs Act, 1962;
- vi. Section 113 (i) of the Customs Act, 1962;
- vii. Section 113 (ia) / 113(ja) of the Customs Act, 1962;
- viii. Section 114(iii) of the Customs Act 1962; ix. Section 114AA of the Customs Act 1962;
- x. Section 114AC of the Customs Act 1962;
- xi. Section 117 of the Customs Act, 1962; and
- xii. Rule 17 of the Customs and Central Excise Duties Drawback Rules, 2017.

8. Discussion on Provisions of Law:

SECTION 28AAA. Recovery of duties in certain cases. –

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

(a) collusion; or

(b) wilful misstatement; or(c) suppression of facts,

for the purposes of this Act or the Foreign Trade (Development and Regulation) Act, 1992 (22 of 1992), or 2 [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 3 [or regulations] made or notifications issued thereunder, by a person other than the person to whom the instrument was issued, the duty relating 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:

Provided that the action relating to recovery of duty under this section against the person to whom the instrument was issued shall be without prejudice to an action against the importer under section 28.

Explanation 1 - For the purposes of this sub-section, "instrument" means any scrip or authorisation or licence or certificate or such other document, by whatever name called, issued under the Foreign Trade (Development and Regulation) Act, 1992 (22 of 1992), 4 [or duty credit issued under section 51B , with respect to] a reward or incentive scheme or duty exemption scheme or duty remission scheme or such other scheme bestowing financial or fiscal benefits, which may be utilised under the provisions of this Act or the rules made or notifications issued thereunder.

Explanation 2 - The provisions of this sub-section shall apply to any utilisation of instrument so obtained by the person referred to in this subsection on or after the date on which the Finance Bill, 2012 receives the assent of the President, whether or not such instrument is issued to him prior to the date of the assent.

(2) Where the duty becomes recoverable in accordance with the provisions of sub-section (1), the person from whom such duty is to be recovered, shall, in addition to such duty, be liable to pay interest at the rate fixed by the Central Government under Section 28AA and the amount of such interest shall be calculated for the period beginning from the date of utilisation of the instrument till the date of recovery of such duty.

(3) For the purposes of recovery under sub-section (2), the proper officers shall serve notice on the person to whom the instrument was issued requiring him to show cause, within a period of thirty days from the date of

receipt of the notice, as to why the amount specified in the notice (excluding the interest) should not be recovered from him, and after giving that person an opportunity of being heard, and after considering the representation, if any, made by such person, determine the amount of duty or interest or both to be recovered from such person, not being in excess of the amount specified in the notice, and pass order to recover the amount of duty or interest or both and the person to whom the instrument was issued shall repay the amount so specified in the notice within a period of thirty days from the date of receipt of the said order, along with the interest due on such amount, whether or not the amount of interest is specified separately.

(4) Where an order determining the duty has been passed under section 28, no order to recover that duty shall be passed under this section.

(5) Where the person referred to in sub-section (3) fails to repay the amount within the period of thirty days specified therein, it shall be recovered in the manner laid down in sub-section (1) of section 142.]

SECTION 28AA. Interest on delayed payment of duty. -

1. Notwithstanding anything contained in any judgment, decree, order or direction of any court, Appellate Tribunal or any authority or in any other provision of this Act or the rules made thereunder, 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.
2. Interest at such rate not below ten per cent. and not exceeding thirtysix per cent per annum, as the Central Government may, by notification in the Official Gazette, fix, shall be paid by the person liable to pay duty in terms of section 28 and such interest shall be calculated from the first day of the month succeeding the month in which the duty ought to have been paid or from the date of such erroneous refund, as the case may be, up to the date of payment of such duty.
3. Notwithstanding anything contained in sub-section (1), no interest shall be payable where,—
 - a. the duty becomes payable consequent to the issue of an order, instruction or direction by the Board under section 151A; and
 - b. such amount of duty is voluntarily paid in full, within forty-five days from the date of issue of such order, instruction or direction, without reserving any right to appeal against the said payment at any subsequent stage of such payment.

SECTION 50. Entry of goods for exportation. -

1. The exporter of any goods shall make entry thereof by presenting electronically on the customs automated system to the proper officer in the case of goods to be exported in a vessel or aircraft, a shipping bill, and in the case of goods to be exported by land, a bill of export in the in such form and manner as may be prescribed]. Principal Commissioner of Customs or Commissioner of Customs] may, in cases where it is not feasible to make entry by presenting electronically on the customs automated system], allow an entry to be presented in any other manner.]
2. The exporter of any goods, while presenting a shipping bill or bill of export, shall make and subscribe to a declaration as to the truth of its contents.
3. The exporter who presents a shipping bill or bill of export under this section shall ensure the following, namely:"
 - (a) the accuracy and completeness of the information given therein;
 - (b) the authenticity and validity of any document supporting it; and
 - (c) compliance with the restriction or prohibition, if any, relating to the goods under this Act or under any other law for the time being in force.

SECTION 75A. Interest on drawback. -

(2) Where any drawback has been paid to the claimant erroneously or it becomes otherwise recoverable under this Act or the rules made thereunder, the claimant shall, within a period of two months from the date of demand, pay in addition to the said amount of drawback, interest at the rate fixed under Section 28AA and the amount of interest shall be calculated for the period beginning from the date of payment of such drawback to the claimant till the date of recovery of such drawback.

SECTION 113. Confiscation of goods attempted to be improperly exported, etc. –

The following export goods shall be liable to confiscation:-

- (d) any goods attempted to be exported or brought within the limits of any Customs area for the purpose of being exported, contrary to any prohibition imposed by or under this Act or any other law for the time being in force;
- (i) any goods entered for exportation which do not correspond in respect of value or in any material particular with the entry made under this Act or in the case of baggage with the declaration made under Section 77;

(ia) any goods entered for exportation under claim for drawback which do not correspond in any material particular with any information furnished by the exporter or manufacturer under this Act in relation to the fixation of rate of drawback under Section 75;

(ja) any goods entered for exportation under claim of remission or refund of any duty or tax or levy to make a wrongful claim in contravention of the provisions of this Act or any other law for the time being in force.

SECTION 114 (iii). Penalty for attempt to export goods improperly, etc. -

Any person 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 113 or abets the doing or omission of such an act, shall be liable, -

(iii) in the case of any other goods, to a penalty not exceeding the value of the goods, as declared by the exporter or the value as determined under this Act, whichever is the greater.

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.

SECTION 114AC: Penalty for fraudulent utilization of input tax credit for claiming refund. -

Where any person has obtained any invoice by fraud, collusion, wilful misstatement or suppression of facts to utilize input tax credit on the basis of such invoice for discharging any duty or tax on goods that are entered for exportation under claim of refund of such duty or tax, such person shall be liable for penalty not exceeding five times the refund claimed.

Explanation .-For the purposes of this section, the expression "input tax credit" shall have the same meaning as assigned to it in clause (63) of Section 2 of the Central Goods and Services Tax Act, 2017 (12 of 2017).

SECTION 117: Penalties for contravention, etc., not expressly mentioned. -

Any person who contravenes any provision of this Act or abets any such contravention or who fails to comply with any provision of this Act with which it was his duty to comply, where no express penalty is elsewhere

provided for such contravention or failure, shall be liable to a penalty not exceeding four lakh rupees.

Customs and Central Excise Duties Drawback Rules, 2017:

Rule 17. Repayment of erroneous or excess payment of drawback and interest. –

Where an amount of drawback and interest, if any, has been paid erroneously or the amount so paid is in excess of what the claimant is entitled to, the claimant shall, on demand by a proper officer of Customs repay the amount so paid erroneously or in excess, as the case may be, and where the claimant fails to repay the amount it shall be recovered in the manner laid down in sub-section (1) of section 142 of the Customs Act, 1962 (52 of 1962).

9. Regulation 10(d) of the Customs Brokers Licensing Regulations, 2018, states that it is the obligation of the Customs Broker that he shall advise his client to comply with the provisions of the Act, other allied Acts and the rules and regulations thereof, and in case of non-compliance, shall bring the matter to the notice of the Deputy Commissioner of Customs or the Assistant Commissioner of Customs, as the case may be.

10. From the above, it is revealed that the Customs Broker, M/s Startek Enterprise (i.e. Customs Broker for M/s Velvet Touch Fabrics LLP, have failed to advise his client to comply with the provisions of the Act, other allied Acts and the Rules and regulations thereof, and in case of noncompliance, did not bring the matter to the notice of the Assistant/ Deputy Commissioner of Customs of Custom House, Hazira. This resulted into wrong availment of benefit of export incentives viz. Drawback and ROSCTL by the Noticee. For this act on the part of the Customs Broker, penalty not expressly has been provided / mentioned elsewhere under the Customs Act, 1962, it appears that, M/s Startek Enterprise, Customs Broker for M/s Velvet Touch Fabrics LLP, having its office at 401, F Block, Hayat Residency, Survey No. 560, Sarkej Road, Ahmedabad – 3882210 are liable to penalty under Section 117 of the Customs Act, 1962.

11. Now, therefore, M/s. Velvet Touch Fabrics LLP having IECAAXFV5552H and GSTIN No. 24AAXFV5552H1ZL, Plot No. 71-72, Building Akash, Mota Borsara, Kim Police Station, Mangrol, Kim, Surat (now currently situated at address Upper Ground, Green Signature Shoppers, NM Mavani Road, Vesu, Surat, Gujarat, 395007) is hereby called upon to show cause, in writing, to the Additional/Joint Commissioner of Customs, Hazira Port, 1st Floor, Custom House, Hazira, Tal. Choryasi, Surat with respect to contraventions pertaining to export of

the goods and erroneously availing Drawback /ROSCTL as discussed in the foregoing paras, within thirty (30) days of receipt of this Notice, as to why:

- (i) The Duty Drawback amount aggregating to Rs. 24,43,024/- (Rupees) Twenty-four Lakh Forty-three Thousand and Twenty-four only), wrongly availed by them for the reasons discussed above, should not be demanded and recovered from them under Rule 17 of the Customs and Central Excise Duties Drawback Rules, 2017 along with interest in terms of Section 75A of the Customs Act, 1962.
- (ii) The ROSCTL amount aggregating to Rs. 36,04,950/- (Rupees Thirtysix Lakh Four Thousand Nine Hundred and Fifty only), wrongly availed by them for the reasons discussed above, should not be demanded and recovered from them under Section 28AAA of the Customs Act, 1962 along with interest in terms of Section 28AA of the Customs Act, 1962.
- (iii) All the goods exported vide Shipping Bills valued at Rs. 5,95,85,958/(Rupees Five Crore Ninety-five Lakh Eighty-Five Thousand Nine hundred and fifty-eight only) as mentioned in this Show-Cause-Notice which have already been cleared/exported, should not be held liable to confiscation under Section 113(ia) and Section 113(ja) of the Customs Act, 1962. Since, the same are not physically available for confiscation, why fine in lieu of confiscation should not be imposed upon them under Section 125 of the Customs Act, 1962; and
- (iv) Penalty should not be imposed upon them under Section 114, Section 114AA of the Customs Act, 1962, for the offence committed by them as detailed above.

12. Now, therefore, M/s Startek Enterprise, 401, F Block, Hayat Residency, Survey No. 560, Sarkej Road, Ahmedabad – 3882210, the Customs Broker for M/s Velvet Touch Fabrics LLP, is hereby called upon to show cause to the Additional/Joint Commissioner of Customs, Hazira Port, 1st Floor, Custom House, Hazira, Tal. Choryasi, Surat as to why:

- (i) Penalty should not be imposed on them under Section 117 of the Customs Act, 1962 for the reasons discussed in paras supra.

13. The above noticee (s) are further required to state specifically in their written reply as to whether they wish to be heard in person before the case is adjudicated. If no specific mention is made about this in their written submissions, it shall be presumed that they do not wish to be heard in

person. They should produce at the time of showing cause, all the evidences upon which they intend to rely in support of their defense.

14. They are further required to note that their reply should reach within 30 (thirty) days or within such extended period as may be allowed by the adjudicating authority. If no cause is shown against the action proposed above within 30 days from the receipt of this SCN or if they do not appear before the adjudicating authority as and when the case is posted for hearing, the case is liable to be decided ex-parte on the basis of facts and evidences available on record.

15. The Noticees also have an option of Section 127B of the Customs Act 1962 to settle the case through Settlement Commission by filing an application, if eligible.

16. This Show Cause Notice is issued without prejudice to any other action that may be taken against them, under this Act or any other law for the time being in force, or against any other company, person(s), goods and conveyances whether named in this notice or not.

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

(Lokesh Damor)
Additional Commissioner
Custom House, Hazira
Ahmedabad Customs Commissionerate

Encl: **Annexure-A**

DIN-20260371MN0000333BF9

F.No.CUS/19964/2025-AH-PORT-HZR-CUS-COMMRTE-

AHMEDABAD

Date:03.03.2026

To

M/s Velvet Touch Fabrics LLP
71-72, Building Akash, Mota Borsara,
Kim Police Station, Mangrol, Kim, Surat
(Now, Current/Present Address:
Upper Ground, Green Signature Shoppers,
Green Signature Shoppers, N.M. Mavani Road,
Vesu, Surat, Gujarat – 395007)

2. M/s. Startek Enterprise (CHA)
401, F Block, Hayat Residency,
Survey No. 560, Sarkej RD.,
Ahmedabad – 3882210

Copy to:

1. The Assistant Commissioner of Customs, Customs House, Hazira, Surat.
2. The Assistant Commissioner, NCTC Cell, Customs Commissionerate, Ahmedabad
3. The Superintendent of Customs, Systems, Ahmedabad in PDF format for uploading on the Official website of Customs Commissionerate, Ahmedabad.
4. Notice Board
5. Guard File.

Annexure-A

Sr. No.	Relied upon documents No.	Documents
1	RUD- 01	Letter F.No. GADT/-PV-O/o COMMR-CGST-DELHI/ East/34/2022/3392 dated 01.05.2024 received from Assistant Commissioner, AE-II, CGST Delhi East Commissionerate
2	RUD- 02	Letter F. No. GEXCOM/AE/OTH/17/2026-AE-O/o COMMR-CGST-DELHI dated 10.02.2026 received from Assistant Commissioner, AE-II, CGST Delhi East Commissionerate
3	RUD-03	Letter F. No. Div III/R-IV/Misc/2019 dated 07.08.2024 received from the Assistant Commissioner Division-III, GST & Central Excise, Surat.
4	RUD- 04	Letter dated 11.11.2024 received M/s Velvet Touch Fabrics LLP (available with the noticee)
5	RUD- 05	Letter F. No. Div-II/R-IV/MISC/2023-24 dated 08.01.2025
6	RUD-06	Status of GST registration of M/s Silversail Fabrics (GSTIN: 24AFDFS0455B1ZI)
7	RUD-07	Status of GST Registration of M/s Balaji Fashion (GSTIN: 07CTEPS4333K1ZD)
8	RUD-08	Status of GST registration of M/s Vaishno International (GSTIN: 07AHAPG7357D1ZL)

