



प्रधान आयुक्त का कायालय, सीमा शुल्क, अहमदाबाद  
 सीमा शुल्क भवन, पहली मंजिल, पुराने हाईकोर्ट के सामने, नवरंगपुरा, अहमदाबाद-380009  
 दूरभाष: (079) 2754 4630, ई-मेल: ahmd-adj@gov.in, फेक्स क्रं. (079) 2754 2343

DIN: 20251271MN0000999FAB

**PREAMBLE**

A	फ़ाइल संख्या/ File No.	:	GEN/ADJ/ADC/2272/2025-ICD-SRT-CUS-COMMRTE-AHMEDABAD
B	कारण बताओ नोटिस संख्या एवं तारीख / Show Cause Notice No. and Date	:	VIII/6-533/ICD-Sachin/2016-17 Dated 02.01.2025
C	मूल आदेश संख्या/ Order-In-Original No.	:	<b>177/ADC/SR/O&amp;A/HQ/2025-26</b>
D	आदेश तिथि/ Date of Order-In-Original	:	<b>15.12.2025</b>
E	जारी करने की तारीख/ Date of Issue	:	<b>15.12.2025</b>
F	द्वारा पारित/ Passed By	:	<b>Shravan Ram,</b> Additional Commissioner, Customs, Ahmedabad
G	आयातक का नाम और पता / Name and Address of Importer / Passenger	:	<b>M/s. Utam Creation, 42-43, Shubham Ind. Estate-1, Saniya Hemad, Chorasi, Surat-395008</b>  <b>M/s. Utam Creation, 24-25, Shubham Ind. Estate-1, Saniya Hemad, Chorasi, Surat-395008</b>  <b>Sh. Parshottam Gokalbhai Raiyani, Partner of M/s. Utam Creation, 94, Sarita Vihar Society-2, Opp. Renuka Bhavan, Bombay Market to Punagam Road, Surat-395010</b>
(1)	यह प्रति व्यक्ति के उपयोग के लिए निःशुल्क प्रदान किया जाता है जिन्हे यह जारी किया जाता है।		
(2)	कोई भी व्यक्ति इस आदेश से स्वयं को असंतुष्ट पाता है तो वह इस आदेश के विरुद्ध अपील इस आदेश की प्राप्त किया तारीख के ६० दिनों के भीतर आयुक्त कार्यालय, सीमा शुल्क (अपील), ४वीं मंजिल, हुडको भवन, ईश्वर भुवन मार्ग, नवरंगपुरा, अहमदाबाद में कर सकता है।		
(3)	अपील के साथ केवल पांच (५.००) रुपये पे न्यायलय शुल्क टिकिट लगा होना चाहिए और इसके साथ होना चाहिए:		
(i)	अपील की एक प्रति और;		
(ii)	इस प्रति या इस आदेश की कोई प्रति के साथकेवल पांच (५.००) रुपये पे न्यायलय शुल्क टिकिट लगा होना चाहिए।		
(4)	इस आदेश के विरुद्ध अपील करने इच्छुक व्यक्ति को ७.५% अधिकतम १० करोड़ शुल्क हम करना होगा जहां शुल्क या ऊटी और जुर्माना विवाद में है या जुर्माना जहां इस तरह की दंड विवाद में है और अपील के साथ इस तरह के भुगतान का प्रमाण पेश करने में असफल रहने पर सीमा शुल्क अधिनियम, १९६२ के धरा १२९ के प्रावधानों का अनुपालन नहीं करने के लिए अपील को खारिज कर दिया जायेगा।		

**BRIEF FACTS OF THE CASE:**

**M/s. Utam Creation, 42-43, Shubham Ind. Estate-1, Saniya Hemad, Chorasi, Surat-395008** (hereinafter referred as “the said importer” for the sake of brevity), holding Import Export Code No. 5214013922 had imported **03 Sets** of capital goods viz. Computerized Embroidery Machine under EPCG License No. 5230020035 dated 15.03.2016 by saving duty of **Rs.9,67,323/- (Actual Duty Utilized of Rs. 8,64,993/-)** 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 under:

S. N.	B/E No. & Date	Qty Machinery cleared	Assess Value	Duty Saved/ available as per EPCG License	Total Duty Foregone/Debited at the time of clearance	BG Amount (Rs.)
1	5239249 Dtd.12.05.2016	02	24,62,734/-	9,67,323/-	5,76,662/-	1,45,000/-
2	5239241 Dtd.12.05.2016	01	12,31,367/-		2,88,331/-	
Total		03	36,94,101/-	9,67,323/-	8,64,993/-	1,45,000/-

**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,-*

*(i) 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) (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 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 decentralized and grid connected products, bio-mass gasifier, bio-mass or waste boiler, vapor 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 mill turbine 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 authorization 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 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 licensing 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 11.05.2016 for Rs. 26,00,000/- backed by Bank Guarantee No. 0306BG001872016 Dated 18.04.2016 For Rs. 1,45,000/- issued by the South Indian Bank, Surat, for EPCG License No. 5230020035 dated 15.03.2016. 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. 03 Sets of Computerized Embroidery Machine imported under the above said EPCG License were installed at the factory/business premises i.e. M/s. Utam Creation, 24-25, Shubham Ind. Estate-1, Saniya Hemad, Chorasi, Surat-395008 as per the Installation Certificate dated 27.06.2017 issued by Chartered Engineer, H.C.Dave, Surat, certifying the receipt of the goods imported and its installation.

**5.** The aforesaid EPCG License No. 5230020035 dated 15.03.2016 was issued to the said importer and the Bond dated 11.05.2016 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.** Letter F. No. VIII/6-533/ICD-Sachin/2016-17 dated 17.07.2023 was 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 was 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. 5230020035 dated 15.03.2016 or any documents showing the fulfillment of the export obligation submitted by the aforesaid importer. The Assistant Director, Directorate General of Foreign Trade, Surat. The Foreign Trade Development officer, DGFT, Surat has not submitted any reply.

**6.2** Thus, it appeared, 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 11.05.2016.

7. 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. 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.

8. Since, the said importer appeared 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 1 Sets of Computerized Embroidery Machine imported under EPCG License No. 5230020035 dated 15.03.2016 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 appear liable to pay duty of **Rs.8,64,993/-** 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.

8.1 It appeared 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 appeared liable for confiscation under Section 111(o) of the Customs Act, 1962 and thus the said importer appeared to have rendered itself liable for penal action under the provisions of Section 112(a) and Section 117 of the Customs Act, 1962.

8.2 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. 0306BG001872016 Dated 18.04.2016 For Rs.1,45,000/- issued by the South Indian Bank, Surat in favor of the Deputy/Asstt. Commissioner of Customs, ICD-Sachin, Surat against the EPCG License No. 5230020035 dated 15.03.2016 appeared required to be appropriated against the proposed demand.

**8.3** 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 has also given bond to this effect. The letter dated 17.07.2023 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 also informed that the importer has not submitted any documents regarding fulfillment of Export obligation. Thus, it appeared 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.

**9.** In view of the above, a Show Cause Notice bearing F. No. VIII/6-533/ICD-Sachin/2016-17 dated 02.01.2025 was issued by the Additional Commissioner of Customs, In-charge of ICD, Sachin, Surat, to M/s Utam Creation, 42-43, Shubham Industrial Estate-1, Saniya Hemad, Chorasi, Surat-395008. The notice called upon them to show cause before the Additional/Joint Commissioner of Customs, Customs House, Hazira Port, Hazira, Surat, 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. Utam Creation, 42-43, Shubham Ind. Estate-1, Saniya Hemad, Chorasi, Surat-395008**, should not be denied.
- (ii) Customs Duty totally amounting to **Rs.8,64,993/- (Rupees Eight Lakh Sixty Four Thousand Nine Hundred Ninety Three 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 amended, read with the Conditions of Bond executed and furnished by them in term of Section 143 of the Customs Act, 1962 by enforcing the terms of the said Bond and as to why the Bank Guarantee No. 0306BG001872016 Dated 18.04.2016 For Rs.1,45,000/- issued by the South Indian Bank, Surat backed against the Bond, should not be appropriated and adjusted towards the Duty liability as mentioned above.
- (iii) Interest at the applicable rate should not be recovered from them on the Customs Duty as mentioned at (ii) above in term of Notification No. 16/2015-Cus dated 01.04.2015 as amended from time to time read with Conditions of the Bond executed in term of Section 143 of the Customs Act, 1962.
- (iv) 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.
- (v) Penalty should not be imposed on the Importer under Section 112(a) of the Customs Act, 1962 for the acts of omission & commission mentioned above.
- (vi) Penalty should not be imposed on the Importer under Section 117 of the Customs Act, 1962 for the acts of omission & commission mentioned above.
- (vii) 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.

**DEFENSE SUBMISSION AND PERSONAL HEARING:**

**10.** In response to the subject Show Cause Notice, the Noticee, vide their letter dated 11.02.2025 received on dated 12.02.2025 informed that they had submitted documents to DGFT for issuance of the Export Obligation Discharge Certificate (EODC) on 04.02.2024.

**10.1** Since, the EODC/Redemption letter was not issued and the matter was pending before DGFT, the SCN was put into call book on 25.06.2025 in terms of para 5 of the Board Circular No.16/2017-Customs dated 02.05.2017. Now, the Noticee vide letter dated 25.11.2025 submitted copy of EODC/Redemption letter dated 18.11.2025 issued by the DGFT, Surat vide F. No. 52EEEPC07357AM24 against the EPCG License No. 5230020035 dated 15.03.2016. **They further conveyed that they do not require any personal hearing in the matter and requested that the case be decided on merits.**

**DISCUSSIONS AND FINDINGS:**

**11.** I have carefully gone through the Show cause notice, records, submissions and facts in the present case. I find that in the present case a Show Cause Notice F. No. VIII/6-533/ICD-Sachin/2016-17 dated 02.01.2025 was issued to the noticee/importer, holding EPCG License No. 5230020035 dated 15.03.2016, by the Additional Commissioner of Customs, In-charge of ICD, Sachin, Surat for non-fulfillment of export obligation as prescribed vide Notification No. 16/2015-Cus dated 01.04.2015 and non-submission of Export Obligation Discharge Certificate (EODC), issued by DGFT authorities in this regard, to the Customs authorities. Further as per Notification No. 16/2015-Cus dated 01.04.2015 the importer was required to fulfill the export obligation on FOB basis equivalent to six times the duty saved on the goods imported **within six years from the date of authorization**, as may be specified on the License or authorization. I also find that the present case was transferred into callbook in terms of para 5 of the Board Circular No.16/2017-Customs dated 02.05.2017 after the noticee submitted that they had applied for issuance of the EODC to the DGFT, Surat and submitted proof of acknowledgment before Customs authorities.

**12.** In view of the Noticee's submission of the EODC/Redemption letter dated 18.11.2025 issued by DGFT, Surat, the case has been retrieved from the call book in December-2025 with the approval of the competent authority and has now been taken up for adjudication. The issues for consideration before me are as follows:

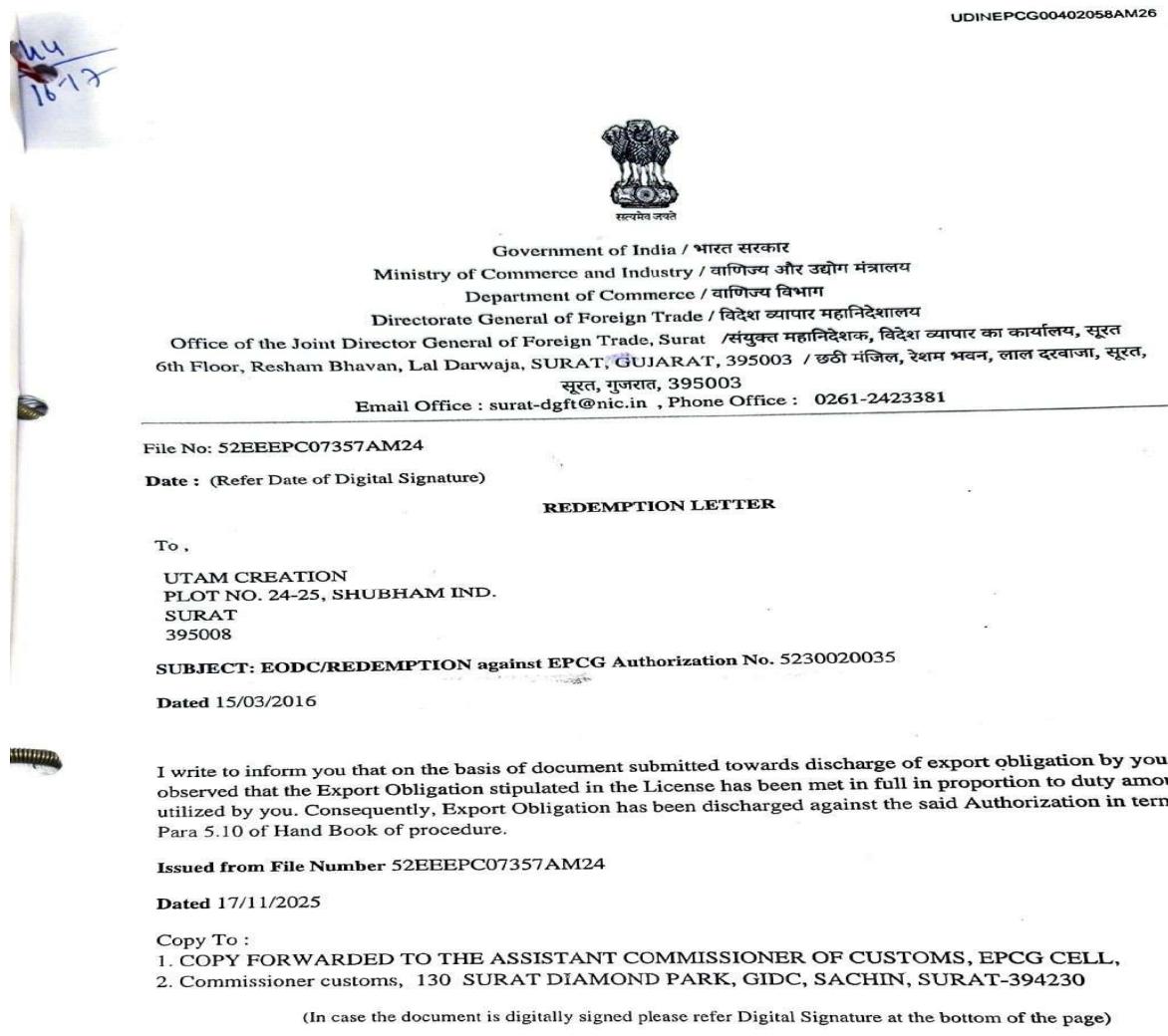
- (i) Whether the benefit of zero duty for EPCG scheme under the said Notification No. 16/2015-Cus dated 01.04.2015 on the subject imported Computerized Embroidery Machine is admissible to the noticee viz. **M/s. Utam Creation** in absence of non-fulfillment of the export obligation prescribed therein, as alleged in the Show cause notice.
- (ii) Whether the noticee is liable to confiscation of the capital goods and to the imposition of penalties as proposed in the Show Cause Notice.

**13. Now I proceed to decide whether the benefit of zero duty for EPCG scheme under the said Notification No. 16/2015-Cus dated 01.04.2015 on the subject imported Computerized Embroidery Machine is admissible to the noticee in absence of non-fulfillment of the export obligation prescribed therein, as alleged in the Show cause notice.**

**13.1** I find that the present recovery proceedings have been initiated on account of the Noticee's failure to furnish proof of fulfillment of the export obligation and the consequent non-availability of the Export Obligation Discharge Certificate (EODC) in respect of EPCG Authorization No. 5230020035 dated 15.03.2016, under which they had availed the benefit of duty exemption at the time of import. The EPCG Authorisation was issued on 15.03.2016, and in terms of the conditions prescribed under Notification

No. 16/2015-Cus dated 01.04.2015, the Noticee was required to fulfill the stipulated export obligation on or before 14.03.2022, i.e., within six years from the date of issuance of the licence. It is observed that a letter dated 17.07.2023 was issued to the Noticee calling upon them to submit the EODC or any extension granted by the Regional Authority, DGFT, Surat, for fulfillment of the export obligation. The Noticee, however, failed to respond. Further, vide letter F. No. ICD-Sachin/DGFT/07/2020-21 dated 02.03.2023 addressed to the Foreign Trade Development Officer, DGFT, Surat, this office sought confirmation regarding issuance of the EODC or submission of any documents evidencing fulfillment of the export obligation against the said EPCG Authorization. No reply has been received from the DGFT authorities. In the absence of any evidence of fulfillment of the export obligation, it stands established that the Noticee has failed to comply with the mandatory conditions of Notification No. 15/2015-Cus dated 01.04.2015, the terms of the EPCG licence, and the conditions of the Bond executed by them. Consequently, the Noticee is not entitled to the benefit of duty exemption under the EPCG Scheme in terms of Notification No. 15/2015-Cus dated 01.04.2015, as the benefit availed on the imported Computerized Embroidery Machine is inadmissible in the absence of fulfillment of the prescribed export obligation.

**13.2** From the available records, I find that the noticee had applied for EODC/redemption of EPCG Authorization No. 5230020035 dated 15.03.2016 before the DGFT on 04.02.2024. Further, the noticee, vide their letter dated 25.11.2025, submitted a copy of the " EODC/Redemption Letter" issued by DGFT, Surat, under File No. 52EEEPC07357AM24 dated 18.11.2025 (**Image as below**), in respect of the impugned EPCG Authorization No. 5230020035 dated 15.03.2016. **I also note that neither the application submitted by the Noticee to the DGFT for issuance of the EODC nor the EODC/Redemption Letter dated 18.11.2025 issued by the DGFT, Surat, was available on record at the time of issuance of the impugned Show Cause Notice.**



ument has been digitally signed by PREMKUMAR MURALIDHAR SONKUSARE, Assistant DGFT, RA SURAT on 18-Nov-2025.

**13.3** I further find that the EODC/Redemption Letter dated 18.11.2025, issued by DGFT, Surat, states the following:

***"On the basis of document submitted towards discharge of export obligation by you, it is observed that the Export Obligation stipulated in the License has been met in full in proportion to duty amount utilized by you. Consequently, Export Obligation has been discharged against the said Authorization in terms of Para 5.10 of Hand Book of procedure."***

Upon perusal of the aforesaid EODC/Redemption Letter, **it stands conclusively established that the Noticee has duly complied with and fulfilled the export obligation arising under the above-referred EPCG Authorization.** Consequently, the demand for Customs duty amounting to Rs. 8,64,993/- (Rupees Eight Lakh Sixty-Four Thousand Nine Hundred Ninety-Three only) raised against M/s. Utam Creation becomes unsustainable in law and is liable to be dropped, as the DGFT has formally issued the EODC/Redemption Letter certifying complete discharge of the export obligation in respect of the said EPCG Authorization.

**14. Now I proceed to decide Whether the noticee is liable to confiscation of the capital goods and to the imposition of penalties as proposed in the Show Cause Notice.**

**14.1** I find that the initiation of the present recovery proceedings arose from the Noticee's failure to furnish documentary evidence of fulfillment of the export obligation, as well as their failure to submit the Export Obligation Discharge Certificate (EODC) in respect of EPCG Authorization No. 5230020035 dated 15.03.2016, under which they had availed the benefit of zero rate of duty at the time of import. The Noticee has since placed on record the EODC/Redemption Letter dated 18.11.2025 pertaining to the said EPCG Authorization. I further find that the Noticee has duly complied with the conditions prescribed under Customs Notification No. 15/2015-Cus dated 01.04.2015 and has fulfilled the terms and conditions of the Bond executed by them by discharging the export obligation mandated under the EPCG Scheme. In view thereof, I hold that the capital goods imported under the said authorization are not liable to confiscation, and consequently, no penalty is warranted or imposable upon the Noticee.

**14.2** The Show Cause Notice also contemplates the imposition of penalties upon M/s Ridhima Creation under Section 112(a) and Section 117 of the Customs Act, 1962. However, as elaborated in the preceding paragraphs, since the imported goods are not rendered liable to confiscation, the foundational basis for imposition of such penalties does not survive. Furthermore, the sole allegation in the instant proceedings pertains to the non-fulfillment of the export obligation under EPCG Authorization No. 5230020035 dated 15.03.2016, in respect of which the noticee has subsequently furnished the EODC/Redemption Letter dated 18.11.2025 issued by the DGFT, Surat. In light of the foregoing, I hold that no penalty is imposable upon the noticee under Section 112(a) or Section 117 of the Customs Act, 1962.

**15. In view of above discussion and findings, I pass the following order:**

**ORDER**

**I hereby drop the proceedings initiated against the noticee vide Show Cause Notice F. No. VIII/6-533/ICD-Sachin/2016-17 dated 02.01.2025.**

**16. The Show Cause Notices F. No. VIII/6-533/ICD-Sachin/2016-17 dated 02.01.2025 is disposed of in above terms.**

**(Shravan Ram)  
Additional Commissioner  
Customs, Ahmedabad**

**DIN: 20251271MN0000999FAB**

F. No. GEN/ADJ/ADC/2272/2025-ICD-SRT-CUS-COMMRTE-AHMEDABAD Date: 15.12.2025

**By Speed Post A.D./E-mail /Hand Delivery/Through Notice Board****To,**

**M/s. Utam Creation,  
42-43, Shubham Ind. Estate-1,  
Saniya Hemad, Chorasi, Surat-395008**

**M/s. Utam Creation,  
24-25, Shubham Ind. Estate-1,  
Saniya Hemad, Chorasi, Surat-395008**

**Sh. Parshottam Gokalbhai Raiyani,  
Partner of M/S. UTAM CREATION,  
94, Sarita Vihar Society-2,  
Opp. Renuka Bhavan,  
Bombay Market to Punagam Road,  
Surat-395010**

**Copy to:**

1. The Principal Commissioner, Customs, Ahmedabad (Kindly Attention to RRA Section).
2. The Deputy Commissioner of Customs, ICD-Sachin, Surat.
3. The System In-Charge, Customs HQ, Ahmedabad for uploading on the official website i.e. <http://www.ahmedabadcustoms.gov.in>
4. The Joint Director General, DGFT, 6<sup>th</sup> Floor, Resham Bhavan Lal Darwaja, Surat 395003 for information and necessary action.
5. Guard File/Office copy.
6. Notice Board