



GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF REVENUE
OFFICE OF THE JOINT COMMISSIONER OF CUSTOMS, SURAT.
Custom House, Althan Bhimrad Road, Althan, Surat, Gujarat-395007

SHOW CAUSE NOTICE

M/s. Bhagwati Embroidery, 116, Kshama Soc., Dharam Nagar Road, Varachha, Surat, Gujarat-395006 (hereinafter referred as "the importer"), holder of Import Export Code No. 5209026914 have imported 12 sets of Capital goods viz. Computerized Embroidery Machine under EPCG Licence No. 5230007566 dated 30.09.2010 having assessable value of Rs. 50,73,529/- and by saving duty of **Rs. 9,43,178/-** (Actual Duty Utilized of Rs **9,05,677/-**). The importer cleared Computerized Embroidery Machine vide following Bill of Entry at a concessional rate of duty @3% while availing the benefit of exemption available under Notification No. 103/2009 dated 11.09.2009. The details of import are as under:

Sr.No	B/E No. & Date	Number of machinery cleared	Duty Saved available as per EPCG Licence	Total Duty Foregone/Debited at the time of clearance	Amount
1	720/10-11 dated 12.10.2010	12	9,43,178/-	9,05,677/-	Rs.1,45,000/-
		12		Rs. 9,05,677/-	

2. The importer executed Bond dated 12/10/2010 for Rs. 25,00,000/- (Rupees Twenty Five Lakhs Only) along with Bank Guarantee No. BG/07/2010-11 dated 11.10.2010 amounting to Rs.1,45,000/- issued by the Kapol Co-Operative Bank Ltd., U1-U4, Metro Tower, Ring Road, Surat-395003, for EPCG License No. 5230007566 dated 30.09.2010. They had also given an undertaking to fulfill the conditions of the Bond, EPCG License and the relevant Customs Notification at the time of registration of the EPCG License No. 5230007566 dated 30.09.2010 at ICD-Sachin, Surat.

3. The 12 sets of Computerized Embroidery Machines were to be installed at Plot No. 44, 1st Floor, Swaminarayan Nagar, Varachha, Surat, Gujarat- 395006 and as the importer was not registered with the Central Excise Department, they produced copy of Installation Certificate dated 30.10.2010 issued by Chartered Engineer Dr. P.J. Gandhi, Surat who certified the receipt of the goods received vide the aforesaid BE No. 720/10-11 dated 12.10.2010 on 14.10.2010 and their complete installation on 25.10.2010 respectively.

4. As per Notification No. 103/2009-Cus dated 11.09.2009 the importer was required to fulfill the export obligation on FOB basis equivalent to 8 times the duty saved on the goods imported as may be specified on the licence or authorization. The relevant portion of the said notification is produced herein below for reference: