



सीमा शुल्क प्रिंसिपल आयुक्तालय  
OFFICE OF THE PRINCIPAL COMMISSIONER OF CUSTOMS  
सीमा शुल्क भवन ,नवरंगपुरा ,अहमदाबाद380009 ,  
"Customs House", Navarangpura, AHMEDABAD, 380009

### PREAMBLE

A	File No.	F. No.VIII/10-35/Commr/2003
B	Show Cause Notice No. and date	F. No.VIII/10-35/Commr/2003 dated 03.06.2003
C	Order-In-Original No.	<b>AHM-CUSTM-000-COM-011-16-17</b>
D	Order-In-Original Passed By	<b>AJAY JAIN</b> , Principal Commissioner, Customs, Ahmedabad
E	Date of Order	25.11.2016
F	Date of Issue	25.11.2016
G	Name and Address of Noticees	1. M/s Essar Steel Ltd., Hazira, Surat 2. Shri Ajoy Ghosh, General Manager, M/s Essar Steel Ltd., Hazira, Surat -394 270

1. This copy is granted free of Charge for the use of the person to whom it is issued.
2. An appeal against this Order files before the Customs, Excise and Service Tax Appellate Tribunal, Western Zonal Bench (WZB), O-20, New Mental Hospital Compound, Meghaninagar, Ahmedabad, PIN Code No:380 016 within three months from the date of receipt of this Order as provided under Section 129A(3) of the Customs Act, 1962.
3. The appeal is required to be filed in quadruplicate in from CA-3 as per Rule 6(4) of Customs (Appeals) Rules, 1982. It should be accompanied by following documents:-
  - I) Four copies of the Order, appealed against should be filed, where one copy should be a certified copy duly affixed a Court Fee Stamp of Rs.5=00.
  - II) A crossed demand draft drawn in favour of the Assistant Registrar of the Bench of the Tribunal on a branch of any Nationalized Bank located where the Tribunal is situated, for an amount of Rs.1,000/-, Rs.5,000/- or Rs.10,000/- as the case may be, in view of Sub- Section 6 of Section 129(A) of the Customs Act, 1962.
4. The Appeal should bear a Court Fee Stamp as provided under Indian Stamp Act, 1989 (enacted by the State legislation).
5. Any person desirous to file an Appeal against this Order Shall deposit seven and a half per cent (subject to maximum of Rs. 10 crores) of the Duty demanded, inc case where duty or duty and penalty are in dispute, or penalty, where such penalty along is in dispute, failure of which the appeal will be liable to be rejected for non-compliance of the provisions of Section 129(E) of the Customs Act, 1962.
6. The Appeal should be presented in person to the Registrar of the Bench or to be sent by registered post addressed to the Registrar.



**BRIEF FACTS OF THE CASE:**

1. M/s Essar Steel Ltd., Hazira, Surat had filed applications for registration of contracts under Project Import Regulations, 1986 for setting up of Hot Rolled Coils (H.R. Coils) plant at Hazira. The total value of the said project was declared as Rs. 718,13,37,405/-. They submitted copies relevant documents and collaboration agreement with MET CHEM, CANADA, the supplier of technical services required for setting up and commissioning of the plant. The said contracts were registered with Customs House, Surat under F.No. CH/61/93 and were allotted Contract No. 3-1/92-93 to 3-11/92-93, as and when the contracts were filed.

2. As per the Collaboration agreement dated 13.04.1991 between M/s Essar Steel Ltd. and M/s Met Chem, Canada, it appeared that the scope of supply has been mentioned under Point No. 2.0. The scope of supply has been agreed as "Technical Consultant shall render the following engineering and other technical services from outside India"-

- (a) Project Engineering Services: Technical Consultant shall act as technical coordinator for the successful setting up, commissioning of all the facilities and achieving stabilized operations of the plant. Technical Consultant shall co-operate all technical matters such as, but not limited to: studying various alternative specifications and processes for the plant and for manufacturing of products; making recommendations for the most suitable and economic process, final detailed specifications and processes for the selected route; advising as required regarding technical proposals from various equipment and the erection thereof at the site, including civil engineering, design, construction and installation of project utilities necessary for the successful setting up of the plant; carrying out the detailed project engineering included giving approvals for the various construction and project implementation activities, engineering drawings, method of construction etc.
- (b) Supervision and monitoring of the Project: Technical Consultant shall provided advice regarding the activities in connection with the setting up of the plant from the technology costs and time schedule angle.
- (c) Assistance in transfer of Technology: Technical Consultant shall select appropriate sub contractor/contractors depending on the source of technologies and organize transfer of ESSAR technology necessary for successful operations and maintenance of the plant.
- (d) Procurement support Services : Technical Consultant shall provide procurement support services for procurement of equipment in India such as assistance in finalization of lists, specifications and sizes and configuration of equipment to be purchased, listing of suitable vendors, floating inquiries, scrutiny of quotation received, assistance in negotiations with suppliers and in finalization of orders, pre-dispatch inspection and witnessing of tests etc.
- (e) Technical Consultant shall obtain at its own cost, for the benefit of ESSAR, a licence for ESSAR to design, manufacture, purchase and install an H.B.I./process facility and for the use/practice of the Midrex HBI process to produce DRI/HBI.

3. Further, as per point No. 3 of the said agreement technical consultant shall be paid lump sum fees of Seventy Eight Millions Nine Hundred Fifty Thousand Deutsche Marks (DM 78,950,000) for the scope of supply to be provided by the



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