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DIN- 20251171MO000001010A

SHOW CAUSE NOTICE

Sub:-Customs – Non-Payment of Anti-Dumping Duty imposed vide Notification No. 31/2022-Customs(ADD) & Non-conformity to the Standards specified under Steel and Steel Products (Quality Control) Orders by M/s. Vedanta Limited (IEC: 1788000234)-

WHEREAS IT APPEARS THAT-

M/s. Vedanta Limited (IEC: 1788000234), having its registered office at 1st Floor, C Wing Unit, 103 Corporate Avenue, Andheri, East Mumbai, Maharashtra – 400 059 (hereinafter referred to as “**M/s Vedanta/** Importer”) is a natural resources and technology conglomerate with diversified interests in Oil & Gas, Zinc-Lead-Silver, Aluminium, Iron Ore, Steel, Copper etc.

2. Whereas, specific intelligence gathered by the officers of Directorate of Revenue Intelligence (DRI), indicated that M/s Vedanta had imported “OILWELL SPARES: PUP JNT TBNG;2-7/8IN,STL, 13CR L80,2-7 PUP JOINT, TUBING; NOMINALSIZE: 2-7/8 IN”, “OILWELL SPARES: PUP JNT TBNG;2-7/8IN,STL, 13CR L80,2-7 PUP JOINT, TUBING; NOMINALSIZE: 2-7/8 IN”, “OILWELL SPARES: PUP JNT TBNG;3-1/2IN,STL,13 CR L80,3-1 PUP JOINT, TUBING; NOMINAL SIZE: 3-1/2”, etc from supplier M/s. Hunting Energy Services through Mundra(INMUN1) Port by mis-classifying them under CTI **73042990** which covers “-Casing, tubing and drill pipe, of a kind used in drilling for oil or gas -- Other --- Other” while these goods appear to be rightly classifiable under CTI **73042400** which covers **Stainless steel Tubes/casing**; that the importer cleared the goods without the payment of applicable Anti-Dumping Duty imposed vide Notification No.31/2022-Customs

(ADD) dated 20.12.2022 read with Notification No.06/2023 dated 09.06.2023. (hereinafter referred to as “**the ADD notification**”); that the said imports are not in conformance of the Steel and Steel Products (Quality Control) Order, 2020 issued vide S.O. 4637(E) dated 22.12.2020 (applicable till 04.02.2024), Steel and Steel Products (Quality Control) Order, 2024 issued vide S.O. 574(E) dated 05.02.2024 (applicable till 28.08.2024) and Steel and Steel Products (Quality Control) Order, 2024 issued vide S.O. 3716(E) dated 29.08.2024 issued by Ministry of Steel.

3. The relevant tariff items under the heading 7304 are reproduced below for ready reference:

7304 TUBES, PIPES AND HOLLOW PROFILES, SEAMLESS, OF IRON (OTHER THAN CAST IRON) OR STEEL				
	<i>- Line pipe of a kind used for oil and gas pipelines:</i>			
7304 11	-- Of stainless steel:			
7304 11 10	--- Tubes and pipes	kg.	15%	-
7304 11 20	--- Blanks for tubes and pipes	kg.	15%	-
7304 11 90	--- Other	kg.	15%	-
7304 19	-- Other:			
7304 19 10	--- Tubes and pipes	kg.	15%	-
7304 19 20	--- Blanks for tubes and pipes	kg.	15%	-
7304 19 90	--- Other	kg.	15%	-
	<i>- Casing, tubing and drill pipe, of a kind used in drilling for oil or gas:</i>			
7304 22 00	-- Drill pipe of stainless steel	kg.	15%	-
7304 23	-- Other drill pipe:			
7304 23 10	--- Of iron	kg.	15%	-
7304 23 90	--- Other	kg.	15%	-
7304 24 00	-- Other, of stainless steel	kg.	15%	-
7304 29	-- Other:			
7304 29 10	--- Of iron	kg.	15%	-
7304 29 90	--- Other	kg.	15%	-
	<i>- Other, of circular cross-section, of iron or non-alloy steel:</i>			
7304 31	--- Cold-drawn or cold-rolled (cold-reduced):			
	--- Up to 114.3 mm outer diameter:			
7304 31 11	---- Of iron	kg.	15%	-
7304 31 19	---- Other	kg.	15%	-
	--- Above 114.3 mm but up to 219.1 mm outer diameter			
7304 31 21	--- Of iron	kg.	15%	-
7304 31 29	--- Other	kg.	15%	-
	--- Above 219.1 mm diameter:			

3a. Based on the tariff entries, casings and tubings of Stainless Steel used in drilling for oil or gas are rightly classifiable under CTI 73042400 whereas casings and tubings other than of stainless steel are rightly classifiable under CTSN 730429. 'Stainless Steel' is defined in Note 1(e) of Chapter 72 as *"Alloy steels containing, by weight, 1.2% or less of carbon and 10.5% or more of chromium, with or without other elements"*.

3b. 'Tubes and Pipes' are defined in the Section Note 9(e) to Section XV as *"Hollow products, coiled or not, which have a uniform cross-section with only one enclosed void along their whole length in the shape of circles, ovals, rectangles (including squares), equilateral triangles or regular convex polygons, and which have a uniform wall thickness. Products with a rectangular (including square), equilateral triangular or regular convex polygonal cross-section, which may have corners rounded along their whole length, are also to be considered as tubes and pipes provided the inner and outer cross-sections are concentric and have the same form and orientation. Tubes and pipes of the foregoing cross-sections may be polished, coated, bent, **threaded**, drilled, waisted, expanded, cone-shaped or fitted with flanges, collars or rings"* and also in General Note 1 in Page XV-73-1 to Chapter 73 of the HSN Explanatory Notes as *"Concentric hollow products of uniform cross-section with only one enclosed void along their whole length, having their inner and outer surfaces of the same form. Steel tubes are mainly of circular, oval, rectangular (including square) cross-sections but in addition may include equilateral triangular and other regular convex polygonal cross-sections. Products of cross-section other than circular with rounded corners along their whole length and tubes with upset ends, are also to be considered as tubes. They may be polished, coated, bent (including coiled tubing), **threaded** and coupled or not, drilled, waisted, expanded, cone shaped or fitted with flanges, collars or rings."*

3c. Based on the description of the imported goods, it is found that the goods are 13 CR L80 Tubes. From the open source (**Annexure-A3**), it is learnt that 13 CR Tubes are Steel tubes with Carbon content by weight between 0.15% to 0.22% and Chromium between 12% to 14%. From the test certificates (**Annexure-A1**) uploaded by the importer, the Composition of the subject goods conformed to the criteria for Stainless Steel mentioned above. Further, it seen that the importer themselves has classified the item of same grade i.e. 13 CR L80 under CTI 73042400 while importing from Japan vide Bill of Entry No. 9422287 dated 05.07.2022(**Annexure-A2**). Therefore, it appears that the imported goods are indeed Stainless-Steel tubes and that they are rightly classifiable under CTI 73042400.

4. The text of the Notification No. 31/2022-Customs (ADD) dated 20.12.2022 is reproduced below for reference:

“Whereas in the matter of ‘Stainless-Steel Seamless Tubes and Pipes’ (hereinafter referred to as the subject goods) falling under chapter heading 7304 of the First Schedule to the Customs Tariff Act, 1975 (51 of 1975) (hereinafter referred to as the Customs Tariff Act), originating in, or exported from China PR(hereinafter referred to as the subject country), and imported into India, the designated authority in its final findings, vide notification No.6/13/2021-DGTR, dated the 23rd September, 2022, published in the Gazette of India, Extraordinary, Part I, Section 1, dated the 23rd September, 2022, read with corrigendum notification No. of even number, dated 30th September, 2022,has come to the conclusion that—

- (i) the subject goods have been exported to India from the subject countries below normal values;*
- (ii) the domestic industry has suffered material injury on account of subject imports from subject countries;*
- (iii) the material injury has been caused by the dumped imports of subject goods from the subject countries,*

and has recommended imposition of anti-dumping duty on the imports of subject goods, originating in, or exported from the subject countries and imported into India, in order to remove injury to the domestic industry. Now, therefore, in exercise of the powers conferred by sub-sections (1) and (5) of section 9A of the Customs Tariff Act read with rules 18, 20 and 23 of the Customs Tariff (Identification, Assessment and Collection of Anti-dumping Duty on Dumped Articles and for Determination of Injury) Rules, 1995, the Central Government, after considering the aforesaid final findings of the designated authority, hereby imposes on the subject goods, the description of which is specified in column (3) of the Table below, falling under heading of the First Schedule to the Customs Tariff Act as specified in the corresponding entries in column (2), originating in the countries as specified in the corresponding entries in column (4), exported from the countries as specified in the corresponding entries in column (5), produced by the producers as specified in the corresponding entries in column (6), and imported into India, an anti-dumping duty at the rate equal to the amount as specified in the corresponding entries in column (7), in the currency as specified in the corresponding entries in column (9) and as per unit of measurement as specified in the corresponding entries in column (8), of the said Table, namely:-

TABLE

S.N	Heading	Description of subject goods	Country of origin	Country of export	Producer	Amount	Unit	Currency
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1.	7304	Stainless-Steel Seamless Tubes and Pipes**	China PR	Any country including China PR	Zhejiang Bangnuo Steel Pipe Co., Ltd.	114	MT	USD
2.	7304	Stainless-Steel Seamless Tubes and Pipes**	China PR	Any country including China PR	Zhejiang HongQuan Stainless Steel Co., Ltd. and Zhejiang Yinlong Stainless Steel Co., Ltd. and Zhejiang Yinlai Steel Tube Co., Ltd.	886	MT	USD
3.	7304	Stainless-Steel Seamless Tubes and Pipes**	China PR	Any country including China PR	Wenzhou Sodo Stainless Steel Manufacturing Co., Ltd.	1,492	MT	USD
4.	7304	Stainless-Steel Seamless Tubes and Pipes**	China PR	Any country including China PR	Zhejiang Huatian Stainless Steel Manufacturing Co., Ltd.	1,005	MT	USD
5.	7304	Stainless-Steel Seamless Tubes and Pipes**	China PR	Any country including China PR	Zhejiang Yi Jia Wang Steel Tube Co., Ltd.	3,191	MT	USD
6.	7304	Stainless-Steel Seamless Tubes and Pipes**	China PR	Any country including China PR	Zhejiang Jiuli Hi-Tech Metals Co., Ltd.	Nil	MT	USD
7.	7304	Stainless-Steel Seamless	China PR	Any country	Huadi Steel Group Co., Ltd.	Nil	MT	USD

S.N	Heading	Description of subject goods	Country of origin	Country of export	Producer	Amount	Unit	Currency
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
		Tubes and Pipes**		including China PR				
8.	7304	Stainless-Steel Seamless Tubes and Pipes**	China PR	Any country including China PR	Jiangsu Wujin Stainless Steel Pipe Group Co., Ltd.	Nil	MT	USD
9.	7304	Stainless-Steel Seamless Tubes and Pipes**	China PR	Any country including China PR	Zhejiang Tsingshan Steel Pipe Co., Ltd.	Nil	MT	USD
10.	7304	Stainless-Steel Seamless Tubes and Pipes**	China PR	Any	Any producer other than serial number 1 to 9	3,801	MT	USD
11.	7304	Stainless-Steel Seamless Tubes and Pipes**	Any country Other than China PR	China PR	Any	3,801	MT	USD

** Stainless-Steel Seamless Tubes and Pipes with diameter up to and including 6 NPS, or comparable thereof in other unit of measurement, whether manufactured using hot extrusion process or hot piercing process and whether sold as hot finished or cold finished pipes and tubes, including subject goods imported in the form of defectives, non-prime or secondary grades.*

2. The anti-dumping duty imposed under this notification shall be effective for a period of five years (unless revoked, superseded or amended earlier) from the date of publication of this notification in the Official Gazette, and shall be payable in Indian currency.

Explanation.-For the purposes of this notification, rate of exchange applicable for the purposes of calculation of such anti-dumping duty shall be the rate which is specified in the notification of the Government of India, Ministry of Finance (Department of Revenue), issued from time to time, in exercise of the powers conferred by section 14 of the Customs Act, 1962 (52 of 1962), and the relevant date for the determination of the rate of exchange shall be the date of presentation of the bill of entry under section 46 of the said Act.”

The said ADD Notification imposes ADD on ‘Stainless Steel Seamless Tubes and Pipes with diameter up to and including 6 NPS, or comparable’ originating from China at different

rates for different producers. Since, the subject item appeared to be of Stainless Steel as per Para 3 above and the producer of the subject goods M/s. Hunting Energy Services is not specifically mentioned in the above Notification in Column 6 from Row 1 to Row 9, it appears that ADD is leviable at 3801 USD per MT on the tubes whose diameter is less than 6 NPS.

5. Further, imports of Stainless Steel Pipes and Tubes classifiable under CTI 73042400 should conform to standards specified in Steel and Steel Products (Quality Control) Order, 2020 issued vide S.O. 4637(E) dated 22.12.2020 (applicable till 04.02.2024), Steel and Steel Products (Quality Control) Order, 2024 issued vide S.O. 574(E) dated 05.02.2024 (applicable till 28.08.2024) and Steel and Steel Products (Quality Control) Order, 2024 issued vide S.O. 3716(E) dated 29.08.2024 issued by Ministry of Steel (enclosed as **Annexure-A14**). As per the said QCOs, since the subject item appears to be rightly classifiable under CTI 73042400 it falls under Sl. No. 2 of the Table/ Schedule 2. The relevant portion is reproduced below:

Table/ Schedule 2

Sl. No.	Goods and articles	Essential requirements/ Clause	ITC (HS) Code	Date of implementation
(1)	(2)	(3)	(4)	(5)
2	Stainless steel pipes and tubes	Clause2(3) (as per QCO, 2020) Sub-paragraph (4) of paragraph 3 (as per both QCO, 2024)	73041110 73041120 73041190 73042200 73042400 73044100 73044900 73051129 73051229 73053190 73053990 73059029 73059099 73061100 73062100 73064000 73066100 73066900 73069090	With immediate effect

5a. The requirement for the said Sl. No. as per QCO, 2020 is mentioned in Sub-Para (3) of Para 2 which is reproduced below:

“(3) Goods and articles specified in column (2) of Table 2 at Sl. No. 2 shall be made from the stainless steel as input material, specified in column (3) of Table 1, conforming to

Indian Standards specified in column (2) of Table 1, bearing Standard Mark under a licence from the Bureau as per Scheme – I of Schedule – II of the Bureau of Indian Standards (Conformity Assessment) Regulations, 2018 and shall be accompanied with the test certificate of the input material.”

5b. The requirement for the said Sl. No. as per QCO, 2024 is mentioned in Sub-Para (4) of Para 3 which is reproduced below:

“3. Conformity to Standards and essential requirements–

(4) Goods and articles specified in column (2) of Schedule 2 against serial number 2 shall be made from the stainless steel as input material, specified in column (3) of Schedule 1, conforming to Indian Standards specified in column (2) of Schedule 1, bearing Standard Mark under a licence from the Bureau of Indian Standards in accordance with Scheme – I of Schedule – II to the Bureau of Indian Standards (Conformity Assessment) Regulations, 2018 and shall be accompanied with–

(a) the test certificate of the goods and articles specified in column (2) of Schedule 2 against serial number 2 with each consignment; and

(b) the test certificate bearing the Standard Mark of input material issued by the Bureau of Indian Standards certified manufacturer with each consignment.”

6. As per the Paras 3,4,5 above, it appears that the imported goods are rightly classifiable under CTI 73042400 as they are made of Stainless Steel; that they are liable to Anti-Dumping Duty @3801 USD per MT and restricted for import as per Steel and Steel Products (Quality Control) Orders. The importer was asked vide letter dated 26.04.2024 (**Annexure-A4**) to submit their reply to the observation of the department that Anti-Dumping Duty is payable as per the ADD Notification.

7. M/s. Vedanta vide their letter dated 10.06.2024 (**Annexure-A5**) have furnished their reply to the observation of the department. The summary of the reply is provided below-

- i. They are engaged in the exploration and production of crude oil and natural gas within the RJ oil block in Rajasthan which has highly corrosive environment. Hence, the use of the specialized steel tubes provides resistance to corrosion and ensures the safe and efficient extraction of petroleum resources. The subject goods are manufactured to comply with the stringent American Petroleum Institute (“API”) 5CT specifications

[standard technical specification for steel casing and tubing pipes used in oil wells in petroleum and natural gas industries] which ensures that the materials used can withstand the harsh conditions found in drilling environments, including high pressures and corrosive substances.

- ii. The subject goods imported by the Company are not covered by the ADD notification as they differ significantly from the Product under Consideration (PUC) in the ADD Notification in terms of their manufacturing process, physical and chemical properties, and their end-use applications.
- iii. The subject goods undergo a specialized manufacturing process, wherein premium connection threading is carried out at both ends of the pipe/tube. This threaded connection is known as 'SEAL-LOCK XD1', is a proprietary technology owned by M/s. Hunting Energy Services Pte Ltd., Singapore (HESPL). This treatment primarily enhances the sealing performance of the steel tubes, making them capable of withstanding high pressure and corrosive substances encountered in drilling operations and the threading process is a 30-35% value addition to a simple plain end pipe.
- iv. The API 5CT L80(13 Cr) standard Steel has 0.15-0.22% Carbon and 12-14% Chromium which make the subject goods an entirely distinct product from the one covered by the ADD notification like ASTM 410 (produced by M/s. Tubacex Prakash India Pvt Ltd who participated in ADD Investigation by DGTR) as the carbon content in API Spec 5CT L80 13Cr is significantly higher (0.15%-0.30%) compared to ASTM 410's maximum of 0.025%. This is particularly evident, since an anti-dumping duty cannot be imposed on products which are not produced domestically. None of the Indian domestic producers (including the Applicants) produced the subject goods during FY 2020-21.
- v. Regarding the change of classification, the Importer submitted that they have classified goods based on the tariff code indicated by the supplier, Sumitomo Corporation Asia & Oceania Pte. Ltd., who has mentioned CTH 73042400 in its sales invoice. On the other hand, HESPL mentioned CTH 7304 2990 in its sales invoice.

8. As part of the investigation, the Statement (**Annexure –A6**) of Shri Anand Harod, Senior Manager Logistics of M/s. Vedanta Limited was recorded on 29.08.2024. From the statement, following aspects were revealed:

- a. The subject items are Seamless Stainless Steel Pipes/ Tubes. (In reply to Question No.13)

- b. The Steel Pipes/ Tubes were manufactured by M/s. Core Base and the threading/ connection is provided by M/s. Hunting Energy Services (In response to Question 20).
- c. Neither M/s. Core base nor Ms/. Hunting Energy Services are exempted from payment of ADD by the said ADD Notification. (In response to Question 19 & 21)
- d. On showing the definition of Tubes and Pipes available in General Note 1 to Chapter 73 of the HSN Explanatory Notes, Shri. Anand Harod accepted that the subject goods fall under the definition of Tubes/Pipes and that the threading does not affect the same. (In response to Question 24)
- e. On being asked if there are any domestic suppliers who can supply 13 Cr L80 pipes without threading, he informed that the same needs to be verified. (In response to Question 29)
- f. He agreed that the Anti-Dumping Duty is leviable on the subject items if the domestic industry has the manufacturing capabilities of 13 Cr L80 grade steel pipes/ Tubes. (In response to Question 30)

9. To verify the claim of the Importer that no domestic company has the capability to manufacture the said goods, letters to multiple firms were written and in reply, M/s. Jindal Saw Ltd vide letter dated 18.10.2024 (**Annexure-A7**) stated that they have capability to manufacture the same with the coupling threading support from M/s. Hunting Energy service Ltd, Singapore, from FY 2020-21 as they have joint venture with M/s. Hunting Energy Services which is the producer of subject Imports by M/s. Vedanta and that they are seeking imposition of ADD on the import of said goods.

10. Further, an Export Invoice No. PCM-Q-144553 dated 26.02.2019(**Annexure-A8**) issued by M/s. ISMT Limited in favour of M/s. Samuel, Son & Co Ltd, Canada was found for export of Raw Seamless Tubing of API 5CT L80 specification which M/s. Vedanta claims to be unavailable in India.

11. Another Statement of Shri. Anand Harod (**Annexure-A9**) was recorded on 17.12.2024. From the statement, following aspects were revealed:

a. On showing the Letter of M/s. Jindal Saw Ltd dated 18.10.2024, Shri. Anand Harod submitted that they have understood that M/s. Hunting Energy Services, their supplier, has a Joint Venture in India with M/s. Jindal Saw Ltd for carrying out the threading process on

Stainless Steel Tubes and Pipes and that M/s. Jindal Saw Ltd has not participated in their International Competitive Bidding. (In response to Question 1 & 2)

b. On Showing the Export Invoice No. PCM-Q-144553 dated 26.02.2019 issued by M/s. ISMT Limited, Shri. Anand Harod submitted that they were unaware of the fact that M/s. ISMT Limited has capability to manufacture API Grade. (In response to Question 3)

c. On questioning why different Classification is mentioned in SIMs Certificate of their imports from Japan and China, Shri. Anand Harod informed that they have adopted the classification mentioned by the Supplier and agreed that both the imports are of similar nature. (In response to Question 6 & 7)

d. He accepted that the subject goods are rightly classifiable under CTI 73042400 and that they violated the provisions of Section 46(4A) of the Customs Act and Circular 17/2011-Customs dated 08.04.2011. It was also submitted that they have not misclassified the goods to evade the payment of Anti-Dumping Duty. (In response to Question 6,7&8)

12. Further, a letter dated 18.12.2024 (**Annexure A-10**) was addressed to the Deputy Commissioner of Customs, SIIB, Mundra Customs Commissionerate requesting to check the consignment covered by Bill of Entry No. 7199523 dated 12.12.2024 for the presence of any “13 CR L80 grade stainless steel seamless pipes and tubes with diameter upto and including 6 Nominal Pipe Size (NPS), or comparable thereof in other unit of measurement” and to get them examined by a Chartered Engineer for seeking comments on:

- i. Whether the goods have threading.
- ii. What is the type of threading, its uniqueness and its significance in the end product.
- iii. Whether the goods are compliant with American Petroleum Institute Standards for Petroleum Equipment.
- iv. What is the value of the said goods and the percentage of value addition the threading process brings to the said goods.

13. In response, Deputy Commissioner (SIIB), Mundra Customs vide letter dated 31.12.2024(**Annexure-A11**) stated that the consignment was examined on 24.12.2024 in the presence of Empanelled Chartered Engineer Shri. Tushar Zankat and forwarded the Panchanama containing Examination Proceedings and the Chartered Engineer report dated 28.12.2024. The findings of the Chartered Engineer are that the Pup -Joints have threading; that they are compliant with API 5CT Grade L80 of American Petroleum Institute (API) Standards which is a martensitic stainless steel with about 13% Chromium which provides

excellent Corrosion resistance and medium strength with a minimum yield strength of 80,000 psi; that since the threading process is the inclusive process in the manufacturing the cargo, the specific value addition could not be arrived at.

14. Further, to verify if the imported goods conform to the standards mentioned in the Steel and Steel Products (Quality Control) Order, 2020 issued vide S.O. 4637(E) dated 22.12.2020 (valid till 04.02.2024), Steel and Steel Products (Quality Control) Order, 2024 issued vide S.O. 574(E) dated 05.02.2024 (valid till 28.08.2024) and Steel and Steel Products (Quality Control) Order, 2024 issued vide S.O. 3716(E) dated 29.08.2024 issued by Ministry of Steel, a letter dated 18.02.2025 (**Annexure-A12**) was sent to the Importer. In response, the Importer vide letter dated 06.03.2025 submitted that although the QCO issued by Ministry of Steel applies to Stainless Steel Pipes and Tubes classifiable under CTI 73042400, there is no specific standard for Tubes/ Pipes used in Petroleum and Natural gas Industries (OCTG Pipes); that BIS is in the process of adopting specific standards for "Steel Pipes for Use as Casing or Tubing for Oil Wells" which aligns with the International Standard (ISO 11960:2020), titled "Petroleum and Natural Gas Industry – Steel Pipes for Use as Casing or Tubing for Wells", issued by the International Organization for Standardization; that the subject imported goods are compliant to API Standard which also aligns with the ISO 11960:2020 and that M/s. Vedanta has applied for NOC from Ministry of Steel vide letter dated 18.02.2025. The Letter of M/s. Vedanta dated 06.03.2025 along with enclosures is annexed as (**Annexure - A13**).

14b. Further, the Deputy Commissioner of Customs (SIIB), Mundra Port vide letter dated 22.04.2025 (**Annexure - A15**) stated that '13 CR L80 Steel Tubes/ Pipes' imported vide Bill of Entry No. 7199523 dated 12.12.2024 and 7556597 dated 31.12.2024 were seized on 07.01.2025 and 20.02.2025 respectively since the goods appeared to have been imported without payment of Anti-Dumping Duty.

15. On the basis of the above proceedings and documents, the following conclusions can be made-

a. From the test certificates uploaded by the importer, the Composition of the subject goods conformed to the criteria for Stainless Steel as defined in Note 1(e) of Chapter 72 and to the definition of Tubes and Pipes available in the Section Note 9(e) to Section XV and General Note 1 to Chapter 73 of the HSN Explanatory Notes. The same was confirmed by the representative of the importer during statement recorded on 29.08.2024 and by the Chartered Engineer in report dated 28.12.2024.

b. Since, the subject goods are Stainless Steel Tubes and Pipes with diameter up to and including 6 NPS or comparable thereof, from China and merit classification under the CTH 7304, they appear to be included in the Product under consideration (PUC) of the said Notification No. 31/2022-Customs (ADD) dated 20.12.2022. Notwithstanding the same, the claim of the Importer that domestic industry has no capability to manufacture the said goods is refuted as M/s. JSW Limited appear to have the capability to manufacture the same through their joint Venture with M/s. Hunting Energy Services. Moreover, M/s. ISMT Limited vide their Invoice No. PCM-Q-144553 dated 26.02.2019 have exported the same grade of Tubes to Canada. Accordingly, it appears that ADD is leviable on the said goods.

c. The goods being made of Stainless Steel are rightly classifiable under CTI 73042400 and not under 73042990 which was declared by the importer while importing from China. The same was accepted by the representative of the importer during statement recorded on 17.12.2024. Moreover, the Importer themselves have classified the items of same grade under CTI 73042400 while importing from Japan.

d. Accordingly, the subject goods should conform to Clause 2(3) of QCO, 2020 or Sub-paragraph (4) of paragraph 3 of both QCOs of 2024. However, it appears that the Importer has not complied with the Essential requirements of the said QCOs not only in respect of the goods imported from China but also from Japan and Singapore and has only submitted a copy of their application for NOC they submitted to Ministry of Steel.

16. Legal Provisions:

16.1 Section 2(4) – *“bill of entry means a bill of entry referred to in section 46;*

16.2 Section 2(23) – *“import”, with its grammatical variations and cognate expressions, means bringing into India from a place outside India;*

16.3 Section 2(26) – *“importer”, in relation to any goods at any time between their importation and the time when they are cleared for home consumption, includes [any owner, beneficial owner] or any person holding himself out to be the importer;*

16.4 Section 17 of the Customs Act, 1962: *“(1) An importer entering any imported goods under section 46, or an exporter entering any export goods under section 50, shall, save as otherwise provided in section 85, self-assess the duty, if any, leviable on such goods....”*

16.5 Section 28(4) of the Customs Act, 1962: *“(4) Where any duty has not been 10[levied or not paid or has been short-levied or short-paid] or erroneously refunded, or interest payable has not been paid, part-paid or erroneously refunded, by reason of,-*

- (a) collusion; or*
- (b) any wilful mis-statement; or*
- (c) suppression of facts,*

by the importer or the exporter or the agent or employee of the importer or exporter, the proper officer shall, within five years from the relevant date, serve notice on the person chargeable with duty or interest which has not been ¹¹[so levied or not paid] or which has been so short-levied or short-paid or to whom the refund has erroneously been made, requiring him to show cause why he should not pay the amount specified in the notice.

16.6 Section 28AA of the Customs Act, 1962: *“ Notwithstanding anything contained in any judgment, decree, order or direction of any court, Appellate Tribunal or any authority or in any other provisions of this Act or the rules made thereunder, the person, who is liable to pay duty in accordance with 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..... ”*

16.7 Section 46 (1) of the Customs Act, 1962: *“The importer of any goods, other than goods intended for transit or transshipment, shall make entry thereof by presenting electronically on the customs automated system to the proper officer a bill of entry for home consumption or warehousing in such form and manner as may be prescribed.....”*

16.8 Section 46 (4) of the Customs Act, 1962: *“The importer while presenting a bill of entry shall make and subscribe to a declaration as to the truth of the contents of such bill of entry and shall, in support of such declaration, produce to the proper officer the invoice, if any, (and such other documents relating to the imported goods as may be prescribed).”*

16.9 Section 46 (4A) of the Customs Act, 1962: *“The importer who presents a bill of entry 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.”*

16.10 Section 110AA of the Customs Act, 1962: “Where in pursuance of any proceeding, in accordance with Chapter XIA or this Chapter, if an officer of customs has reasons to believe that—

(a) any duty has been short-levied, not levied, short-paid or not paid in a case where assessment has already been made;

.....

.....

then such officer of customs shall, after causing inquiry, investigation, or as the case may be, audit, transfer the relevant documents, along with a report in writing—

(i) to the proper officer having jurisdiction, as assigned under section 5 in respect of assessment of such duty, or to the officer who allowed such refund or drawback; or

(ii) in case of multiple jurisdictions, to an officer of customs to whom such matter is assigned by the Board, in exercise of the powers conferred under section 5,

and thereupon, power exercisable under sections 28, 28AAA or Chapter X, shall be exercised by such proper officer or by an officer to whom the proper officer is subordinate in accordance with sub-section (2) of section 5]

16.11 Section 111 of the Customs Act, 1962 : Confiscation of improperly imported goods, etc. –

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

(d) any goods which are imported or attempted to be imported or are brought within the Indian customs waters for the purpose of being imported, contrary to any prohibition imposed by or under this Act or any other law for the time being in force;

(m) any goods which do not correspond in respect of value or in any other particular with the entry made under this Act or in the case of baggage with the declaration made under section 77 in respect thereof, or in the case of goods under the transhipment, with the declaration for transhipment referred to in the proviso to sub-section (1) of Section 54;

(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;

16.12 Section 112- Penalty for improper importation of goods, etc. – 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*

(b) *who acquires possession of or is in any way concerned in carrying, removing, depositing, harbouring, keeping, concealing, selling or purchasing, or in any other manner dealing with any goods which he knows or has reason to believe are liable to confiscation under section 111, shall be liable, -*

(i) in the case of goods in respect of which any prohibition is in force under this Act or any other law for the time being in force, to a penalty not exceeding the value of the goods or five thousand rupees, whichever is the greater;

(ii) in the case of dutiable goods, other than prohibited goods, to a penalty not exceeding the duty sought to be evaded on such goods or five thousand rupees, whichever is the greater;

(iii) in the case of goods in respect of which the value stated in the entry made under this Act or in the case of baggage, in the declaration made under section 77 (in either case hereafter in this section referred to as the declared value) is higher than the value thereof, to a penalty not exceeding the difference between the declared value and the value thereof or five thousand rupees, whichever is the greater;

(iv) in the case of goods falling both under clauses (i) and (iii), to a penalty not exceeding the value of the goods or the difference between the declared value and the value thereof or five thousand rupees, whichever is the highest;

(v) in the case of goods falling both under clauses (ii) and (iii), to a penalty not exceeding the duty sought to be evaded on such goods or the difference between the declared value and the value thereof or five thousand rupees, whichever is the highest.

16.13. Section 114A : *“Penalty for short-levy or non-levy of duty in certain cases.”*

Where the duty has not been levied or has been short-levied or the interest has not been charged or paid or has been part paid or the duty or interest has been erroneously refunded by reason of collusion or any wilful mis-statement or suppression of facts, the person who is liable to pay the duty or interest, as the case may be, as determined under sub-section (8) of section 28 shall also be liable to pay a penalty equal to the duty or interest so determined.”

16.14 **Section 117 of the Customs Act, 1962:** *“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.”*

16.15 **Section 125. Option to pay fine in lieu of confiscation.** - *(1) Whenever confiscation of any goods is authorised by this Act, the officer adjudging it may, in the case of any goods, the importation or exportation whereof is prohibited under this Act or under any other law for the time being in force, and shall, in the case of any other goods, give to the owner of the goods or, where such owner is not known, the person from whose possession or Custody such goods have been seized, an option to pay in lieu of confiscation such fine as the said officer thinks fit:*

Provided that where the proceedings are deemed to be concluded under the proviso to sub-section (2) of section 28 or under clause (i) of sub-section (6) of that section in respect of the goods which are not prohibited or restricted, no such fine shall be imposed: Provided further that, without prejudice to the provisions of the proviso to sub-section (2) of section 115, such fine shall not exceed the market price of the goods confiscated, less in the case of imported goods the duty chargeable thereon.

(2) Where any fine in lieu of confiscation of goods is imposed under sub-section (1), the owner of such goods or the person referred to in sub-section (1), shall, in addition, be liable to any duty and charges payable in respect of such goods.

17. Obligation under Self-assessment:

The importer had subscribed to a declaration as to the truthfulness of the contents of the Bills of Entry in terms of Section 46(4) of the Customs Act, 1962, in all their import declarations. Further, consequent upon the amendment to Section 17 of the Customs Act, 1962 vide Finance Act, 2011, 'Self-Assessment' had been introduced in Customs. Section 17 of the Customs Act, 1962, effective from 08.04.2011, provides for self-assessment of duty on imported goods by the importer himself by filing a Bill of Entry, in electronic form. Section 46 of the Customs Act, 1962 makes it mandatory for the importer to make an entry for the imported goods by presenting a Bill of Entry electronically to the proper officer. As per Regulation 4 of the Bill of Entry (Electronic Integrated Declaration and Paperless Processing) Regulation, 2018 (issued under Section 157 read with Section 46 of the Customs Act, 1962), the Bill of Entry

shall be deemed to have been filed and self-assessment of duty completed when, after entry of the electronic declaration (which was defined as particulars relating to the imported goods that are entered in the Indian Customs Electronic Data Interchange System) either through ICEGATE or by way of data entry through the service centre, a Bill of Entry number was generated by the Indian Customs Electronic Data Interchange System for the said declaration. The Importer, however, has misclassified the goods and has not paid the payable Anti-Dumping Duty. The Importer's statement that they relied only on the supplier's recommendation for classification does not absolve the Importer from their mistake in mis-declaring the goods under wrong classification, since the Importer ought to have confirmed the classification of imported goods when the suppliers from 2 different countries are suggesting 2 different classifications for same product. Moreover, the classification eventually enabled them in evasion of ADD on goods imported from China. Further, they have imported goods which do not meet the Essential requirements of the QCOs issued by Ministry of Steel.

18. Reasons for raising duty demand by invoking extended period under Section 28(4) of the Customs Act, 1962.

a. From the test reports submitted by the Importer at the time of import, it is clear that the subject goods are of Stainless Steel. Even though the ADD Notification mentions the entire Chapter Heading 7304, the description limits the applicability of Anti-Dumping Duty only to 'Stainless Steel Tubes/ Pipes'. Further, the QCOs also are applicable only to Stainless Steel Pipes and Tubes. Hence, it appears that Importer had not classified the imported goods under CTI 73042400 i.e. "-- Other, of stainless steel" and had misclassified the goods under CTI 73042990 as "-- Other" i.e. pipes and tubes, other than stainless steel, to hide the actual material of goods that they are made of Stainless Steel to evade the payment of ADD and to import the goods in contravention of the restriction in place. Further, it appears that the Importer is aware of the correct classification, since they have correctly classified the goods of same grade under CTI 73042400 when importing from Japan. It is also to be noted that the ADD is not payable on imports of subject goods from Japan. However, the restriction of the QCOs is applicable to subject goods irrespective of the Country of Origin.

b. Further, under the scheme of self-assessment, it was the importer who must ensure that he declared the correct classification / CTH of the imported goods, the applicable rate of duty, value, and the benefit of exemption notification claimed, if any, in respect of the imported goods while presenting the Bill of Entry. Thus, with the introduction of self-assessment by

amendment to Section 17, w.e.f. 08.04.2011, it was the added and enhanced responsibility of the importer to declare the correct description, value, applicability of Notification benefit etc. and to correctly classify, determine and pay the duty applicable in respect of the imported goods.

19. Based on the discussions supra, it appears that the subject goods are classifiable under CTI 73042400 and liable to ADD @3801 USD per MT as per Notification No. 31/2022 dated 20.12.2022. The total differential duty worked out to Rs. 43,21,53,230/- for the period from 19.10.2023 till 31.12.2024. Thus, it appears that M/s. Vedanta is liable to pay differential duty of **Rs. 43,21,53,230/-** as worked out in the **Annexure –B1(List of items in respect of which ADD is payable and QCO is applicable)**. However, the importer has not made payment of differential duty as result of which the same is recoverable under the provisions of Section 28(4) of the Customs Act, 1962. Further, it also appears that M/s. Vedanta had imported the goods mentioned in Annexure – B1 & **Annexure - B2 (List of Items in respect of which QCO is applicable, whereas ADD is not applicable)** in contravention of the restriction imposed by QCOs issued by Ministry of Steel.

PORT	ASSESSABLE VALUE(ANNEXURE-B1)	TOTAL DIFFERENTIAL DUTY	ASSESSABLE VALUE (ANNEXURE-B2)
INMUN1	7,53,16,343/-	43,21,53,230	100,19,67,886
INNSA1	-	-	3,46,52,561
INMAA1	-	-	4,73,61,062
INIXY1	-	-	43,73,99,219
TOTAL	7,53,16,343	43,21,53,230	152,13,80,728

20. It appears that M/s. Vedanta had mis-classified the imported goods and has not paid the payable Anti-Dumping Duty. Hence, the subject goods mentioned in Annexure-B1 appear to be liable for confiscation under the provisions of Section 111(m) of the Customs Act, 1962. Further, the subject goods mentioned in Annexure-B1 & B2 are imported in contravention of the restriction imposed by QCOs issued by Ministry of Steel. Hence, the subject goods mentioned in Annexure-B1 & B2 appear to be liable for confiscation under the provisions of Section 111(d) & (o) of the Customs Act. For importing the goods liable for confiscation under the Section 111, the importer M/s. Vedanta Limited appears to be liable to penalty under Section 112(a) of the Customs Act, 1962. M/s. Vedanta Limited also appears to be liable for imposition of penalty under **Section 114A** of the Customs Act, 1962, for wilfully mis-declaring the classification of the goods to hide the fact that they are made of Stainless Steel, thus,

evading the payment of ADD and importing the good without satisfying the conditions of the restriction imposed by QCOs issued by Ministry of Steel.

21. Circular No.17/2011-Customs dated 08.04.2011 issued by Ministry of Finance, Department of Revenue, Central board of Excise & Customs vide F.No.450/26/2011-Cus.IV, Section 17 of the Customs Act, 1962 provides for self-assessment of duty by the importer by filing a Bill of Entry in the electronic form. The importer at the time of self-assessment is required to ensure that he declares the correct description of the goods, **classification**, applicable rate of duty, value, benefit of exemption Notifications claimed, if any, in respect of the imported goods **while presenting the Bill of Entry**. It is seen that the importer has resorted to incorrect self-assessment, by failing to adopt the correct classification and pay leviable duties, thereby violated provisions of Section 17 of the Customs Act, 1962.

22. Further, as per Section 46(4) and 46(4A) of the Customs Act, 1962, the importer is required to furnish a declaration as to the truth of the contents of Bill of entry and shall ensure accuracy and completeness of information, authenticity and validity of documents submitted. The importer is required to declare the full accurate details relating to the goods description, quantity, duties payable etc. It appears from the facts and the Statements of the key person and legal position that the impugned goods are classifiable under CTI 73042400 instead of 73042990 declared by the importer in the bills of entry; that the Importer has not paid applicable ADD and has not complied with the conditions of restriction imposed for import of Stainless Steel Tubes/Pipes.

23. Thus from paragraph 21 and 22 above, it appears that M/s. Vedanta has contravened the provisions of Section 17, Section 46(4) and 46(4A) of the Customs Act, 1962 in respect of goods covered under Bills of Entry detailed in **Annexure – B1 & B2** by not furnishing true and correct particulars of imported goods during assessment. Further, it appears M/s. Vedanta had not adopted the appropriate classification, resulting in Non-payment of ADD on the subject goods and has not complied with the conditions of restriction imposed for import of Stainless Steel Tubes/Pipes. Hence, it appears that M/s. Vedanta is liable for penalty under 117 of the Customs Act, 1962.

SUMMARY:

24. In view of the foregoing facts, documentary evidences on record, statements recorded during the investigation, legal provisions, it appears that:

- (i) M/s. Vedanta Limited have mis-classified the subject goods i.e. Oil Well Spares mentioned in Annexure-B1 under CTI 73042990, while they appear to be classifiable under Customs Tariff Item 73042400 as discussed above.
- (ii) M/s Vedanta Limited is liable to pay the Anti-Dumping Duty of **Rs. 43,21,53,230/-** as detailed in **Annexure-B1** under Section 28(4) of the Customs Act, 1962 along with interest under Section 28AA of the Act *ibid*;
- (iii) The goods imported as detailed in **Annexure-B1 & B2** are liable for confiscation under Sections 111(m), 111(d) and 111(o) of the Act *ibid*;
- (iv) M/s. Vedanta Limited is liable for penalties under the provisions of Sections **Section 112 and /or 114A of the Customs Act, 1962** for various omissions and commissions.

SHOW CAUSE-

25. Therefore, M/s. Vedanta Limited (IEC: 1788000234), having its registered office at 1st Floor, C Wing Unit, 103 Corporate Avenue, Andheri, East Mumbai, Maharashtra – 400 059 is hereby required to Show Cause to the Principal Commissioner/Commissioner of Customs, Mundra, Port User Building, Mundra Port, Mundra, Kutch, Gujarat-370421 within 30 (Thirty) days of the receipt of Notice as to why: -

- a) The subject imported goods mentioned in Annexure-B1 classified under Customs Tariff Item **73042990** should not be re-classified under Customs Tariff Item **73042400**;
- b) Anti-Dumping Duty amounting to **Rs. 43,21,53,230/-** as detailed in **Annexure-B1**, should not be demanded and recovered from them **under Section 28(4) of the Customs Act, 1962**;
- c) Interest should not be demanded and recovered from them, on the amount demanded at (b) above, **under Section 28AA of the Customs Act, 1962**;
- d) The goods valued at **Rs. 7,53,16,343/-** imported as detailed in Annexure – B1 should not be held liable for confiscation **under Section 111(d), (m) and (o) of the Customs Act, 1962**;
- e) The goods valued at **Rs. 152,13,80,728/-** imported as detailed in Annexure – B2 should not be held liable for confiscation **under Section 111(d) and (o) of the Customs Act, 1962**;
- f) Penalty should not be imposed on them **under Section 112 and /or 114A of the Customs Act, 1962**;
- g) Penalty should not be imposed on them **under Section 117 of the Customs Act, 1962**.

26. M/s. Vedanta Limited (IEC: 1788000234), having its registered office at 1st Floor, C Wing Unit, 103 Corporate Avenue, Andheri, East Mumbai , Maharashtra – 400 059 are required to Show Cause to the **Principal Commissioner/Commissioner of Customs, Mundra, group-4, Port User Building, Mundra Port, Mundra, Kutch, Gujarat-370421** within thirty days (30) of receipt of this notice and are further required to indicate in their written reply whether they wish to be heard in person before the case is adjudicated. If no cause is shown against the action proposed to be taken within 30 days from the date of receipt of this notice or having shown cause, they do not appear before the adjudicating authority when the case is posted for personal hearing, the case will be adjudicated, ex-parte based on the evidences available on record.

27. This notice is issued without prejudice to any other action that may be initiated under the Customs Act, 1962 or any other Act for the time being in force in India.

28. The department reserves its right to add, alter, amend, modify or supplement this notice at any time on the basis of any evidence, material fact which may come to the notice of the Department after the issuance of this notice.

29. Reliance for issuance of this notice is based on the documents listed in Annexures/ Worksheet enclosed to this notice. It may be noted that all the documents enclosed to this Show Cause Notice are an integral part of this Show Cause Notice.

Digitally signed by
Nitin Saini
Date: 28-11-2025
16:43:35

(Nitin Saini)
Commissioner

Encl: (i) Annexure A – Relied Upon Documents;

(ii) Annexure B – Work sheet for duty quantification

(by speed post/ hand delivery/E-mail)

सेवामें/To

M/s. Vedanta Limited (IEC: 1788000234), having its registered office at 1st Floor, C Wing Unit, 103 Corporate Avenue, Andheri, East Mumbai , Maharashtra – 400 059

Copy to

- 1.The Additional Director General, DRI, Hyderabad Zonal Unit, H.No.10-2-289/57/1 &2, Suryavanshi Residency, II Cross Road, Shanthinagar, Masab Tank, Hyderabad – 500028 .
- 2.The Deputy Director, DRI, Vijayawada Regional Unit, 5th Floor, D.No.10-56, Above Canara Bank, Ashok Nagar, Bundar Road, Vijayawada – 520 007.
3. The Superintendent (EDI), CH Mundra for uploading on the website.

ANNEXURE-A: List of Relied Upon Documents

Annexure	Description
A1	Bill of Entry No. 8375474 dated 19.10.2023 along with other import documents.
A2	Bill of Entry No 9422287 dated 05.07.2022 along with other import documents showing classification as 73042400.
A3	Open Source Documents showing that the 13 Cr L80 are Stainless Steel
A4	Letter dated 26.04.2024 to M/s. Vedanta Limited
A5	Reply of Vedanta dated 10.06.2024
A6	Statement of Shri. Anand Harod dated 29.08.2024
A7	Reply of M/s. Jindal Saw Limited dated 18.10.2024 with Ref No. JSL/SD/2024/01 stating that they have manufacturing capability.
A8	Invoice No. PCM-Q-144553 dated 16.02.2019 issued by M/s. ISMT Limited in favour of M/s. Samuel, Son & Co Ltd, Canada.
A9	Statement of Shri. Anand Harod dated 17.12.2024
A10	Letter dated 18.12.2024 to Mundra Customs requesting Examination
A11	Reply letter dated 31.12.2024 in CUS/SIIB/HOC/116/2024-SIIB from Mundra Customs along with Chartered Engineers Report.
A12	Letter dated 18.02.2025 issued to M/s. Vedanta Limited regarding BIS
A13	Reply of Vedanta dated 06.03.2025

F.No. GEN/ADJ/COMM/679/2025-Adjn-O/o Pr Commr-Cus-Mundra
SCN No. 36/2025-26/COMM/N.S/Adjn/MCH

A14	Steel and Steel Products (Quality Control) Order, 2020 issued vide S.O. 4637(E) dated 22.12.2020, Steel and Steel Products (Quality Control) Order, 2024 issued vide S.O. 574(E) dated 05.02.2024 and Steel and Steel Products (Quality Control) Order, 2024 issued vide S.O. 3716(E) dated 29.08.2024
A15	Letter dated 22.04.2025 in CUS/SIIB/HOC/116/2024-SIIB from Mundra Customs regarding the status of the Live Consignment, Seizure Memos dated 07.01.2025 and 20.02.2025