

**NON-CONFIDENTIAL VERSION  
FOR PUBLIC RECORD**



Australian Government  
Anti-Dumping Commission

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**EXPORTER QUESTIONNAIRE**



**PRODUCT CONCERNED:** ZINC COATED (GALVANISED) STEEL  
FROM INDIA AND THE SOCIALIST  
REPUBLIC OF VIETNAM

**INVESTIGATION PERIOD:** 1 JULY 2013 - 30 JUNE 2014

**RESPONSE DUE BY** **18 AUGUST 2014**

Extended to 3 September 2013

**ADDRESS FOR RESPONSE:** Anti-Dumping Commission  
Customs House  
1010 La Trobe Street  
Docklands VIC 3008  
Australia

Attention: Director Operations 1

**CASE MANAGER:** Ms Heidi Matuschka

**TELEPHONE:** +61 3 9244 8562

**E-MAIL:** [operations1@adcommission.gov.au](mailto:operations1@adcommission.gov.au)

Please note that a non-confidential version of the reply to this questionnaire must also be provided.

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**SECTION A - COMPANY STRUCTURE AND OPERATIONS**

*This section requests information relating to company details and financial reports.*

**A-1 IDENTITY AND COMMUNICATION**

Please nominate a person within your company who can be contacted for the purposes of this investigation:

**Head Office:**

Name:	H Shivramkrishnan
Position in the company:	Chief Commercial Officer
Address:	6 <sup>th</sup> Floor, Equinox Business Park Off Bandra Kurla Complex LBS Marg, Kurla (W) Mumbai – 400070 India
Telephone:	+91 22 67335000 Ext. :6351
Facsimile number:	+91 22 67082198
E-mail address of contact person:	<u><a href="mailto:shivramkrishnan.hariharan@essar.com">shivramkrishnan.hariharan@essar.com</a></u>

**Factory:**

Address:	27th km, Surat Hazira Road Surat – 394270 Gujarat India
Telephone:	+91 261 6682400
Facsimile number:	+912267082198
E-mail address of contact person:	<u><a href="mailto:aditi.moghe@essar.com">aditi.moghe@essar.com</a></u> / <u><a href="mailto:chetan.jansari@essar.com">chetan.jansari@essar.com</a></u>

**A-2 REPRESENTATIVE OF THE COMPANY FOR THE PURPOSE OF INVESTIGATION**

If you wish to appoint a representative to assist you in this investigation, provide the following details:

Name:	Daniel Moulis
Organisation:	Moulis Legal
Position:	Principal
Address:	6/2 Brindabella Circuit Brindabella Business Park Canberra International Airport ACT 2609 Australia

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Telephone:	+61 2 6163 1000
Facsimile number:	+61 2 6162 0606
E-mail address of contact person:	<a href="mailto:daniel.moulis@moulislegal.com">daniel.moulis@moulislegal.com</a> <a href="mailto:charles.zhan@moulislegal.com">charles.zhan@moulislegal.com</a>

*Note that in nominating a representative, the Commission will assume that confidential material relating to your company in this investigation may be freely released to, or discussed with, that representative.*

**A-3 COMPANY INFORMATION**

1. What is the legal name of your business? What kind of entity is it (e.g. company, partnership, sole trader)? Please provide details of any other business names that you use to export and/or sell goods.

**The legal name of our business is Essar Steel India Ltd (“Essar Steel”).  
Essar Steel is an unlisted public limited company and is privately held.  
All products manufactured by the company are exported and sold under the name of Essar Steel India Ltd.**

2. Who are the owners and/or principal shareholders? Provide details of shareholding percentages for joint owners and/or principal shareholders. (List all shareholders able to cast, or control the casting of, 5% or more of the maximum amount of votes that could be cast at a general meeting of your company).

**The shareholding of Essar Steel as of 30 June 2014 is set out in Annexure 1.  
[CONFIDENTIAL ATTACHMENT]**

3. If your company is a subsidiary of another company, list the principal shareholders of that company.

**As of 25 March 2014, Essar Steel was a subsidiary of [CONFIDENTIAL TEXT DELETED – identification of shareholder].  
The principal shareholders of ESAHL are set out in Annexure 2. [CONFIDENTIAL ATTACHMENT]**

4. If your parent company is a subsidiary of another company, list the principal shareholders of that company.

**ESAHL is [CONFIDENTIAL TEXT DELETED – number]% owned by [CONFIDENTIAL TEXT DELETED – identification of shareholder].**

5. Provide a diagram showing all associated or affiliated companies and your company's place within that corporate structure.

**A diagram of the associated companies of Essar Steel is set out in Annexure 3.  
[CONFIDENTIAL ATTACHMENT]**

6. Are any management fees/corporate allocations charged to your company by your parent or related company?

**Yes.**

7. Describe the nature of your company's business. Explain whether you are a producer

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or manufacturer, distributor, trading company, etc.

**Essar Steel is an integrated steel producer with operations including:**

- pelletisation of iron ore to produce pellets;
- conversion into sponge /molten iron;
- production of liquid steel from sponge/molten iron; and
- then making value-added finished flat steel products.

**These products are distributed to end-users through Essar Steel's highly diversified distribution network.**

**At its steel production facilities located at Hazira, Gujarat and Pune, Maharashtra, in the Western part of India, Essar Steel produces the entire range of flat steel products including slabs, hot-rolled, cold-rolled, galvanized, colour coated as well as plates and pipes.**

**Essar Steel also has access to an all-weather port with deep draft for berthing large scale sea going vessels. This enables cost effective raw-materials and finished goods handling.**

8. If your business does not perform all of the following functions in relation to the goods under consideration, then please provide names and addresses of the companies which perform each function:
- produce or manufacture;
  - sell in the domestic market;
  - export to Australia; and
  - export to countries other than Australia.

**Essar Steel performs all of these functions in relation to the goods under consideration.**

9. Provide your company's internal organisation chart. Describe the functions performed by each group within the organisation.

**The organization chart as at June 2014 of the company is set out in Annexure 4. [CONFIDENTIAL ATTACHMENT]**

10. Provide a list of your business' Board of Directors, Managing Director (or CEO) and Senior Executives.

**The names of the directors of Essar Steel are set out in Annexure 5. [CONFIDENTIAL ATTACHMENT]**

11. Provide a copy of your most recent annual report together with any relevant brochures or pamphlets on your business activities.

**A copy of the annual report of Essar Steel India Ltd. for the Indian financial year from April 2012 to March 2013 is provided in Annexure 6. [CONFIDENTIAL ATTACHMENT]**

12. Provide details of **all** transactions between your company and all related parties. For example:
- supplying/selling completed or partially completed products;
  - supplying/selling raw materials;

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- performing management functions (including any financial functions);
- processing (including toll processing) of any raw materials, intermediary or completed products; or
- trading in products/materials supplied by related parties.

**Essar Steel has the following related party arrangements:**

**[CONFIDENTIAL TEXT DELETED – identification of related parties and transactions]**

**A-4 GENERAL ACCOUNTING/ADMINISTRATION INFORMATION**

1. Indicate your accounting period.

**The accounting period for Essar Steel is the Indian corporate financial year of 1 April to 31 March.**

2. Indicate the address where the company's financial records are held.

**The company's financial records are accessible from a number of locations. For any verification purposes the preferable location would be at the Hazira plant, 27th km, Surat Hazira Road, Surat-394270, Gujarat, India.**

3. Please provide the following financial documents for the two most recently completed financial years plus all subsequent monthly, quarterly or half yearly statements:

- chart of accounts;

**Please refer to Annexure 7. [CONFIDENTIAL ATTACHMENT]**

- audited consolidated and unconsolidated financial statements (including all footnotes and the auditor's opinion); and

**A copy of the audited annual report of Essar Steel India Ltd. for the Indian financial year from April 2012 to March 2013 is included in the annual report which has been provided in Annexure 6. [CONFIDENTIAL ATTACHMENT]**

**A copy of the unaudited balance sheet and profit and loss account for the year from April 2013 to March 2014 is provided in Annexure 8. [CONFIDENTIAL ATTACHMENT] However please note that these accounts are under audit. They are expected to be published in September 2014 at the time of the Annual General Meeting. The final audited accounts for the period will then be made available to the Commission.**

- internal financial statements, income statements (profit and loss reports), or management accounts, that are prepared and maintained in the normal course of business for the goods under investigation.

These documents should relate to:

- the division or section/s of your business responsible for the production and sale of the goods under consideration; and
- the company overall.

**Essar Steel is one consolidated company. Separate accounts are not maintained for each division.**

**Information for the divisions responsible for the production and sale of the goods under consideration at the correct level can be provided at the verification through internal MIS reports and from the accounts of various business areas in order to accurately establish the expenditure and revenue in respect of the goods.**

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4. If you are not required to have the accounts audited, provide the unaudited financial statements for the two most recently completed financial years, together with your taxation returns. Any subsequent monthly, quarterly or half yearly statements should also be provided.

**Essar Steel is required to have its accounts audited.**

5. Do your accounting practices differ in any way from the generally accepted accounting principles in your country? If so, provide details.

**The accounting practices of Essar Steel are in accordance with the generally accepted accounting practices of India.**

6. Describe the significant accounting policies that govern your system of accounting, in particular:

- the method of valuation for raw material, work-in-process, and finished goods inventories (e.g. last in first out – LIFO, first in first out – FIFO, weighted average);

**Raw materials, production consumables, stores and spares are valued at lower of cost and net realisable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold above cost. Cost is determined on a weighted average basis. Work-in-progress and finished goods is valued at lower of cost and net realisable value. Cost includes direct material, labour and a proportion of manufacturing and administrative overheads. Net realisable value is the estimated selling price in the ordinary course of business less estimated cost of completion and cost to make the sale.**

- costing methods, including the method (e.g. by tonnes, units, revenue, direct costs etc) of allocating costs shared with other goods or processes (such as front office cost, infrastructure cost etc);

**Allocation of costs shared between goods takes place on a fully absorbed basis using the appropriate method for the type of cost concerned.**

- valuation methods for damaged or sub-standard goods generated at the various stages of production;

**Valuation is in accordance with GAAP at market price or cost of production, whichever is the lower.**

- valuation methods for scrap, by products or joint products;

**Valuation is in accordance with GAAP at market price or cost of production, whichever is the lower.**

- valuation and revaluation methods for fixed assets;

**Tangible and intangible assets are stated at cost, less accumulated depreciation, amortisation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Borrowing costs relating to acquisition of fixed assets are also included to the extent they relate to the period till such assets are ready for their intended use.**

- average useful life for each class of production equipment and depreciation method and rate used for each;

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Tangible assets are depreciated at the rates and in the manner specified in the Companies Act 1956 on written down value method, except for plant and machinery and railway sidings which are depreciated on a straight line basis, until March 2014. From April 2014, depreciation is to be calculated based on the useful life of the assets prescribed by the law. Depreciation on additions to/deletions from fixed assets is provided on pro-rata basis from the date of such addition and up to the date of deletion as the case may be. Depreciation on additions to assets due to exchange variation is provided over the remaining useful life of the assets. Depreciation is provided on individual project only after commencement of commercial production from intended integrated facility, to which such project belongs.

The relevant depreciation table for pre-April 2014 and the statutory method applicable from April 2014 are provided in Annexure 9.

- treatment of foreign exchange gains and losses arising from transactions;

Exchange differences arising on reporting of long-term foreign currency monetary items at rates different from those at which they were initially recorded during the period, or reported in previous financial statements, in so far as they relate to the acquisition of a depreciable capital asset, are added to or deducted from the cost of the asset and are depreciated over the balance life of the asset. In other cases exchange differences are accumulated in a currency translation difference account in the financial statements and are amortised over the balance period of such long-term asset/liability but not beyond the accounting period ending on or before 31 March 2020.

Exchange differences arising on the settlement of monetary items not covered above, or on reporting such monetary items at rates different from those at which they were initially recorded during the year or reported in previous financial statements, are recognised as income or as expenses in the statement of profit and loss in the year in which they arise.

- treatment of foreign exchange gains/losses arising from the translation of balance sheet items;

Foreign currency monetary items are reported using the closing exchange rates. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

- inclusion of general expenses and/or interest;

**Yes, these are included.**

- provisions for bad or doubtful debts, and treatment thereof in your accounts;

**Provisions would be included in balance sheet accounting, and write-offs are included in the profit and loss statement.**

- expenses for idle equipment and/or plant shut-downs;

**Such expenses would be included in the profit and loss statement.**

- costs of plant closure;

**Not applicable in the investigation period.**

- restructuring costs;



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**Not applicable in the investigation period.**

- by-products and scrap materials resulting from your company's production process; and

**Valuation is in accordance with GAAP at market price or cost of production, whichever is the lower.**

- effects of inflation on financial statement information.

**Not applicable in the investigation period.**

**For further details regarding the significant accounting policies of Essar Steel please refer to "Notes forming part of financial statements" on pages 33 to 36 of the annual report of Essar Steel for 2012-13 set out in Annexure 6. [CONFIDENTIAL ATTACHMENT]**

7. In the event that any of the accounting methods used by your company have changed over the last two years provide an explanation of the changes, the date of change and the reasons for it.

**Not applicable, there have been no changes in accounting policy in FY 2012-13.**

#### **A-5 INCOME STATEMENT**

Please complete the worksheet titled '**Income Statement**' within the '*Galvanised Steel - exporter questionnaire supporting data*' spreadsheet provided alongside this questionnaire.

Provide the completed worksheet in electronic format via email (or on CD-ROM) with your response. If formulas are used to calculate the field within this sheet, please ensure they remain included in the submitted version.

Explain how costs have been allocated between all products and the goods under consideration within these calculations.

This information will be used to verify the completeness of cost data that you provide in Section G. If, because of your company's structure, the allocations would not be helpful in this process, please explain why this is the case.

**See Annexure 10. [CONFIDENTIAL ATTACHMENT]**

#### **A-6 SALES**

Please complete the worksheet titled '**Turnover**' within the '*Galvanised Steel - exporter questionnaire supporting data*' spreadsheet provided alongside this questionnaire.

State your company's net turnover (after returns and all discounts) and free of duties and taxes. Use the currency in which your accounts are kept.

Provide the completed worksheet in electronic format via email (or on CD-ROM) with your response. If formulas are used to calculate the field within this sheet, please ensure they remain included in the submitted version.

This information will be used to verify the cost allocations to the goods under consideration in Section G.

You should be prepared to demonstrate that sales data shown for the goods is a complete record by linking total sales of these goods to relevant financial statements.

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See Annexure 11. [CONFIDENTIAL ATTACHMENT]

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**SECTION B - SALES TO AUSTRALIA (EXPORT PRICE)**

*This section requests information concerning your export practices and prices to Australia. You should include costs incurred beyond ex-factory. Export prices are usually assessed at free-on-board (FOB) point, but the Commission may also compare prices at the ex-factory level.*

*You should report prices of **all** goods under consideration **shipped** to Australia during the investigation period.*

*The invoice date will normally be taken to be the date of sale. If you consider:*

- the sale date is not the invoice date (see 'date of sale' column in Section B-4 below); and*
- an alternative date should be used when comparing export and domestic prices,*

*then you **must** provide information in Section D on domestic selling prices for a matching period - even if doing so means that such domestic sales data predates the commencement of the investigation period.*

**B-1** For each customer in Australia to whom you shipped goods during the investigation period, list:

- name;
- address;
- contact name and phone/fax number, where known; and
- trade level (e.g. distributor, wholesaler, retailer, end user, original equipment manufacturer).

Name	Address	Contact	Trade level
[CONFIDENTIAL TEXT DELETED – customer names and details]			

**B-2** For each customer identified in Section B-1 please provide the following:

- a) Describe how the goods are sent to each customer in Australia, including a diagram if required.

On the basis of an inquiry from [CONFIDENTIAL TEXT DELETED – identification of types of customers], and following negotiations and commercial discussions, the order is finalised.

A contract is entered into between Essar Steel and [CONFIDENTIAL TEXT DELETED – identification of types of customers] listing out the product to be supplied, quantity, quality and grade specifications, payment terms, shipment terms etc.

Once the order is confirmed, the same is placed in the relevant factory production system for producing the order. Each order is backed with a Mill Test Certificate which specifies [CONFIDENTIAL TEXT DELETED – product certification details].

The subject product is produced at our Hazira plant located in Gujarat as well as in Pune, Maharashtra. [CONFIDENTIAL TEXT DELETED – identification of source of goods].

The material is shipped from [CONFIDENTIAL TEXT DELETED – identification of different ports] port in containers. Out of the [CONFIDENTIAL TEXT DELETED – number] tons of subject product shipped to Australia during the POI, [CONFIDENTIAL TEXT DELETED – details of shipments from different ports].

- b) Identify each party in the distribution chain and describe the functions performed by them. Where commissions are paid indicate whether it is a pre

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or post exportation expense having regard to the date of sale.

Essar Steel is the manufacturer and exporter of the goods under consideration.

The [CONFIDENTIAL TEXT DELETED – identification of types of customers] place orders on Essar Steel [CONFIDENTIAL TEXT DELETED – description of sale and payment process].

Our understanding is that [CONFIDENTIAL TEXT DELETED – identification of types of customers] will clear the material, de-stuff the containers, transport it to their warehouse/s, stock it and then supply to their customers.

The export documentation for a large proportion of the sales to Australia during the POI involved [CONFIDENTIAL TEXT DELETED – internal corporate arrangements].

- c) Explain who retains ownership of the goods at each stage of the distribution chain. In the case of delivered duty paid (DDP) sales, explain who retains ownership when the goods enter Australia.

Essar Steel's exports to Australia during the POI were on [CONFIDENTIAL TEXT DELETED – trading terms] incoterms. Under such terms [CONFIDENTIAL TEXT DELETED – trading terms].

[CONFIDENTIAL TEXT DELETED – trading terms].

- d) Describe any agency or distributor agreements or other contracts entered into in relation to the Australian market (supply copy of the agreement if possible).

[CONFIDENTIAL TEXT DELETED – commercial arrangements with third parties].

- e) Explain in detail the process by which you negotiate price, receive orders, deliver, invoice and receive payment. If export prices are based on price lists supply copies of those lists.

[CONFIDENTIAL TEXT DELETED – price setting and negotiation]

Once the price offered is agreed, the order is booked. The sales contract is issued by Essar Steel as exporter (beneficiary) and [CONFIDENTIAL TEXT DELETED – identification of types of customers]. The goods are shipped once they are ready for shipment [CONFIDENTIAL TEXT DELETED – payment terms]. The material is shipped in containers to the Australian ports.

Invoices are raised on actual net weight basis. [CONFIDENTIAL TEXT DELETED – payment terms] credits the account of Essar Steel.

In the case of exports by Essar Steel that are [CONFIDENTIAL TEXT DELETED – intra-group internal arrangements]

- f) State whether your firm is related to any of its Australian customers. Give details of any financial or other arrangements (e.g. free goods, rebates or promotional subsidies) with the customers in Australia (including parties representing either your firm or the customers).

Essar Steel is not related to any of the customers in relation to its Australian sales.

- g) Details of the forward orders of the goods under consideration (include quantities, values and scheduled shipping dates).

Customer Name	Disport	Qty (MT)	Value (USD)	Shipment date
[CONFIDENTIAL TEXT DELETED – forward orders]				

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- B-3** Do your export selling prices vary according to the distribution channel identified? If so, provide details. Real differences in trade levels are characterised by consistent and distinct differences in functions and prices.

[CONFIDENTIAL TEXT DELETED – identification of types of customers].

- B-4** Complete the worksheet titled '**Australian Sales**' within the '*Galvanised Steel - exporter questionnaire supporting data*' spreadsheet provided alongside this questionnaire.

This spreadsheet should list **all** shipments to Australia (i.e. transaction by transaction) **of the goods under consideration** in the investigation period. Do not include non-goods items.

Provide the completed worksheet in electronic format via email (or on CD-ROM) with your response. If formulas are used to calculate the field within this sheet, please ensure they remain included in the submitted version.

The table below provides information as to what is meant by each column heading within the worksheet.

COLUMN HEADING	EXPLANATION
Customer name	Names of your customers
Level of trade	The level of trade of your customers in Australia
Model/grade/type	Commercial model/grade or type ( <i>i.e. Base Metal Thickness, width, zinc coating mass, grade, finish</i> )
Product code	Code used in your records for the model/grade/type identified. Explain the product codes in your submission
Invoice number	Invoice number
Invoice date	Invoice date
Date of sale	Refer to the explanation at the beginning of this section. If you consider that a date <i>other than</i> the invoice date best establishes the material terms of sale, report that date. For example, order confirmation, contract or purchase order date.
Order number	If applicable, show order confirmation, contract or purchase order number if you have shown a date other than the invoice date as being the date of sale.
Shipping terms	Delivery terms: e.g. CIF, C&F, FOB, DDP (in accordance with the Incoterms outlined in Appendix 1)
Payment terms	Agreed payment terms, for example 60 days = 60 etc
Quantity	Quantity in units (as shown on the invoice). Show basis, e.g. kilograms.
Gross invoice value	Gross invoice value shown on invoice <i>in the currency of sale, excluding taxes</i>
Discounts on the invoice	If applicable, the amount of any discount deducted on the invoice on each transaction. If a % discount applies show that % discount applying

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	in another column
Other charges	Any other charges, or price reductions, that affect the net invoice value. Insert additional columns and provide a description
Invoice currency	The currency used on the invoice
Exchange rate	Indicate the exchange rate used to convert the currency of sale to the currency used in your accounting system
Net invoice value in the currency of the exporting country	The net invoice value expressed in your domestic currency, as it is entered in your accounting system
Rebates or other allowances	The amount of any deferred rebates or allowances paid to the importer in the currency of sale
Quantity discounts	The actual amount of quantity discounts not deducted from the invoice. Show a separate column for each type of quantity discount
Ocean freight**	The actual amount of ocean freight incurred on each export shipment listed
Marine insurance	Amount of marine insurance
FOB export price**	The FOB price at the port of shipment
Packing*	Packing expenses
Inland transportation costs*	Inland transportation costs included in the selling price. For export sales, this is the inland freight from factory to port in the country of export
Handling, loading and ancillary expenses*	Handling, loading and ancillary expenses. For example, terminal handling, export inspection, wharfage and other port charges, container tax, document fees and customs brokers fees, clearance fees, bank charges, letter of credit fees and other ancillary charges incurred in the exporting country
Warranty and guarantee expenses*	Warranty and guarantee expenses
Technical assistance and other services*	Expenses for after sale services, such as technical assistance or installation costs
Commissions*	Commissions paid. If more than one type is paid, insert additional columns of data. Indicate in your response to Section B-2 whether the commission is a pre or post exportation expense having regard to the date of sale
Other factors*	<b>Any other</b> costs, charges or expenses incurred in relation to the exports to Australia (include additional columns as required). See Section B-5.

**Notes:**

\* All of these costs are further explained in Section E-1.

\*\* FOB export price and ocean freight:

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FOB export price: an FOB export price must be calculated for each shipment - regardless of the shipping terms. FOB price includes inland transportation to the port of exportation, inland insurance, handling and loading charges. It excludes post exportation expenses such as ocean freight and insurance. Use a formula to show the method of the calculation on each line of the export sales worksheet.

Ocean freight: as ocean freight is a significant cost, it is important that the **actual** amount of ocean freight incurred on each exportation be reported. If estimates must be made, you must explain the reasons and set out the basis - estimates must reflect changes in freight rates over the investigation period.

Freight allocations must be checked for consistency.

See Annexure 12. [CONFIDENTIAL ATTACHMENT]

- B-5** If there are any other costs, charges or expenses incurred in respect of the exports listed above which have not been identified in the table above, add a column (see 'other factors' in Section B-4) for each item and provide a description of each item. For example, other selling expenses (direct or indirect) incurred in relation to the export sales to Australia.

[CONFIDENTIAL TEXT DELETED – information about costs].

- B-6** For each type of discount, rebate or allowance offered on export sales to Australia:
- provide a description; and
  - explain the terms and conditions that must be met by the importer to obtain the discount.

Where the amounts of these discounts, rebates etc are not identified on the sales invoice, explain how you calculated the amount shown in your response to Section B-4. If they vary by customer or level provide an explanation.

[CONFIDENTIAL TEXT DELETED – information about prices]

- B-7** If you have issued credit notes (directly or indirectly) to the customers in Australia, in relation to the invoices listed in the detailed transaction by transaction listing in response to Section B-4, provide details of each credit note if the credited amount has **not** been reported as a discount or rebate.

[CONFIDENTIAL TEXT DELETED – information about prices]

- B-8** If the delivery terms make you responsible for arrival of the goods at an agreed point within Australia (e.g. DDP), insert additional columns in the worksheet for all other costs incurred. For example:

Import duties	Amount of import duty paid in Australia
Inland transport	Amount of inland transportation expenses within Australia included in the selling price
Other costs	Customs brokers, port and other costs incurred (itemise)

[CONFIDENTIAL TEXT DELETED – trading terms]

- B-9** Select two shipments, in different quarters of the investigation period, and provide a **complete** set of all of the documentation related to the export sale. For example:

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- the importer's purchase order, order confirmation and contract of sale;
- commercial invoice;
- bill of lading, export permit;
- freight invoices in relation to movement of the goods from factory to Australia, including inland freight contract;
- marine insurance expenses; and
- letter of credit and bank documentation, proving payment.

The Commission will select additional shipments for payment verification at the time of the visit.

See <u>Annexure 13</u> . [CONFIDENTIAL ATTACHMENT]
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## SECTION C - EXPORTED GOODS AND LIKE GOODS

- C-1** Fully describe all of the goods you have exported to Australia during the investigation period. Include specification details (such as the grade of the product) and any technical and illustrative material that may be helpful in identifying, or classifying, the exported goods.

[CONFIDENTIAL TEXT DELETED – details of exported goods]

- C-2** List each model/type of goods exported to Australia (these models should cover all models listed in the worksheet '**Australian Sales**' – see Section B of this questionnaire).

See C-1 above and Annexure 14 [CONFIDENTIAL ATTACHMENT] for product classification methodology.

- C-3** If you sell like goods on the domestic market, for each model/type that your company has exported to Australia during the investigation period, list the most comparable model(s) sold domestically and provide a detailed explanation of the differences where those goods sold domestically (i.e. the like goods – see explanation in glossary of terms) are not identical to goods exported to Australia. Make sure that you identify the grade of each model/type that is sold domestically.

This should be done by completing the worksheet titled '**Like Goods**' within the '*Galvanised Steel - exporter questionnaire supporting data*' spreadsheet provided alongside this questionnaire, detailing as follows:

EXPORTED TYPE	DOMESTIC TYPE	IDENTICAL?	DIFFERENCES
Product code of each model of the goods exported to Australia	Product code of comparable model sold on the domestic market of the country of export	If goods are identical indicate 'YES'. Otherwise 'NO'	Where the good exported to Australia is not identical to the like goods, describe the specification differences. If it is impractical to detail specification differences in this table refer to documents which outline differences

[CONFIDENTIAL TEXT DELETED – details of domestically sold and exported goods]

- C-4** Please provide any technical and illustrative material that may be helpful in identifying or classifying the goods that your company sells on the domestic market.

Essar Steel's galvanized steel product brochure is at Annexure 15.

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**SECTION D - DOMESTIC SALES**

*This section seeks information about the sales arrangements and prices in the domestic market of the country of export.*

*All domestic sales of **like goods** (to the goods under consideration) made during the investigation period must be listed transaction by transaction. If there is an extraordinarily large volume of sales data and you are unable to provide the complete listing electronically you **must** contact the Case Manager **before** completing the questionnaire.*

*If the Case Manager agrees that it is not possible to obtain a complete listing he or she will consider a method for sampling that meets the Commission's requirements. If agreement cannot be reached as to the appropriate method, the Commission may not visit your company.*

*The Commission will normally take the invoice date as being the date of sale in order to determine which sales fall within the investigation period.*

*If, in response to Section B-4 (Sales to Australia, Export Price), you have reported that the date of sale is not the invoice date and you consider that this alternative date should be used when comparing domestic and export prices you **must** provide information on domestic selling prices for a matching period - even if doing so means that such domestic sales data predates the commencement of the investigation period.*

*If you do not have any domestic sales of like goods you must contact the Case Manager who will explain the information the Commission requires for determining a normal value using alternative methods.*

**D-1** Please provide:

- a detailed description of your distribution channels to domestic customers, including a diagram if appropriate;
- information concerning the functions/activities performed by each party in the distribution chain; and
- a copy of any agency or distributor agreements, or contracts entered into.

If any of the customers listed are associated with your business, provide details of that association. Describe the effect, if any, that association has upon the price.

**There are three distribution channels through which Essar Steel carries out sales in the domestic market:**

- 1 Ex-factory to customers [CONFIDENTIAL TEXT DELETED – sales and marketing procedures].**
- 2 Hyper-mart/Express-mart - [CONFIDENTIAL TEXT DELETED – sales and marketing procedures]**
- 3 Service centres [CONFIDENTIAL TEXT DELETED – sales and marketing procedures]**

**D-2** Do your domestic selling prices vary according to the distribution channel identified? If so, provide details. Real differences in trade levels are characterised by consistent and distinct differences in functions and prices.

**The prices vary depending on [CONFIDENTIAL TEXT DELETED – pricing and market conditions].**

**D-3** Explain in detail the sales process, including:

- the way in which you set the price, receive orders, make delivery, invoice and finally receive payment; and the terms of the sales; and

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- whether price includes the cost of delivery to customer.

If sales are in accordance with price lists, provide copies of the price lists.

**[CONFIDENTIAL TEXT DELETED – pricing and market conditions]**

**The payment and delivery terms vary from customer to customer and depend on the individual contracts that the company may have with various customers.**

- D-4** Complete the worksheet titled '**Domestic Sales**' in the '*Galvanised Steel - exporter questionnaire supporting data*' spreadsheet provided alongside this questionnaire.

This worksheet is to list **all domestic sales of like goods** (i.e. transaction by transaction) made during the investigation period. Do not include non-goods items.

Provide the completed worksheet in electronic format via email (or on CD-ROM) with your response. If formulas are used to calculate the field within this sheet, please ensure they remain included in the submitted version.

The table below provides information as to what is meant by each column heading within the worksheet.

COLUMN HEADING	EXPLANATION
Customer name	Names of your customers. If an English version of the name is not easily produced from your automated systems, show a customer code number and (in a separate table) list each code and name
Level of trade	The level of trade of your domestic customer
Model/grade/type	Commercial model/grade or type of the goods
Product code	Code used in your records for the model/grade/type of the goods identified. Explain the product codes in your submission
Invoice number	Invoice number
Invoice date	Invoice date
Date of sale	Refer to the explanation at the beginning of this section. If you consider that a date <i>other than</i> the invoice date best establishes the material terms of sale and should be used, report that date. For example, order confirmation, contract or purchase order date
Order number	Show order confirmation, contract or purchase order number if you have shown a date other than invoice date as being the date of sale
Delivery terms	For example, ex-factory, free on truck, delivered into store
Payment terms	Payment terms agreed with the customer, for example 60 days = 60 etc
Quantity	Quantity in units shown on the invoice, for example kilograms
Gross invoice value	Gross value shown on invoice <i>in the currency of sale</i> , net of taxes
Discounts on the invoice	The amount of any discount deducted on the invoice on each transaction. If a %age discount applies show that %age discount applying in another column

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Other charges	Any other charges, or price reductions, that affect the net invoice value. Insert additional columns and provide description
Net invoice value in the currency of the exporting country	The net invoice value expressed in your domestic currency as recorded in your accounting system
Rebates or other allowances	The actual amount of any deferred rebates or allowances in the currency of sale
Quantity discounts	The actual amount of quantity discounts not deducted from the invoice. Show a separate column for each type of quantity discount
Packing*	Packing expenses
Inland transportation costs*	Amount of inland transportation costs included in the selling price
Handling, loading and ancillary expenses*	Handling, loading and ancillary expenses
Warranty and guarantee expenses*	Warranty and guarantee expenses
Technical assistance and other services*	Expenses for after sale services, such as technical assistance or installation costs
Commissions*	Commissions paid. If more than one type is paid, insert additional columns of data
Other factors*	<b>Any other</b> costs, charges or expenses incurred in relation to the domestic sales (include additional columns as required). See Section D-5.

**Notes**

Costs marked with \* are explained in Section E-2.

**See Annexure 16. [CONFIDENTIAL ATTACHMENT]**

- D-5** If there are any other costs, charges or expenses incurred in respect of the sales listed which have not been identified in the table in Section D-4 above, add a column for each item (see 'other factors'). For example, certain other selling expenses incurred.

**Generally, please refer to Essar Steel's responses to Section E.**

- D-6** For each type of commission, discount, rebate or allowance offered on domestic sales of like goods:
- provide a description; and
  - explain the terms and conditions that must be met by the customer to qualify for payment.

Where the amounts of these discounts, rebates etc are not identified on the sales invoice, explain how you calculated the amounts shown in your response to Section D-4.

If you have issued credit notes, directly or indirectly to the customers, provide details

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if the credited amount has **not** been reported as a discount or rebate.

[CONFIDENTIAL TEXT DELETED – information about prices]
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**D-7** Select two domestic sales, in different quarters of the investigation period, that are at the same level of trade as the export sales.

Provide a **complete** set of documentation for those two sales. Include, for example:

- purchase order;
- order acceptance;
- commercial invoice;
- discounts or rebates applicable;
- credit/debit notes;
- long or short term contract of sale;
- inland freight contract; and
- bank documentation showing proof of payment.

The Commission will select additional sales for verification at the time of our visit.

See <u>Annexure 17</u> . [CONFIDENTIAL ATTACHMENT]
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## **SECTION E - FAIR COMPARISON**

*Section B sought information about the export prices to Australia and Section D sought information about prices on your domestic market for like goods (i.e. the normal value).*

*Where the normal value and the export price are not comparable adjustments may be made. This section informs you of the fair comparison principle and asks you to quantify the amount of any adjustment.*

*As prices are being compared, the purpose of the adjustments is to eliminate factors that have unequally modified the prices to be compared.*

*To be able to quantify the level of any adjustment it will usually be necessary to examine cost differences between sales in different markets. The Commission must be satisfied that those costs are likely to have influenced price. In practice, this means that the expense item for which an adjustment is claimed should have a close nexus to the sale. For example, the cost is incurred because of the sale, or because the cost is related to the sale terms and conditions.*

*Conversely, where there is not a direct relationship between the expense item and the sale a greater burden is placed upon the claimant to demonstrate that prices have been affected, or are likely to have been affected, by the expense item. In the absence of such evidence the Commission may disallow the adjustment.*

*Where possible, the adjustment should be based upon actual costs incurred when making the relevant sales. However, if such specific expense information is unavailable, cost allocations may be considered. In this case, the party making the adjustment claim must demonstrate that the allocation method reasonably estimates costs incurred.*

*A party seeking an adjustment has the obligation to substantiate the claim by relevant evidence that would allow a full analysis of the circumstances, and the accounting data, relating to the claim.*

*The investigation must be completed within strict time limits therefore you must supply information concerning claims for adjustments in a timely manner. Where an exporter has knowledge of the material substantiating an adjustment claim, that material is to be available at the time of the verification visit. The Commission will not consider new claims made after the verification visit.*

### **E-1 COSTS ASSOCIATED WITH EXPORT SALES**

These cost adjustments will relate to your responses made at Section B-4, '**Australian Sales**'.

1. Transportation

Explain how you have quantified the amount of inland transportation associated with the export sale ('**inland transportation costs**'). Identify the general ledger account where the expense is located. If the amount has been determined from contractual arrangements, not from an account item, provide details and evidence of payment.

**For export inland freight, transportation has been reported [CONFIDENTIAL TEXT DELETED – logistical and service provider information]. The information is entered directly into the accounting records of Essar Steel and has been reported as such.**

2. Handling, loading and ancillary expenses

List all charges that are included in the export price and explain how they have been quantified ('**handling, loading and ancillary expenses**'). Identify the general ledger account where the expenses are located. If the amounts have been determined using actual observations, not from a relevant account item, provide details.

The various export related ancillary costs are identified in the table at Section B-4, for

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example:

- terminal handling;
- wharfage and other port charges;
- container taxes;
- document fees and customs brokers fees;
- clearance fees;
- bank charges, letter of credit fees; and
- other ancillary charges.

[CONFIDENTIAL TEXT DELETED – logistical and service provider information]

3. Credit

The cost of extending credit on export sales is not included in the amounts quantified at Section B-4. However, the Commission will examine whether a credit adjustment is warranted and determine the amount. Provide applicable interest rates over each month of the investigation period. Explain the nature of the interest rates most applicable to these export sales, e.g. short term borrowing in the currency concerned.

If your accounts receivable shows that the average number of collection days differs from the payment terms shown in the sales listing, *and if* export prices are influenced by this longer or shorter period, calculate the average number of collection days. See also item 4 in Section E-2 below.

**Contractual credit terms negotiated with the customers have been reported.**  
[CONFIDENTIAL TEXT DELETED – contractual terms]

4. Packing costs

List material and labour costs associated with packing the export product. Describe how the packing method differs from sales on the domestic market, for each model. Report the amount in the listing in the column headed '**packing**'.

**Packing for exports consists of** [CONFIDENTIAL TEXT DELETED – product packaging information]

5. Commissions

For any commissions paid in relation to the export sales to Australia:

- provide a description; and
- explain the terms and conditions that must be met.

Report the amount in the sales listing in Section B-4 under the column headed '**commissions**'. Identify the general ledger account where the expense is located.

[CONFIDENTIAL TEXT DELETED – sales information]

6. Warranties, guarantees, and after sales services

List the costs incurred. Show relevant sales contracts. Show how you calculated the expenses ('**warranty and guarantee expenses**' and '**technical assistance and other services**'), including the basis of any allocations. Include a record of expenses incurred. Technical services include costs for the service, repair or consultation. Where these expenses are closely related to the sales in question, an adjustment will be considered. Identify the ledger account where the expense is located.

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[CONFIDENTIAL TEXT DELETED – cost information]

7. Other factors

There may be other factors for which an adjustment is required if the costs affect price comparability – these are identified in the column headed '**other factors**'. For example, other variable or fixed selling expenses, including salesmen's salaries, salesmen's travel expenses, advertising and promotion, samples and entertainment expenses. Your consideration of questions asked at Section G, concerning domestic and export costs, would have alerted you to such other factors.

**Slitting costs and cutting (sheet) costs are a comparative difference between products. Slit products and sheet products are identified in the Australian sales spreadsheet for adjustment purposes. The adjustment amounts have been included against the respective products in the domestic sales spreadsheet.**

8. Currency conversions

In comparing export and domestic prices a currency conversion is required. Fluctuations in exchange rates can only be taken into account when there has been a 'sustained' movement during the period of investigation (see Article 2.4.1 of the WTO Agreement). The purpose is to allow exporters 60 days to adjust export prices to reflect 'sustained' movements. Such a claim requires detailed information on exchange movements in your country over a long period that includes the investigation period.

**It is not presently thought that this is applicable, however if the circumstances for its application arise Essar Steel would intend to make submissions in this regard.**

**E-2 COSTS ASSOCIATED WITH DOMESTIC SALES**

These cost adjustments will relate to your responses made at Section D-4, '**domestic sales**'.

*The following items are not separately identified in the amounts quantified at Section D-4. However you should consider whether any are applicable.*

1. Physical characteristics

The adjustment recognises that differences such as quality, chemical composition, structure or design mean that goods are not identical and the differences can be quantified in order to ensure fair comparison.

The amount of the adjustment shall be based upon the market value of the difference, but where this is not possible the adjustment shall be based upon the difference in cost plus the gross profit mark-up (i.e. an amount for selling general and administrative (SG&A) costs, plus profit).

The adjustment is based upon actual physical differences in the goods being compared and upon the manufacturing cost data. Identify the physical differences between each model. State the source of your data.

**The classification methodology allows the comparison of the exported types with the most similar domestic goods with each other. Post production differences in terms of slitting and cutting have been reflected [CONFIDENTIAL TEXT DELETED – price information].**

2. Import charges and indirect taxes

If exports to Australia:

- are partially or fully exempt from internal taxes and duties that are borne by the



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like goods in domestic sales (or on the materials and components physically incorporated in the goods); or

- if such internal taxes and duties have been paid and are later remitted upon exportation to Australia,

then the price of like goods must be adjusted downwards by the amount of the taxes and duties.

The taxes and duties include sales, excise, turnover, value added, franchise, stamp, transfer, border and excise taxes. Direct taxes such as corporate income tax are not included as such taxes do not apply to the transactions.

Adjustment for drawback is not made in every situation where drawback has been received. Where an adjustment for drawback is appropriate you must provide information showing **the import duty borne by the domestic sales**. That is, it is not sufficient to show the drawback amount and the export sales quantity to Australia. For example, you may calculate the duty borne on domestic sales by quantifying the total amount of import duty paid and subtracting the duty refunded on exports to all countries. The difference, when divided by the domestic sales volume, is the amount of the adjustment.

In substantiating the drawback claim the following information is required:

- a copy of the relevant statutes/regulations authorising duty exemption or remission, translated into English;
- the amount of the duties and taxes refunded upon exportation and an explanation how the amounts were calculated and apportioned to the exported goods;
- an explanation as to how you calculated the amount of duty payable on imported materials is borne by the goods sold domestically but is not borne by the exports to Australia.

Substitution drawback systems

Annex 3 of the WTO *Agreement on Subsidies and Countervailing Measures* provides:

'[d]rawback systems can allow for the refund or drawback of import duties on inputs which are consumed in the production process of another product and where the export of this latter product contains domestic inputs having the same quality and characteristics as those substituted for the imported inputs'.

If such a scheme operates in the country of export adjustments can also be made for the drawback payable on the substituted domestic materials, provided the total amount of the drawback does not exceed the total duty paid.

**The Indian Government pays an amount to exporters of particular types of products in a fixed ad valorem amount, which is a measure of the duty drawback on imported materials used in the manufacture of the product concerned. In the case of galvanised steel, the refund during the POI was INR1.9 per kg or 2.6% of FOB value, whichever was the lesser.**

**A copy of the relevant Indian Government regulation is at Annexure 18.**

3. Level of trade

Section D-4 asks you to indicate the level of trade to the domestic customer. To claim an adjustment for level of trade differences you will need to quantify the amount by which level of trade influences price.

Trade level is the level a company occupies in the distribution chain. The trade level to which that company in turn sells the goods and the functions carried out distinguish a level of trade. Examples are producer, national distributor, regional distributor,

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wholesaler, retailer, end user and original equipment manufacturer.

It may not be possible to compare export prices and domestic prices at the same level of trade. Where relevant sales of like goods at the next level of trade must be used to determine normal values, an adjustment for the difference in level of trade may be required where it is shown that the difference affects price comparability.

The information needs to establish that there are real trade level differences, not merely nominal differences. Real trade level differences are characterised by a consistent pattern of price differences between the levels and by a difference in functions performed. If there is no real trade level differences all sales are treated as being at the same level of trade.

A real difference in level of trade may be adjusted for using either of the following methods:

a) *costs arising from different functions*

The amount of the costs, expenses etc incurred by the seller in domestic sales of the like goods resulting from activities that would not be performed were the domestic sales made at the same level as that of the importer.

This requires the following information:

- a detailed description of each sales activity performed in selling to your domestic customers (for example: sales personnel, travel, advertising, entertainment etc);
- the cost of carrying out these activities in respect of like goods;
- for each activity, whether your firm carries out the same activity when selling to importers in Australia;
- an explanation as to why you consider that you are entitled to a level of trade adjustment; or

b) *level discount*

The amount of the discount granted to purchasers who are at the same level of trade as the importer in Australia. This is determined by an examination of price differences between the two levels of trade in the exporter's domestic market, for example sales of like goods by other vendors or sales of the same general category of goods by the exporter.

For this method to be used it is important that **a clear pattern** of pricing be established for the differing trade levels. Such pattern is demonstrated by a general availability of the discounts to the level - isolated instances would not establish a pattern of availability.

**[CONFIDENTIAL TEXT DELETED – identification of types of customers] On the domestic market, the sales are made through the three distinct channels of ex-factory [CONFIDENTIAL TEXT DELETED – identification of types of customers], Hyper-mart/Express-mart and Service Center. [CONFIDENTIAL TEXT DELETED – cost and price information]**

**The data that has been provided enables relevant cost or price-based adjustments to be made [CONFIDENTIAL TEXT DELETED – cost information]**

4. Credit

The cost of extending credit on domestic sales is not included in the amounts quantified at Section D-4. However, the Commission will examine whether a credit adjustment is warranted and determine the amount. An adjustment for credit is to be made even if funds are not borrowed to finance the accounts receivable.

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The interest rate on domestic sales in order of preference is:

- the rate, or average of rates, applying on actual short term borrowings by the company; or
- the prime interest rate prevailing for commercial loans in the country for credit terms that most closely approximate the credit terms on which the sales were made; or
- such other rate considered appropriate in the circumstances.

Provide the applicable interest rate over **each month** of the investigation period.

If your accounts receivable shows that the average number of collection days differs from the payment terms shown in the sales listing, and if domestic prices are influenced by this longer or shorter period, calculate the average number of collection days.

Where there is no fixed credit period agreed at the time of sale the period of credit is determined on the facts available. For example, where payment is made using an open account system,<sup>1</sup> the average credit period may be determined as follows:

a) *Calculate an accounts receivable turnover ratio*

This ratio equals the total credit sales divided by average accounts receivable. It is a measure of how many times the average receivables balance is converted into cash during the year.

In calculating the accounts receivable turnover ratio, credit sales should be used in the numerator whenever the amount is available from the financial statements. Otherwise, net sales revenue may be used in the numerator.

An average accounts receivable over the year is used in the denominator. This may be calculated by:

- using opening accounts receivable at beginning of period plus closing accounts receivable at end of period divided by two; or
- total monthly receivables divided by 12.

b) *Calculate the average credit period*

The average credit period equals 365 divided by the accounts receivable turnover ratio determined above at point a).

The resulting average credit period should be tested against randomly selected transactions to support the approximation.

**Contract terms have been reported in the relevant column of the domestic sales spreadsheet. Essar Steel's short term borrowing rates during the POI was [CONFIDENTIAL TEXT DELETED – number]%.**

The following items are identified in the amounts quantified at Section D-4:

5. Transportation

Explain how you have quantified the amount of inland transportation associated with the domestic sales ('**inland transportation costs**'). Identify the general ledger account where the expense is located. If the amount has been determined from contractual arrangements, not from an account item, provide details and evidence of payment.

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<sup>1</sup> Under an open account system, following payment the balance of the amount owing is carried into the next period. Payment amounts may vary from one period to the next, with the result that the amount owing varies.

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[CONFIDENTIAL TEXT DELETED – logistical and contract arrangements regarding domestic sales]

6. Handling, loading and ancillary expenses

List all charges that are included in the domestic price and explain how they have been quantified ('**handling, loading and ancillary expenses**'). Identify the general ledger account where the expense is located. If the amounts have been determined using actual observations, not from a relevant account item, provide details.

[CONFIDENTIAL TEXT DELETED – logistical information]

7. Packing

List material and labour costs associated with packing the domestically sold product. Describe how the packing method differs from sales on the domestic market, for each model. Report the amount in the listing in the column headed '**packing**'.

[CONFIDENTIAL TEXT DELETED – product packaging information]

8. Commissions

For any commissions paid in relation to the domestic sales:

- provide a description; and
- explain the terms and conditions that must be met.

Report the amount in the sales listing under the column headed '**commissions**'. Identify the general ledger account where the expense is located.

[CONFIDENTIAL TEXT DELETED – sales information]

9. Warranties, guarantees and after sales services

List the costs incurred. Show relevant sales contracts. Show how you calculated the expenses ('**Warranty and guarantee expenses**' and '**technical assistance and other services**'), including the basis of any allocations. Include a record of expenses incurred. Technical services include costs for the service, repair or consultation. Where these expenses are closely related to the sales in question, an adjustment will be considered. Identify the ledger account where the expense is located.

[CONFIDENTIAL TEXT DELETED – cost information]

10. Other factors

There may be other factors for which an adjustment is required if the costs affect price comparability – these are identified in the column headed '**other factors**'. List the factors and show how each has been quantified in per unit terms. For example:

- inventory carrying cost – describe how the products are stored prior to sale and show data relating to the average length of time in inventory. Indicate the interest rate used;
- warehousing expense – an expense incurred at the distribution point;
- royalty and patent fees – describe each payment as a result of production or sale, including the key terms of the agreement;
- advertising; and
- bad debt.

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We recall our response to E-2.3 regarding the domestic cost differences between sales by the different domestic outlets. These costs include (not mentioned above):

**[CONFIDENTIAL TEXT DELETED – cost information]**

Essar Steel reserves the right to present any additional adjustment information (such as might become apparent to the company on further enquiry) for the purposes of consideration and/or verification by the Commission in a timely way.

**E-3    DUPLICATION**

In calculating the amount of the adjustments you must ensure that there is no duplication.

For example:

- adjustments for level of trade, quantity or other discounts may overlap, or
- calculation of the amount of the difference for level of trade may be based upon selling expenses such as salesperson's salaries, promotion expenses, commissions, and travel expenses.

Separate adjustment items must avoid duplication.

An adjustment for quantities may not be granted unless the effect on prices for quantity differences is identified and separated from the effect on prices for level of trade differences.

**[CONFIDENTIAL TEXT DELETED – price and cost information]** The question of duplication would depend on the approach that is adopted to the questions of comparison and adjustment.

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**SECTION F - EXPORT SALES TO COUNTRIES OTHER THAN  
AUSTRALIA (THIRD COUNTRY SALES)**

*Your response to this part of the questionnaire may be used by the Commission to select sales to a third country that may be suitable for comparison with exports to Australia.*

*Sales to third countries may be used as the basis for normal value in certain circumstances. The Commission may seek more detailed information on particular third country sales where such sales are likely to be used as the basis for determining normal value.*

**F-1** Using the column names and column descriptions below provide a summary of your export sales to countries other than Australia.

Complete the worksheet titled '**Third Country Sales**' within the '*Galvanised Steel - exporter questionnaire supporting data*' spreadsheet provided alongside this questionnaire.

This worksheet should list **all** export sales of like goods (i.e. transaction by transaction) to countries other than Australia in the investigation period. Do not include non-goods items.

Provide the completed worksheet in electronic format via email (or on CD-ROM) with your response. If formulas are used to calculate the field within this sheet, please ensure they remain included in the submitted version.

The table below provides information as to what is meant by each column heading within the worksheet.

COLUMN HEADING	EXPLANATION
Country	Name of the country that you exported like goods to over the investigation period
Number of customers	The number of different customers that your company has sold like goods to in the third country over the investigation period
Level of trade	The level of trade that you export like goods to in the third country
Quantity	Indicate quantity, in units, exported to the third country over the investigation period
Unit of quantity	Show unit of quantity, for example kilograms
Value of sales	Show net sales value to all customers in the third country over the investigation period
Currency	Currency in which you have expressed data in column SALES
Payment terms	Typical payment terms with customer(s) in the third country, for example 60 days = 60 etc
Shipment terms	Typical shipment terms to customers in the third country, for example CIF, FOB, ex-factory, DDP etc

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See Annexure 19. [CONFIDENTIAL ATTACHMENT]

- F-2** Please identify any differences in sales to third countries which may affect their comparison to export sales to Australia.

**Prices in sales to different markets and to different customers in those markets vary depending on market circumstances, terms of trade (including freight terms), mix of customers, volume, etc. It is not possible to identify and account for all differences in sales to third countries which would affect their comparison with export sales to Australia.**

**In any case Essar Steel is fully cooperative with this investigation, and will remain so. Therefore the Commission will be able to undertake normal value determination for comparison with export prices to Australia without reference to third country export sales.**

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**SECTION G - COSTING INFORMATION AND CONSTRUCTED VALUE**

*The information that you supply in response to this section of the questionnaire will be used for various purposes including:*

- *testing the profitability of sales of like goods on the domestic market;*
- *determining a constructed normal value of the goods under consideration – i.e. of the goods exported to Australia; and*
- *making certain adjustments to the normal value.*

*You will need to provide the cost of production of both the exported goods (the goods) and for the like goods sold on the domestic market. You will also need to provide the SG&A costs relating to goods sold on the domestic market, the finance expenses and any other expenses (e.g. non-operating expenses not included elsewhere) associated with the goods.*

*In your response please include a worksheet showing how the SG&A expenses, the finance expenses and any other expenses have been calculated.*

*If, in response to Section B-4 (Sales to Australia, Export Price) you:*

- *reported that the date of sale is not the invoice date and consider that this alternative date should be used when comparing domestic and export prices; and*
- *provided information on domestic selling prices for a matching period as required in the introduction to Section D (Domestic Sales),*

*then you must provide cost data over the same period as these sales even if doing so means that such cost data predates the commencement of the investigation period.*

*At any verification meeting you must be prepared to reconcile the costs shown to the accounting records used to prepare the financial statements.*

**G-1 PRODUCTION PROCESS AND CAPACITY**

1. Describe the production process for the goods. Provide a flowchart of the process. Include details of all products manufactured using the same production facilities as those used for the goods. Also specify all scrap or by-products that result from producing the goods.

**Essar Steel is an integrated steel producer with operations including:**

- **pelletisation of iron ore to produce pellets;**
- **conversion into sponge /molten iron;**
- **production of liquid steel from sponge/molten iron; and**
- **then making value-added finished flat steel products.**

**These products are distributed to end-users through Essar Steel's highly diversified distribution network.**

**At its steel production facilities located at Hazira, Gujarat and Pune, Maharashtra, in the Western part of India, Essar Steel produces the entire range of flat steel products including slabs, hot-rolled, cold-rolled, galvanized, colour coated as well as plates and pipes.**

**Essar Steel also has access to an all-weather port with deep draft for berthing large scale sea going vessels. This enables cost effective raw-materials and finished goods handling.**

**A diagrammatic representation of the manufacturing process for the goods under consideration is set out in Annexure 20. [CONFIDENTIAL ATTACHMENT]**

2. Complete the worksheet titled 'production' within the 'Galvanised Steel - exporter



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questionnaire supporting data' spreadsheet provided alongside this questionnaire.

Provide the completed worksheet in electronic format via email (or on CD-ROM) with your response. If formulas are used to calculate the field within this sheet, please ensure they remain included in the submitted version.

See **Annexure 21. [CONFIDENTIAL ATTACHMENT]**

**G-2 COST ACCOUNTING PRACTICES**

1. Outline the management accounting system that you maintain and explain how that cost accounting information is reconciled to your audited financial statements.

**The company prepares cost records based on process costing method. The company has cost accounting system based on [CONFIDENTIAL TEXT DELETED – proprietary accounting software]. The records and accounts are properly codified according to various cost centres/departments and general ledgers to capture each and every expense. The company has a cost centres accounting system. Material codes are created to capture each and every raw material, consumables and spares, fuel, WIP and FG product. Work centres are created to capture production, consumption, by product, scrap and wastage data for each production line.**

- 1 Raw materials and consumables are accounted for as follows:  
[CONFIDENTIAL TEXT DELETED – internal accounting policies]**
- 2 By product/scrap generation - [CONFIDENTIAL TEXT DELETED – internal accounting policies]**
- 3 Conciliation with the financial data - financial data are based on  
[CONFIDENTIAL TEXT DELETED – proprietary accounting software].  
[CONFIDENTIAL TEXT DELETED – internal accounting policies]**

2. Is your company's cost accounting system based on standard (budgeted) costs? State whether standard costs were used in your responses to this questionnaire. If they were, state whether all variances (i.e. differences between standard and actual production costs) have been allocated to the goods and describe how those variances have been allocated.

**Essar Steel's cost accounting system is based on actual costs.**

3. Provide details of any significant or unusual cost variances that occurred during the investigation period.

**[CONFIDENTIAL TEXT DELETED – cost information]**

4. Describe the profit/cost centres in your company's cost accounting system.

See **Annexure 22. [CONFIDENTIAL ATTACHMENT]**

5. For each profit/cost centre, describe in detail the methods that your company normally uses to allocate costs to the goods under consideration. In particular specify how, and over what period, expenses are amortised or depreciated and how allowances are made for capital expenditures and other development costs.

**All of the costs including material, labour and overhead costs for indirect cost centres are allocated to direct cost centres on the appropriate allocation bases indicated. Essar Steel calculates all of the direct cost and indirect cost allocated from indirect cost centres to the manufactured product (including semi-product) so that the cost of manufacturing statements properly include all costs.**

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[CONFIDENTIAL TEXT DELETED – internal accounting policies]

**Start-up expenses and development expenses such as new investment costs are capitalised and amortised over the useful life of the asset.**

6. Describe the level of product specificity (models, grades etc) that your company's cost accounting system records production costs.

**Essar Steel maintains item codes in order to calculate the cost of manufacture for the products.**

7. List and explain all production costs incurred by your company which are valued differently for cost accounting purposes than for financial accounting purposes.

**Essar Steel's production costs are transferred to the cost accounting system and the costs included in the cost accounting system are transferred to the financial accounting system. There is no difference between production costs in the cost accounting system and the financial accounting system.**

8. State whether your company engaged in any start-up operations in relation to the goods under consideration. Describe in detail the start-up operation giving dates (actual or projected) of each stage of the start-up operation.

[CONFIDENTIAL TEXT DELETED – details of production investment]

9. State the total cost of the start-up operation and the way that your company has treated the costs of the start-up operation in its accounting records.

**See G-2.8 above.**

**G-3 COST TO MAKE AND SELL ON DOMESTIC MARKET**

This information is relevant to testing whether domestic sales are in the ordinary course of trade.<sup>2</sup>

Complete the worksheet titled '**Domestic CTMS**' within the '*Galvanised Steel - exporter questionnaire supporting data*' spreadsheet provided alongside this questionnaire.

Provide the completed worksheet in electronic format via email (or on CD-ROM) with your response. If formulas are used to calculate the field within this sheet, please ensure they remain included in the submitted version.

In doing so, provide the actual unit cost to make and sell **each** model/type (identified in Section C) of the like goods sold on the domestic market. Please specify unit of currency.

Provide this cost data for each quarter over the investigation period. If your company calculates costs monthly, provide monthly costs.

Indicate the source of cost information (account numbers etc) and/or methods used to allocate cost to the goods. Provide documentation and worksheets supporting your calculations.

If you are unable to supply this information in this format, please contact the Case Manager for this investigation at the address on the cover page of this questionnaire.

<sup>2</sup> The Commission applies the tests set out in s.269TAAD of the *Customs Act 1901* to determine whether goods are in the ordinary course of trade. These provisions reflect the WTO Agreement – see Article 2.2.1.

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See **Annexure 23**. [CONFIDENTIAL ATTACHMENT]

**G-4 COST TO MAKE AND SELL GOODS UNDER CONSIDERATION (GOODS EXPORTED TO AUSTRALIA)**

Complete the worksheet titled '**Australian CTMS**' within the '*Galvanised Steel - exporter questionnaire supporting data*' spreadsheet provided alongside this questionnaire.

Provide the completed worksheet in electronic format via email (or on CD-ROM) with your response. If formulas are used to calculate the field within this sheet, please ensure they remain included in the submitted version.

In doing so, provide the actual unit cost to make and sell **each** model/type (identified in Section C) of the like goods sold on the domestic market. Please specify unit of currency.

Provide this cost data for each quarter over the investigation period. If your company calculates costs monthly, provide monthly costs.

Indicate the source of cost information (account numbers etc) and/or methods used to allocate cost to the goods. Provide documentation and worksheets supporting your calculations.

If you are unable to supply this information in this format, please contact the Case Manager for this investigation at the address shown on the cover page of this questionnaire.

This information is relevant to calculating the normal values based on costs. It is also relevant to calculating certain adjustments to the normal value.

See **Annexure 24**. [CONFIDENTIAL ATTACHMENT]

**G-5** Where there are cost differences between goods sold to the domestic market and those sold for export, give reasons and supporting evidence for these differences.

**The methodology of product classification adopted by Essar Steel according to [CONFIDENTIAL TEXT DELETED – product classification and cost differences]**

**G-6** Give details and an explanation of any significant differences between the costs shown and the costs as normally determined in accordance with your general accounting system. Reference should be made to any differences arising from movements in inventory levels and variances arising under standard costing methods.

**There are no such differences.**

**G-7** In calculating the unit cost to make and sell, provide an explanation if the allocation method used (e.g. number, or weight etc) to determine the unit cost differs from the prior practice of your company.

**There are no such differences.**

**G-8** List major raw material costs, which individually account for 10% or more of the total production cost.

For these major inputs:

- identify materials sourced in-house and from associated entities;
- identify the supplier; and

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- show the basis of valuing the major raw materials in the costs of production you have shown for the goods (e.g. market prices, transfer prices or actual cost of production).

Where the major input is produced by an associate of your company, the Commission will compare your purchase price to a normal market price. If the associate provides information on the cost of production for that input such cost data may also be considered.

Normal market price is taken to be the price normally available in the market (having regard to market size, whether the input is normally purchased at 'spot prices' or under long term contracts etc).

The term associate is defined in section 269TAA of the *Customs Act 1901*. Included in that definition are companies controlled by the same parent company (a company that controls 5% or more of the shares of another is taken to be an associated company), companies controlled by the other company and companies having the same person in the board of directors.

**Important note: if the major input is sourced as part of an integrated production process you should provide detailed information on the full costs of production of that input.**

The major raw material costs are iron ore, coke and coal. Energy cost (gas and electricity) together also constitute [CONFIDENTIAL TEXT DELETED – degree and number]% of the factory cost. The suppliers are shown in Annexure 25. [CONFIDENTIAL ATTACHMENT] [CONFIDENTIAL TEXT DELETED – information about suppliers] The costs recorded for these items in Essar Steel's financial records are the as-invoiced market prices of acquiring them from the suppliers concerned.

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**SECTION H - EXPORTER'S DECLARATION**



I hereby declare that **Essar Steel India Limited** (company) did, during the period of investigation export the goods under consideration and have completed the attached questionnaire and, having made due inquiry, certify that the information contained in this submission is complete and correct to the best of my knowledge and belief.

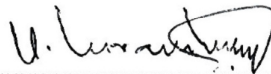


I hereby declare that ..... (company) did not, during the period of investigation, export the goods under consideration and therefore have not completed the attached questionnaire.

Name

Shivramkrishnan Hariharan

Signature



Position in Company

Chief Commercial Officer

Date

3 September 2014

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**SECTION I - CHECKLIST**

*This section is an aid to ensure that you have completed all sections of this questionnaire.*

<b>SECTION</b>	Please tick if you have responded to all questions
Section A – general information	<input checked="" type="checkbox"/>
Section B – export price	<input checked="" type="checkbox"/>
Section C – like goods	<input checked="" type="checkbox"/>
Section D – domestic price	<input checked="" type="checkbox"/>
Section E – fair comparison	<input checked="" type="checkbox"/>
Section F – exports to third countries	<input checked="" type="checkbox"/>
Section G – costing information	<input checked="" type="checkbox"/>
Section H – declaration	<input checked="" type="checkbox"/>

<b>ELECTRONIC DATA</b>	Please tick if you have completed worksheets
<b>INCOME STATEMENT</b>	<input checked="" type="checkbox"/>
<b>TURNOVER</b> – sales summary	<input checked="" type="checkbox"/>
<b>AUSTRALIAN SALES</b> – list of sales to Australia	<input checked="" type="checkbox"/>
<b>DOMESTIC SALES</b> – list of all domestic sales of like goods	<input checked="" type="checkbox"/>
<b>THIRD COUNTRY</b> – third country sales	<input checked="" type="checkbox"/>
<b>PRODUCTION</b> – production figures	<input checked="" type="checkbox"/>
<b>DOMESTIC COSTS</b> – costs of goods sold domestically	<input checked="" type="checkbox"/>
<b>AUSTRALIAN COSTS</b> – costs of goods sold to Australia	<input checked="" type="checkbox"/>

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**LIST OF ANNEXURES**

No.	Title	Ref.
1	Shareholding of Essar Steel as of 30 June 2014 [CONFIDENTIAL ATTACHMENT]	A-3.2
2	Shareholding of Essar Steel Asia Holdings Ltd [CONFIDENTIAL ATTACHMENT]	A-3.3
3	Essar Steel associated companies [CONFIDENTIAL ATTACHMENT]	A-3.5
4	Essar Steel internal organisation chart [CONFIDENTIAL ATTACHMENT]	A-3.9
5	Directors of Essar Steel [CONFIDENTIAL ATTACHMENT]	A-3.10
6	Essar Steel annual report including audited accounts for 2012/13 [CONFIDENTIAL ATTACHMENT]	A-3.11
7	Chart of accounts [CONFIDENTIAL ATTACHMENT]	A-4.3
8	Unaudited accounts for 2013/14 [CONFIDENTIAL ATTACHMENT]	A-4.3
9	Depreciation rates table	A-4.6
10	Income statement [CONFIDENTIAL ATTACHMENT]	A-5
11	Turnover [CONFIDENTIAL ATTACHMENT]	A-6
12	Australian sales [CONFIDENTIAL ATTACHMENT]	B-4
13	Sample export shipment documents [CONFIDENTIAL ATTACHMENT]	B-9
14	Product classification code [CONFIDENTIAL ATTACHMENT]	C-2
15	Essar Steel product brochure	C-4
16	Domestic sales spreadsheet [CONFIDENTIAL ATTACHMENT]	D-4
17	Sample domestic sale documents [CONFIDENTIAL ATTACHMENT]	D-7
18	Indian Government duty drawback regulations	E-2.2
19	Third country sales [CONFIDENTIAL ATTACHMENT]	F-1
20	Manufacturing flowchart [CONFIDENTIAL ATTACHMENT]	G-1
21	Production [CONFIDENTIAL ATTACHMENT]	G-1.2
22	Profit/cost centres [CONFIDENTIAL ATTACHMENT]	G-2.4

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23	Domestic CTMS [CONFIDENTIAL ATTACHMENT]	G-3
24	Australian CTMS [CONFIDENTIAL ATTACHMENT]	G-4
25	Raw materials and suppliers [CONFIDENTIAL ATTACHMENT]	G-8



**Depreciation rate for pre-April 2014**

Company Code 2000

Class	Asset class description	Balance Sheet Mapping	Method of Depreciation	Rate Of Depreciation
20000001	Freehold Land	Freehold Land	No Depreciation	NA
20000002	Leasehold Land	Leasehold Land	Amortisation Over the Lease Period	NA
20001001	Plant Buildings	Buildings	WDV	10%
20001002	Non-Plant Buildings	Buildings	WDV	5%
20001003	Residential Buildings	Buildings	WDV	5%
20001004	Lease Hold Bulding Buildings	Buildings	Amortisation Over the Lease Period	NA
20002001	Plant And Machinery - Continuous	Plant & Machinery	SLM	5.28%
20002002	Railway Sidings	Railway Sidings	SLM	5.28%
20002003	Plant And Machinery - Non Continuous	Plant & Machinery	SLM	4.75%
20003001	Furniture And Fixtures	Furniture And Fixtures	WDV	18.10%
20004001	Office Equipments	Office Equipments	WDV	13.91%
20004002	Computer And IT Equipments	Computer And IT Equipments	WDV	40%
20004003	Intangible Asset	Intangible Asset	WDV	40%
20005001	Vehicles - Motor Car & Two wheelers	Vehicles	WDV	25.89%
20005003	Vehicles – Heavy	Vehicles	WDV	30%
20006001	Ships & Vessels	Ships & Vessels	WDV	10%
20009101	Aircraft	Aircraft	WDV	16.20%

## SCHEDULE II

(See section 123)

## USEFUL LIVES TO COMPUTE DEPRECIATION

## PART 'A'

1. Depreciation is the systematic allocation of the depreciable amount of an asset over its useful life. The depreciable amount of an asset is the cost of an asset or other amount substituted for cost, less its residual value. The useful life of an asset is the period over which an asset is expected to be available for use by an entity, or the number of production or similar units expected to be obtained from the asset by the entity.

2. For the purpose of this Schedule, the term depreciation includes amortisation.

3. Without prejudice to the foregoing provisions of paragraph 1,—

(i) In case of such class of companies, as may be prescribed and whose financial statements comply with the accounting standards prescribed for such class of companies under section 133 the useful life of an asset shall not normally be different from the useful life and the residual value shall not be different from that as indicated in Part C, provided that if such a company uses a useful life or residual value which is different from the useful life or residual value indicated therein, it shall disclose the justification for the same.

(ii) In respect of other companies the useful life of an asset shall not be longer than the useful life and the residual value shall not be higher than that prescribed in Part C.

(iii) For intangible assets, the provisions of the Accounting Standards mentioned under sub-para (i) or (ii), as applicable, shall apply.

## PART 'B'

4. The useful life or residual value of any specific asset, as notified for accounting purposes by a Regulatory Authority constituted under an Act of Parliament or by the Central Government shall be applied in calculating the depreciation to be provided for such asset irrespective of the requirements of this Schedule.

## PART 'C'

5. Subject to Parts A and B above, the following are the useful lives of various tangible assets:

Nature of assets	Useful Life
<b>I Buildings [NESD]</b>	
(a) Buildings (other than factory buildings) RCC Frame Structure	60 Years
(b) Buildings (other than factory buildings) other than RCC Frame Structure	30 Years
(c) Factory buildings	-do-
(d) Fences, wells, tube wells	5 Years
(e) Others (including temporary structure, etc.)	3 Years
<b>II Bridges, culverts, bunders, etc. [NESD]</b>	30 Years
<b>III Roads [NESD]</b>	
(a) Carpeted roads	
(i) Carpeted Roads-RCC	10 Years
(ii) Carpeted Roads-other than RCC	5 Years

- |                        |         |
|------------------------|---------|
| (b) Non-carpeted roads | 3 Years |
|------------------------|---------|

#### IV. Plant and Machinery

##### (i) General rate applicable to plant and machinery not covered under special plant and machinery

- |  |          |
|--|----------|
| (a) Plant and Machinery other than continuous process plant not covered under specific industries  | 15 Years |
| (b) continuous process plant for which no special rate has been prescribed under (ii) below [NESD] | 8 Years  |

##### (ii) Special Plant and Machinery

- |   |          |
|---|----------|
| (a) Plant and Machinery related to production and exhibition of Motion Picture Films  |          |
| 1. Cinematograph films—Machinery used in the production and exhibition of cinematograph films, recording and reproducing equipments, developing machines, printing machines, editing machines, synchronizers and studio lights except bulbs | 13 Years |
| 2. Projecting equipment for exhibition of films   | -do-     |
| (b) Plant and Machinery used in glass manufacturing   |          |
| 1. Plant and Machinery except direct fire glass melting furnaces — Recuperative and regenerative glass melting furnaces   | 13 Years |
| 2. Plant and Machinery except direct fire glass melting furnaces — Moulds [NESD]  | 8 Years  |
| 3. Float Glass Melting Furnaces [NESD]  | 10 Years |
| (c) Plant and Machinery used in mines and quarries—Portable underground machinery and earth moving machinery used in open cast mining [NESD]  | 8 Years  |
| (d) Plant and Machinery used in Telecommunications [NESD]   |          |
| 1. Towers   | 18 Years |
| 2. Telecom transceivers, switching centres, transmission and other network equipment  | 13 Years |
| 3. Telecom—Ducts, Cables and optical fibre  | 18 Years |
| 4. Satellites   | -do-     |
| (e) Plant and Machinery used in exploration, production and refining oil and gas [NESD]   |          |
| 1. Refineries   | 25 Years |
| 2. Oil and gas assets (including wells), processing plant and facilities  | -do-     |
| 3. Petrochemical Plant  | -do-     |
| 4. Storage tanks and related equipment  | -do-     |
| 5. Pipelines  | 30 Years |
| 6. Drilling Rig   | -do-     |
| 7. Field operations (above ground) Portable boilers, drilling tools, well-head tanks, etc.  | 8 Years  |
| 8. Loggers  | -do-     |

## (f) Plant and Machinery used in generation, transmission and distribution of power [NESD]

1. Thermal/ Gas/ Combined Cycle Power Generation Plant	40 Years
2. Hydro Power Generation Plant	-do-
3. Nuclear Power Generation Plant	-do-
4. Transmission lines, cables and other network assets	-do-
5. Wind Power Generation Plant	22 Years
6. Electric Distribution Plant	35 Years
7. Gas Storage and Distribution Plant	30 Years
8. Water Distribution Plant including pipelines	-do-

## (g) Plant and Machinery used in manufacture of steel

1. Sinter Plant	20 Years
2. Blast Furnace	-do-
3. Coke ovens	-do-
4. Rolling mill in steel plant	-do-
5. Basic oxygen Furnace Converter	25 Years

## (h) Plant and Machinery used in manufacture of non-ferrous metals

1. Metal pot line [NESD]	40 Years
2. Bauxite crushing and grinding section [NESD]	-do-
3. Digester Section [NESD]	-do-
4. Turbine [NESD]	-do-
5. Equipments for Calcination [NESD]	-do-
6. Copper Smelter [NESD]	-do-
7. Roll Grinder	40 Years
8. Soaking Pit	30 Years
9. Annealing Furnace	-do-
10. Rolling Mills	-do-
11. Equipments for Scalping, Slitting, etc. [NESD]	-do-
12. Surface Miner, Ripper Dozer, etc., used in mines	25 Years
13. Copper refining plant [NESD]	-do-

## (i) Plant and Machinery used in medical and surgical operations [NESD]

1. Electrical Machinery, X-ray and electrotherapeutic apparatus and accessories thereto, medical, diagnostic equipments, namely, Cat-scan, Ultrasound Machines, ECG Monitors, etc.	13 Years
2. Other Equipments.	15 Years

## (j) Plant and Machinery used in manufacture of pharmaceuticals and chemicals [NESD]

1. Reactors	20 Years
2. Distillation Columns	-do-
3. Drying equipments/Centrifuges and Decanters	-do-
4. Vessel/storage tanks	-do-

**(k) Plant and Machinery used in civil construction**

1. Concreting, Crushing, Piling Equipments and Road Making Equipments	12 Years
2. Heavy Lift Equipments—	
Cranes with capacity of more than 100 tons	20 Years
Cranes with capacity of less than 100 tons	15 Years
3. Transmission line, Tunneling Equipments [NESD]	10 Years
4. Earth-moving equipments	9 Years
5. Others including Material Handling /Pipeline/Welding Equipments [NESD]	12 Years
<b>(l) Plant and Machinery used in salt works [NESD]</b>	15 Years

**V. Furniture and fittings [NESD]**

<b>(i) General furniture and fittings</b>	10 Years
<b>(ii) Furniture and fittings used in hotels, restaurants and boarding houses, schools, colleges and other educational institutions, libraries; welfare centres; meeting halls, cinema houses; theatres and circuses; and furniture and fittings let out on hire for use on the occasion of marriages and similar functions.</b>	8 Years

**VI. Motor Vehicles [NESD]**

1. Motor cycles, scooters and other mopeds	10 Years
2. Motor buses, motor lorries, motor cars and motor taxies used in a business of running them on hire	6 Years
3. Motor buses, motor lorries and motor cars other than those used in a business of running them on hire	8 Years
4. Motor tractors, harvesting combines and heavy vehicles	-do-
5. Electrically operated vehicles including battery powered or fuel cell powered vehicles	8 Years

**VII. Ships [NESD]**

1. Ocean-going ships	
<b>(i) Bulk Carriers and liner vessels</b>	25 Years
<b>(ii) Crude tankers, product carriers and easy chemical carriers with or without conventional tank coatings.</b>	20 Years
<b>(iii) Chemicals and Acid Carriers:</b>	
<b>(a) With Stainless steel tanks</b>	25 Years
<b>(b) With other tanks</b>	20 Years
<b>(iv) Liquified gas carriers</b>	30 Years
<b>(v) Conventional large passenger vessels which are used for cruise purpose also</b>	-do-
<b>(vi) Coastal service ships of all categories</b>	-do-
<b>(vii) Offshore supply and support vessels</b>	20 Years
<b>(viii) Catamarans and other high speed passenger for ships or boats</b>	-do-

(ix)	Drill ships	25 Years
(x)	Hovercrafts	15 Years
(xi)	Fishing vessels with wooden hull	10 Years
(xii)	Dredgers, tugs, barges, survey launches and other similar ships used mainly for dredging purposes	14 Years
2.	Vessels ordinarily operating on inland waters—	
(i)	Speed boats	13 Years
(ii)	Other vessels	28 Years
<b>VIII.</b>	<b>Aircrafts or Helicopters [NESD]</b>	20 Years
<b>IX.</b>	<b>Railways sidings, locomotives, rolling stocks, tramways and railways used by concerns, excluding railway concerns [NESD]</b>	15 Years
<b>X.</b>	<b>Ropeway structures [NESD]</b>	15 Years
<b>XI.</b>	<b>Office equipment [NESD]</b>	5 Years
<b>XII.</b>	<b>Computers and data processing units [NESD]</b>	
(i)	Servers and networks	6 Years
(ii)	End user devices, such as, desktops, laptops, etc.	3 Years
<b>XIII.</b>	<b>Laboratory equipment [NESD]</b>	
(i)	General laboratory equipment	10 Years
(ii)	Laboratory equipments used in educational institutions	5 Years
<b>XIV.</b>	<b>Electrical Installations and Equipment [NESD]</b>	10 years
<b>XV.</b>	<b>Hydraulic works, pipelines and sluices [NESD]</b>	15 Years

**Notes.—**

1. "Factory buildings" does not include offices, godowns, staff quarters.

2. Where, during any financial year, any addition has been made to any asset, or where any asset has been sold, discarded, demolished or destroyed, the depreciation on such assets shall be calculated on a *pro rata* basis from the date of such addition or, as the case may be, up to the date on which such asset has been sold, discarded, demolished or destroyed.

3. The following information shall also be disclosed in the accounts, namely:—

- (i) depreciation methods used; and
- (ii) the useful lives of the assets for computing depreciation, if they are different from the life specified in the Schedule.

4. Useful life specified in Part C of the Schedule is for whole of the asset. Where cost of a part of the asset is significant to total cost of the asset and useful life of that part is different from the useful life of the remaining asset, useful life of that significant part shall be determined separately.

5. Depreciable amount is the cost of an asset, or other amount substituted for cost, less its residual value. Ordinarily, the residual value of an asset is often insignificant but it should generally be not more than 5% of the original cost of the asset.

6. The useful lives of assets working on shift basis have been specified in the Schedule based on their single shift working. Except for assets in respect of which no extra shift depreciation is permitted (indicated by NESD in Part C above), if an asset is used for any time during the year for double shift, the depreciation will increase by 50% for that period and in case of the triple shift the depreciation shall be calculated on the basis of 100% for that period.

7. From the date this Schedule comes into effect, the carrying amount of the asset as on that date—

(a) shall be depreciated over the remaining useful life of the asset as per this Schedule;

(b) after retaining the residual value, shall be recognised in the opening balance of retained earnings where the remaining useful life of an asset is nil.

8. “Continuous process plant” means a plant which is required and designed to operate for twenty-four hours a day.

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Galvanised Steel with '3U' advantage







# Essar Steel

## Introduction

Essar Steel is a global integrated steel producer with an annual capacity of 14 million tonnes with a strong presence in intensive steel consuming markets like Asia and North America. It has operations in four countries:

- A 10 MTPA integrated facility in India
- A 4 MTPA steel plant in Canada
- A 7 MTPA Taconite plant under execution in USA
- A 0.4 MTPA downstream complex in Indonesia

Essar Steel India is an integrated steel producer with an annual production capacity of 10 million tonnes. Essar Steel’s manufacturing facility comprises ore beneficiation, pellet-making, iron-making, steel-making, and downstream facilities including a cold-rolling mill, galvanising, pre-coated facility, steel-processing facility, extra wide plate mill and a pipe mill. The steel plant located at Hazira has modern infrastructure like a power plant and a port that can handle 30 million tonnes of cargo annually. With a focus on value-added products, it produces over 300 grades of steel conforming to quality standards of international certification agencies like API, ABS, NACE and Lloyd’s Register, to name a few. Essar Steel uses information technology extensively for its operations, thereby ensuring consistent quality of its products.

Essar Steel has set up a 1.5 MTPA plate mill and a 0.6 MTPA pipe mill at Hazira to add further value to its product portfolio. With one of India’s largest steel processing and distribution networks, having a capacity of 4 MTPA located at several industrial hubs, Essar Steel manufactures customised products catering to a variety of industry segments.

Sustainability has been given due importance in design and operations and the company has become a zero-waste company. It has received many accolades and recognitions from reputed institutions like Centre for Science and Environment, Water Digest, World Steel Association, Golden Peacock, Green Tech foundation, CII, CII-ITC Sustainable Development Center and Carbon Disclosure Project, to name a few.

# Galvanised Product

## Introduction

Essar Steel with its state-of-the-art technology produces hot dip galvanised products from continuous galvanizing lines with an annual capacity of 0.85 million tonnes, located both at Hazira and Pune. The facilities are well equipped to produce a wide range of products meeting stringent application requirements in line with the industry standards. Essar Steel with its unique product characteristics has established itself as one of the major galvanised steel producers, globally.

Essar Steel hot dip galvanised steel is produced by applying a coat of zinc to the surface of a cold-rolled product. Galvanised coils have excellent cathodic protection and are used extensively in construction, white goods and automotive industries.

**The Esaar Steel’s 3U advantage:**

- **3 mm** thickness
- **Uniform** coating in higher coating mass with greater flexibility and quality.

## Features

- Thickness range: 0.18 to 3 mm
  - Uniform zinc coating range: 90 to 350 GSM
  - Spangles: Zero / Minimised / Skin Passed / Regular
  - With and without tension levelling
  - Passivation: Chromated (Hexavalent / Trivalent)
- Oiling: 100 – 1,000 mg/m2
  - Winding: Controlled / Staggered (+/- 5 to +/- 15 mm)
  - Coil ID: 508 / 610
  - Width range: 900 to 1,340 mm (For slit coils, minimum width 200 mm)

## Applications

- Construction – Steel Framing, False Ceilings, Sandwich Panels, Ducting, Decking, Purlin, HVAC Applications
- White Goods – Refrigerators, Deep Freezers, Washing Machines, Air Coolers
- Automotive – Auto Internal Components, Bus Bodies
- Furniture – Office Equipment
- Containers – Grain Silos, Drums & Barrels, Crash Guards/ Handrails

## Forms

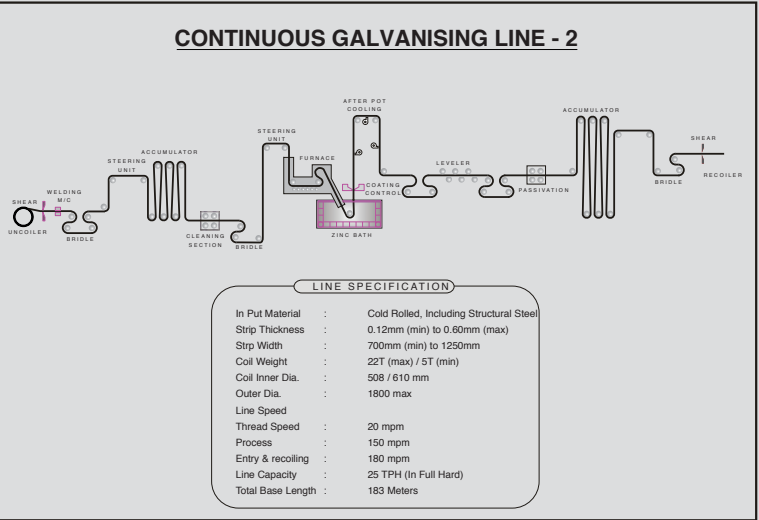
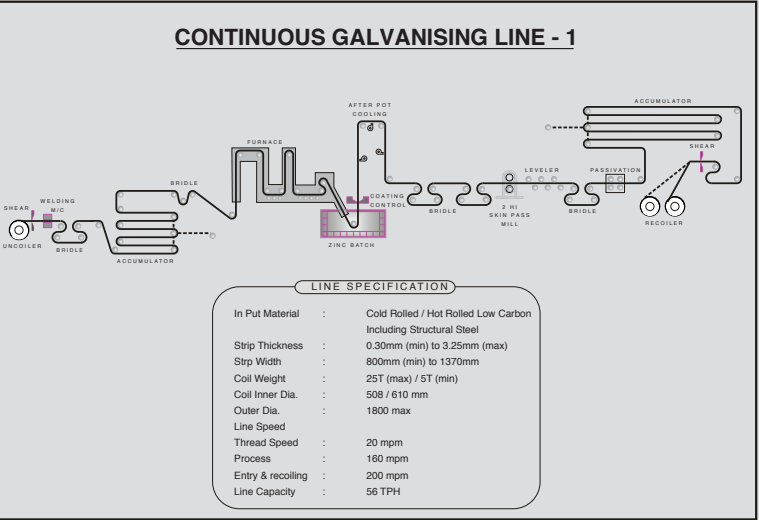
Coils / Slits / Sheets

## Grades

- CQ
  - DDQ
  - HSLA
- DQ
  - EDDQ / IF

## Benefits

- Excellent surface finish ensuring superior paintability
- Strategically located plants to ensure timely delivery
- Consistent quality







# Construction

## Introduction

Traditionally, the construction segment is a major consumer of galvanised products for wide range of applications i.e. construction steel framing, false ceilings, sandwich panels, ducting, decking, Purlin, HVAC, roof tiles, flooring, drain systems, front systems (siding, panels, cartridges) applications etc. Galvanised products offer a unique advantage of corrosion resistance and long life. The life expectancy of hot dip galvanised products with a standard coating of 275 GSM on typical structure members, is approx. 20 years, making it an ideal choice for the construction sector.

## Product Features:

- Thickness ranging from 0.15 to 3.2 mm
- Zinc coating in the range 100 – 450 GSM
- Passivation – Chromated (Hexavalent /Trivalent)
- Spangles – Regular / Minimised / Skin Passed / Zero
- Winding – Controlled / Staggered (+/- 5 to +/-15 mm)
- Width ranging from 800 mm to 1340 mm
- With and without tension leveling
- Oiling – 100 to 1000 mg/sqm
- Coil ID – 508/ 610

## Product Capability:

Galvanised Grade	Thickness (mm)	Width (mm)	Coating (GSM)
CQ - SOFT (DX51D, SGCC, CS TYPE A/B/C)	0.25 to 3.2	800-1340	80-275
	Regular/Minimised Spangle up to 1.500 mm		
	Regular Spangle only above 1.500 mm		
DQ - SOFT (DX52D, FS TYPE A/B, SGCD1)	0.40 to 2.0	800-1320	80-275
	Regular/Minimised Spangle up to 0.800 mm		
	Regular Spangle only above 1.200 mm		
DDQ - SOFT (DX53D, DDS, SGCD2)	0.4-1.5	800-1300	80-275
EDDQ/ IF -SOFT (DX54D/DX56D/DX57D, EDDS, SGCD3)	0.4-1.0	800-1300	80-275
CQ - HARD /SS80/S550GD/SGC570	0.15-1.20	900-1330	80-180
SS33/S220GD/S250GD/SGC340	0.4-2.5	800-1300	80-275
SS37/S280GD	0.4-2.5	800-1300	80-275
SS40/SS50/S320GD/S350GD/SGC400/SGC440/SGC490	0.7-2.5	900-1250	80-275
HSLA: G450/S390GD/S420GD	1.2-2.5	900-1250	80-275





Features

Technology	Advanced technologies like (clean steel-making, liquid core-reduction technology, and state-of-the-art rolling mills) for excellent metallurgical properties in the finished product.		
Products	<ul style="list-style-type: none"><li>Wider product range from 0.15 mm to 3.2 mm thickness</li><li>Uniform spangles throughout the coil</li><li>Uniform Zn coating adhesion</li></ul>	<ul style="list-style-type: none"><li>High strength structural grade with a yield strength of 550 MPa min</li><li>Zero spangle products suitable for white goods and automotive segments</li></ul>	
Services	<ul style="list-style-type: none"><li>Service centres at major locations across India for ready-to-use products with JIT deliveries</li><li>Multi-modal supplies and a port-based Integrated steel company in India</li></ul>		

Supply Conditions

- Coils / Sheets
- Profile: Roofing and decking applications (sinusoidal & trapezoidal profiles)

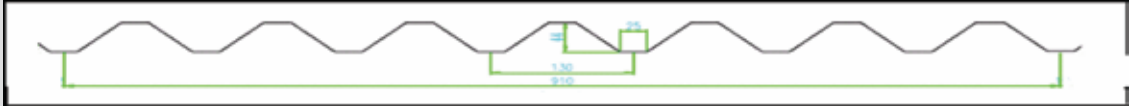
Galvanised Corrugated Sheets

- Galvanised steel with a guaranteed zinc coating of min. 120 GSM provides longer life and better durability. The extra-wide 1200 mm sheet is another breakthrough solution resulting in substantial cost savings to the consumers.
- Applications: Roofing and Facade
- Zinc Coating: 120 GSM
- Pitch between Corrugation: 75 mm
- Dimensions: Thickness: 0.16 to 0.8 mm, Width: 760 to 1200 mm, Length 2440 to 4880 mm
- Product Forms: Sheets
- Depth of Corrugation: 17.5 mm
- Hardness: > 85 HRB

Essar Deck - Floor Decking Sheets

- Essar Steel’s state-of-the-art floor decking solution, Essar Deck, is custom engineered to optimise structural efficiency; reduce extraneous usage of steel and cement; economizes on concrete thickness owing to additional load-bearing capacity of decking sheets when used as a composite with RCC.
- Applications: Shuttering, Flooring, Wall Cladding, and Roofing
- Specifications: IS 513D
- Width: Supplied 952 mm (Effective 910 mm)
- Zinc Coating: 120 to 375 GSM
- Pitch: 130 mm
- Product Forms: Profiled Sheets
- Dimensions: Thickness: 0.6 to 1.25 mm
- Length: 2m to 7m
- Depth: 44 mm
- Max. Packet Weight : 3 MT

Profile:



Benefits:

- Excellent surface finish ensuring superior paintability
- Strategically located plant to ensure timely delivery
- Consistency in quality

Marquee Customer:

Kirby Building Systems, Interarch, Zamil Steel, Tiger Steel, Phoenix Varco Prueden, Kec International.



# General Engineering



## Introduction

The general engineering sector is one of the major consumers of Galvanised products for a wide range of applications. These include AC ducts, Cable Trays, Flooring, Solar Panels, Grain Silos, Grating, Drums & Barrels, Canopies and other structural applications. Galvanised products offer a unique advantage of corrosion resistance and long life.

## Product Features:

- Thickness ranging from 0.15 to 3.2 mm
- Zinc coating in the range 80 – 275 GSM
- With and without tension leveling
- Oiling – 100 to 1000 mg/sqm
- Coil ID – 508/ 610
- Width ranging from 800 mm to 1340 mm
- Spangles – Regular/ Minimised/ Skin Passed/ Zero
- Passivation – Chromated (Hexavalent/ Trivalent)
- Winding – Controlled/ Staggered (+/- 5 to +/-15 mm)

## Product Capability:

Galvanised Grade	Thickness (mm)	Width (mm)	Coating (GSM)
CQ - SOFT (DX51D, SGCC, CS TYPE A/B/C)	0.25 to 3.2	800-1340	80-275
	Regular/Minimised Spangle up to 1.500 mm		
	Regular Spangle only above 1.500 mm		
DQ - SOFT (DX52D, FS TYPE A/B, SGCD1)	0.40 to 2.0	800-1320	80-275
	Regular/Minimised Spangle up to 0.800 mm		
	Regular Spangle only above 1.200 mm		
DDQ - SOFT (DX53D, DDS, SGCD2)	0.4-1.5	800-1300	80-275
EDDQ/ IF -SOFT (DX54D/DX56D/DX57D, EDDS, SGCD3)	0.4-1.0	800-1300	80-275
CQ - HARD /SS80/S550GD/SGC570	0.15-1.20	900-1330	80-180
SS33/S220GD/S250GD/SGC340	0.4-2.5	800-1300	80-275
SS37/S280GD	0.4-2.5	800-1300	80-275
SS40/SS50/S320GD/S350GD/SGC400/SGC440/SGC490	0.7-2.5	900-1250	80-275
HSLA: G450/S390GD/S420GD	1.2-2.5	900-1250	80-275





Features

Technology	Advanced technologies like (clean steel-making, liquid core-reduction technology, and state-of-the-art rolling mills) for excellent metallurgical properties in the finished product.
Products	<ul style="list-style-type: none"><li>Wider product range from 0.15 mm to 3.2 mm thickness</li><li>Uniform spangles throughout the coil</li><li>Uniform Zn coating adhesion</li><li>High strength structural grade with a yield strength of 550 MPa min</li><li>Zero spangle products suitable for white goods and automotive segments</li></ul>
Services	<ul style="list-style-type: none"><li>Service centers at major locations across India for ready-to-use products with JIT deliveries</li><li>Multi-modal supplies and a port based integrated steel company in India</li></ul>

Supply conditions

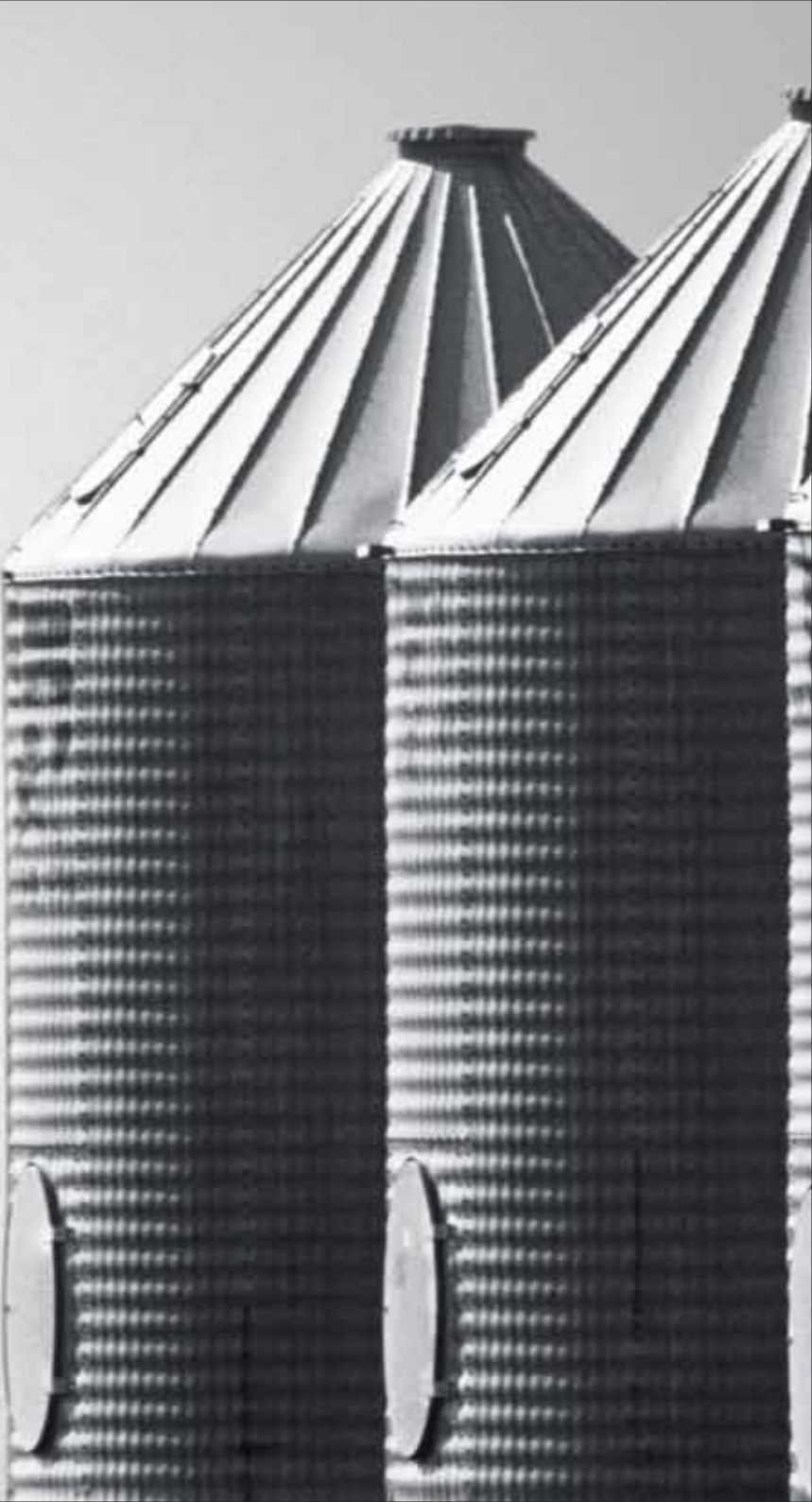
- Coils / Sheet / Chequered Plates

Benefits:

- Excellent surface finish ensuring superior paintability
- Strategically located plant to ensure timely delivery
- Consistency in quality

Certifications

ISO – 9001, ISO – 14001, ISO/TS 16949:2002, OHSAS 18001:1999





# White Goods



## Introduction

White Goods and Appliance sector is one of the major consumers of galvanised products because of three prime requirement i.e. Aesthetics, Corrosion Resistance and Long Life. Galvanised products with zero spangles and minimised spangles offer unique advantage of the combination of all the above criteria which make them an ideal choice for the entire segment.

## Product Features:

- Thickness ranging from 0.15 to 3.2 mm
- Zinc coating in the range 80 – 275 GSM
- With and without tension leveling
- Oiling – 100 to 1000 mg/sqm
- Coil ID – 508/ 610
- Width ranging from 800 mm to 1340 mm
- Spangles – Regular / Minimised / Skin Passed / Zero
- Passivation – Chromated (Hexavalent / Trivalent)
- Winding – Controlled / Staggered (+/- 5 to +/-15 mm)

## Product Capability:

Galvanised Grade	Thickness (mm)	Width (mm)	Coating (GSM)
CQ - SOFT (DX51D, SGCC, CS TYPE A/B/C)	0.25 to 3.2	800-1340	80-275
	Minimised Spangle up to 1.500 mm		
DQ - SOFT (DX52D, FS TYPE A/B, SGCD1)	0.40 to 2.0	800-1340	80-275
	Minimised Spangle up to 0.800 mm		
EDDQ/ IF -SOFT (DX54D/ EDDS, SGCD3)*	0.40 to 1.2	800-1300	80-275
	Regular / Minimised / Skin Passed / Zero		

\*GPSP (Galvanised Plain Skin passed) up to 1.2 mm thickness for all grades.

Features

Technology	Advanced technologies like (clean steel-making, Liquid core-reduction, and state-of-the-art rolling mills) for excellent metallurgical product properties.	
Products	<div><div>▀ Wider product range from 0.15 mm to 3.2 mm thickness</div><div>▀ Uniform spangles throughout the coil</div><div>▀ Uniform Zn coating adhesion</div></div>	<div><div>▀ High strength structural grade with a yield strength of 550 MPa min</div><div>▀ Zero spangle products suitable for white goods and automotive segments</div></div>
Services	<div><div>▀ Service centers at major locations across India for ready to use products with JIT deliveries.</div><div>▀ Multi-modal supplies and a port based integrated steel company in India</div></div>	

Supply conditions

- ▀ Coils / Sheets

Benefits:

- ▀ Excellent surface finish ensuring superior paintability
- ▀ Strategically located plant to ensure timely delivery
- ▀ Consistency in quality

Certifications

ISO – 9001, ISO – 14001, ISO/TS 16949:2002, OHSAS 18001:1999





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[TO BE PUBLISHED IN THE GAZETTE OF INDIA, EXTRAORDINARY, PART II,  
SECTION 3, SUB-SECTION (i)]

GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
(DEPARTMENT OF REVENUE)

New Delhi, dated the 14<sup>th</sup> September, 2013

**Notification No. 98/2013 - CUSTOMS (N.T.)**

**G.S.R. (E).** In exercise of the powers conferred by sub-section (2) of section 75 of the Customs Act, 1962 (52 of 1962), sub-section (2) of section 37 of the Central Excise Act, 1944 (1 of 1944), and section 93A and sub-section (2) of section 94 of the Finance Act, 1994 (32 of 1994) read with rules 3 and 4 of the Customs, Central Excise Duties and Service Tax Drawback Rules, 1995 (hereinafter referred to as the said rules) and in supersession of the notification of the Government of India in the Ministry of Finance (Department of Revenue) No.92/2012-Customs (N.T.), dated the 4<sup>th</sup> October, 2012 published vide number G.S.R. 742 (E), dated the 4<sup>th</sup> October, 2012, except as respects things done or omitted to be done before such supersession, the Central Government hereby determines the rates of drawback as specified in the Schedule annexed hereto (hereinafter referred to as the said Schedule) subject to the following notes and conditions, namely:-

**Notes and conditions:**

- (1) The tariff items and descriptions of goods in the said Schedule are aligned with the tariff items and descriptions of goods in the First Schedule to the Customs Tariff Act, 1975 (51 of 1975) at the four-digit level only. The descriptions of goods given at the six digit or eight digit or modified six or eight or ten digits are in several cases not aligned with the descriptions of goods given in the said First Schedule to the Customs Tariff Act, 1975.
- (2) The General Rules for the Interpretation of the First Schedule to the said Customs Tariff Act, 1975 shall *mutatis mutandis* apply for classifying the export goods listed in the said Schedule.
- (3) Notwithstanding anything contained in the said Schedule, -
  - (i) all artware or handicraft items shall be classified under the heading of artware or handicraft (of constituent material) as mentioned in the relevant Chapters;
  - (ii) any identifiable ready to use machined part or component predominantly made of iron, steel or aluminium, made through casting or forging process, and not specifically mentioned at six digit level or more in Chapter 84 or 85 or 87, may be classified under the relevant tariff item (depending upon material composition and making process) under heading 8487 or 8548 or 8708, as the case may be, irrespective of classification of such part or component at four digit level in Chapter 84 or 85 or 87 of the said Schedule;
  - (iii) the sports gloves mentioned below heading 4203 shall be classified in that heading and all other sports gloves shall be classified under heading 9506.
- (4) The figures shown in columns (4) and (6) in the said Schedule refer to the rate of drawback expressed as a percentage of the free on board ( f.o.b.) value or the rate per unit quantity of the export goods, as the case may be.



(5) The figures shown in columns (5) and (7) in the said Schedule refer to the maximum amount of drawback that can be availed of per unit specified in column (3).

(6) The figures shown under the drawback rate and drawback cap appearing below the column "Drawback when Cenvat facility has not been availed" refer to the total drawback (customs, central excise and service tax component put together) allowable and those appearing under the column "Drawback when Cenvat facility has been availed" refer to the drawback allowable under the customs component. The difference between the two columns refers to the central excise and service tax component of drawback. If the rate indicated is the same in both the columns, it shall mean that the same pertains to only customs component and is available irrespective of whether the exporter has availed of Cenvat or not.

(7) Drawback at the rates specified in the said Schedule shall be applicable only if the procedural requirements for claiming drawback as specified in rules 11, 12 and 13 of the said rules, unless otherwise relaxed by the competent authority, are satisfied.

(8) The rates of drawback specified in the said Schedule shall not be applicable to export of a commodity or product if such commodity or product is -

(a) manufactured partly or wholly in a warehouse under section 65 of the Customs Act, 1962 (52 of 1962);

(b) manufactured or exported in discharge of export obligation against an Advance Licence or Advance Authorisation or Duty Free Import Authorisation issued under the Duty Exemption Scheme of the relevant Export and Import Policy or the Foreign Trade Policy:

Provided that where exports are made against Advance Licences issued on or after the 1st April, 1997, in discharge of export obligations in terms of notification No. 31/97 - Customs, dated the 1st April, 1997, or against Duty Free Replenishment Certificate Licence issued in terms of notification No. 48/2000-Customs, dated the 25th April, 2000, or against Duty Free Replenishment Certificate Licence issued in terms of notification No. 46/2002-Customs, dated the 22<sup>nd</sup> April, 2002, or against Duty Free Replenishment Certificate Licence issued in terms of notification No. 90/2004-Customs, dated the 10<sup>th</sup> September, 2004, drawback at the rate equivalent to Central Excise allocation of rate of drawback specified in the said Schedule shall be admissible subject to the conditions specified therein;

(c) manufactured or exported by a unit licensed as hundred per cent. Export Oriented Unit in terms of the provisions of the relevant Export and Import Policy and the Foreign Trade Policy;

(d) manufactured or exported by any of the units situated in free trade zones or export processing zones or special economic zones;

(e) manufactured or exported availing the benefit of the notification No. 32/1997 - Customs, dated 01<sup>st</sup> April, 1997.

(9) The rates and caps of drawback specified in columns (4) and (5) of the said schedule shall not be applicable to export of a commodity or product if such commodity or product is -

(a) manufactured or exported by availing the rebate of duty paid on materials used in the manufacture or processing of such commodity or product in terms of rule 18 of the Central Excise Rules, 2002;



- (b) manufactured or exported in terms of sub-rule (2) of rule 19 of the Central Excise Rules, 2002.
- (10) Where the export product is not specifically covered by the description of goods in the said Schedule, the rate of drawback may be fixed, on an application by an individual manufacturer or exporter in accordance with the Customs, Central Excise Duties and Service Tax Drawback Rules, 1995.
- (11) The rates of drawback specified against the various tariff items in the said Schedule in specific terms or on *ad valorem* basis, unless otherwise specifically provided, are inclusive of drawback for packing materials used, if any.
- (12) The term "dyed", wherever used in the said Schedule in relation to textile materials, shall include yarn or piece dyed or predominantly printed or coloured in the body.
- (13) In respect of the tariff items in Chapters 60, 61, 62 and 63 of the said Schedule, the blend containing cotton and man made fibre shall mean that content of man made fibre in it shall be more than 15% but less than 85% by weight and the blend containing wool and man made fibre shall mean that content of man made fibre in it shall be more than 15% but less than 85% by weight. The garment or made-up of cotton or wool or man made fibre or silk or noil silk shall mean that the content in it of the respective fibre is 85% or more by weight.
- (14) Wherever specific rates have been provided against tariff item in the said Schedule, the drawback shall be payable only if the amount is one per cent. or more of free on board value, except where the amount of drawback per shipment exceeds five hundred rupees.
- (15) The expressions "when Cenvat facility has not been availed", used in the said Schedule, shall mean that the exporter shall satisfy the following conditions, namely:-
- (a) the exporter shall declare, and if necessary, establish to the satisfaction of the Assistant Commissioner of Customs or Assistant Commissioner of Central Excise or Deputy Commissioner of Customs or Deputy Commissioner of Central Excise, as the case may be, that no Cenvat facility has been availed for any of the inputs or input services used in the manufacture of the export product;
  - (b) if the goods are exported under bond or claim for rebate of duty of central excise, a certificate from the Superintendent of Customs or Superintendent of Central Excise in-charge of the factory of production, to the effect that no Cenvat facility has been availed for any of the inputs or input services used in the manufacture of the export product, is produced;
- Provided that the certificate regarding non-availment of Cenvat facility shall not be required in the case of exports of handloom products or handicrafts (including handicrafts of brass artware) or finished leather and other export products which are unconditionally exempt from the duty of central excise.
- (16) Whenever a composite article is exported for which any specific rate has not been provided in the said Schedule, the rates of drawback applicable to various constituent materials can be extended to the composite article according to net content of such materials on the basis of a self-declaration to be furnished by the exporter to this effect and in cases of doubt or where there is any information contrary to the declarations, the proper officer of customs shall cause a verification of such declarations.



(17) The term 'article of leather' in Chapter 42 of the said Schedule shall mean any article wherein 60% or more of the outer visible surface area (excluding shoulder straps or handles or fur skin trimming, if any) is of leather notwithstanding that such article is made of leather and any other material.

(18) The term "dyed" in relation to fabrics and yarn of cotton, shall include "bleached or mercerized or printed or mélange".

(19) The term "dyed" in relation to textile materials in Chapters 54 and 55 shall include "printed or bleached".

(20) In respect of the tariff items appearing in Chapter 64 of the said Schedule, leather shoes, boots or half boots for adult shall comprise the following sizes, namely: -

- (a) French point or Paris point or Continental Size above 33;
- (b) English or UK adult size 1 and above; and
- (c) American or USA adult size 1 and above.

(21) In respect of the tariff items appearing in Chapter 64 of the said Schedule, leather shoes, boots or half boots for children shall comprise the following sizes, namely: -

- (a) French point or Paris point or Continental Size upto 33;
- (b) English or UK children size upto 13; and
- (c) American or USA children size upto 13.

(22) The drawback rates specified in the said Schedule against tariff items 711301, 711302 and 711401 shall apply only to goods exported by airfreight, post parcel or authorised courier through the Custom Houses as specified in para 4A.12 of the Hand Book of Procedures (Vol. I), 2009-2014 published vide Public Notice No.1 (RE-2012) / 2009-2014 dated the 5<sup>th</sup> June, 2012 of the Government of India in the Ministry of Commerce and Industry, after examination by the Customs Appraiser or Superintendent to ascertain the quality of gold or silver and the quantity of net content of gold or silver in the gold jewellery or silver jewellery or silver articles. The Free on Board (FOB) value of any consignment through authorised courier shall not exceed rupees twenty lakhs.

(23) The drawback rates specified in the said Schedule against tariff items 711301, 711302 and 711401 shall not be applicable to goods manufactured or exported in discharge of export obligation against any Scheme of the relevant Export and Import Policy or the Foreign Trade Policy of the Government of India which provides for duty free import or replenishment or procurement from local sources of gold or silver.

2. All claims for duty drawback shall be filed with reference to the tariff items and descriptions of goods shown in columns 1 and 2 of the said Schedule respectively.

3. This notification shall come into force on the 21<sup>st</sup> day of September, 2013.



Tariff Item	Description of goods	Unit	A		B	
			Drawback when Cenvat facility has not been availed		Drawback when Cenvat facility has been availed	
			Drawback Rate	Drawback cap per unit in Rs.(₹)	Drawback Rate	Drawback cap per unit in Rs.(₹)
1	2	3	4	5	6	7
	99.94%, in lumps, pellets or similar forms					
720301	Gas based direct reduced iron (Hot Briquetted Iron/ Sponge Iron)		1.3%		1.3%	
720302	Coal based Direct Reduced Iron (Briquetted Iron/ Sponge Iron)		1.3%		1.3%	
720399	Others		1.3%		1.3%	
7204	<b>Ferrous waste and scrap; remelting scrap ingots of iron or steel</b>		Nil		Nil	
7205	<b>Granules and powders, of pig iron, spiegeleisen, iron or steel</b>					
720501	Pre-Calced Ferrite Powder (Spray Dried / Non-Spray Dried)		1.3%		1.3%	
720599	Others		1.3%		1.3%	
	<b>II IRON AND NON-ALLOY STEEL</b>					
7206	<b>Iron and non-alloy steel in ingots or other primary forms (excluding iron of heading 7203)</b>					
720601	Non-alloy Steel Ingot		1.3%		1.3%	
720699	Others		1.3%		1.3%	
7207	<b>Semi-finished products of iron or non-alloy steel</b>					
720701	Non-alloy Steel Billets, Blooms and slabs		1.7%		1.7%	
720799	Others		1.3%		1.3%	
7208	<b>Flat-rolled products of iron or non-alloy steel, of a width of 600 mm or more, hot-rolled, not clad, plated or coated</b>					
720801	Of non –alloy steel		1.9%		1.9%	
720899	Others		1.7%		1.7%	
7209	<b>Flat-rolled products of iron or non-alloy steel, of a width of 600 mm or more, cold-rolled (cold-reduced), not clad, plated or coated</b>					
720901	Of non –alloy steel		1.9%		1.9%	
720999	Others		1.7%		1.7%	
7210	<b>Flat-rolled products of iron or non-alloy steel, of a width of 600 mm or more, clad, plated or coated</b>					
721001	Cold Rolled Galvanised, Colour coated Non-Alloy steel sheets/ hoops and strips/ wide coils	Kg	2.6%	1.9	2.6%	1.9



Tariff Item	Description of goods	Unit	A		B	
			Drawback when Cenvat facility has not been availed		Drawback when Cenvat facility has been availed	
			Drawback Rate	Drawback cap per unit in Rs.(₹)	Drawback Rate	Drawback cap per unit in Rs.(₹)
1	2	3	4	5	6	7

	(plain / corrugated)					
721002	Cold Rolled Galvanised Non-alloy Steel sheets/Hoops and Strips/ wide coils/ Circles (Plain/ Corrugated)	Kg	2.6%	1.9	2.6%	1.9
721003	Hot rolled Galvanised Non-Alloy Steel Sheets /Hoops and strips/Wide coil		1.9%		1.9%	
721004	Electrolytic Tin Plate		1.9%		1.9%	
721099	Others		1.7%		1.7%	
7211	<b>Flat-rolled products of iron or non-alloy steel, of a width of less than 600 mm, not clad, plated or coated</b>					
721101	Of non –alloy steel		1.9%		1.9%	
721199	Others		1.7%		1.7%	
7212	<b>Flat-rolled products of iron or non-alloy steel, of a width of less than 600 mm, clad, plated or coated</b>					
721201	Cold Rolled Galvanised, Colour coated Non-Alloy steel sheets/ hoops and strips/ wide coils (plain / corrugated)	Kg	2.6%	1.9	2.6%	1.9
721202	Cold Rolled Galvanised Non-alloy Steel sheets/Hoops and Strips/ wide coils/ Circles (Plain/ Corrugated)	Kg	2.6%	1.9	2.6%	1.9
721203	Hot rolled Galvanised Non-Alloy Steel Sheets / Hoops and strips/Wide coil		1.9%		1.9%	
721204	Electrolytic Tin Plate		1.9%		1.9%	
721205	Cold Rolled painted/ coated High Tensile steel strapping		1.9%		1.9%	
721299	Others		1.7%		1.7%	
7213	<b>Bars and rods, hot-rolled, in irregularly wound coils, of iron or non-alloy steel</b>					
721301	Of non –alloy steel		1.9%		1.9%	
721399	Others		1.7%		1.7%	
7214	<b>Other bars and rods of iron or non-alloy steel, not further worked than forged, hot-rolled, hot-drawn or hot-extruded, but including those twisted after rolling</b>					
721401	Of non –alloy steel		1.9%		1.9%	
721499	Others		1.7%		1.7%	
7215	<b>Other bars and rods of iron or non-alloy steel</b>					