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SHOW CAUSE NOTICE
UNDER SECTION 124 OF CUSTOMS ACT, 1962

A news report appeared in The Times Of India dated 22.12.2008 that “close on the heels of his brother Mukesh Ambani gifting a Rs. 250 Crores corporate jet to his wife Nita Ambani last year, Anil Ambani has bought a super luxury yacht for wife Tina, pegged at around Rs. 400 Crores. An Anil Ambani group spokesperson confirmed the purchase, but refused to disclose details. Named Tian, which combines the first two letters of Tina and Anil’s names, the yacht is presently anchored near Gateway of India in Mumbai and will be used by the couple to usher in the New Year. According to highly placed sources, owning a yacht was one of Tina’s long-cherished dreams. As per the said report Tian was built in Genoa, Italy and is about 34 meters long and cost around Euro 34 Million to build. According to sources in the yacht building industry, the cost of each running meter of luxury yacht is Euro one million. The final cost to Anil Ambani could be around Rs. 400 Crores, inclusive of customs and excise duties and refurbishing, add sources.

2. This is the case in which the **Yacht TIAN** was purchased by Reliance ADAG in the name of their foreign based company M/s Ammolite Holdings Ltd. directly from the Manufacturer M/s Ferretti SPA, Italy in August 2008 and shipped in September 2008 to Mumbai after showing the Yacht being Chartered by M/s Reliance Transport and Travels Pvt. Ltd. The Yacht TIAN arrived onboard M.V. ANTARADUS as **Transshipment Cargo** under the Bill of Lading in which the final port of destination was shown as Mumbai. The IGM for the MV Antaradus was filed by the M/s Link Shipping, however, as per their design, simultaneously another IGM was filed by another shipping line, M/s Assar Line, only for the Yacht showing the Yacht as a Foreign Going Vessel with Nil Cargo as if the Yacht had arrived at Mumbai on its own steam as cargo carrier. Subsequent investigations made it clear that the Yacht TIAN was never meant for Transshipment, however, it was done as a design to circumvent the provisions of Customs Act so as to avoid payment of Customs duty. As the yacht was declared TP Cargo in the IGM of the MV ANTARADUS, a TP Permit for Transshipment to Colombo was procured from Customs but the Yacht was never taken to Colombo. Documents were created to show as if the yacht sailed to Colombo and due to technical snag the yacht was brought back to Mumbai and fresh IGM was filed as if the Yacht was coming from a foreign Port to Mumbai. However, the fact was that the yacht never sailed out of Mumbai. Thereafter Mrs. Tina Ambani and family members started using the Yacht for their Personal Use for pleasure activities and made a trip to Goa for celebration of New Year 2009.

3. The money for the purchase of the yacht was transferred from M/s. Reliance Capital Ltd. and M/s Worldtel Holding Ltd. to M/s Ammolite Holdings Ltd. In addition M/s Gateway Net Trading Pvt. Ltd, Singapore, a subsidiary of M/s Reliance Communications Ltd. has also made direct payment to M/s Ferretti for the purchase of this yacht. The Yacht was purposely purchased in the name of Ammolite Holding Ltd, a foreign base group Company only to acquire the Foreign Registry for the Yacht with an intention to claim the “Foreign Flag Vessel” status in India.

4. By above design of declaring the yacht as TP Cargo and simultaneously filing another IGM for the same yacht Customs **duty to the tune of Rs. 28 Crores** has been evaded on the **Pleasure Yacht TIAN**. Examinations of the Yacht was done under Panchanama which revealed that the Yacht was actually a Brand new Yacht and not an used yacht as was declared in the IGM filed by M/s Link Shipping.

5. Reliance ADAG filed WP in the Bombay High Court for the release of the Yacht and for the refund of the deposit of the Rs. 25 Crores which they had made during the ongoing investigations. However, the petition was dismissed as withdrawn. The petitioners made additional deposit of Rs. 3 Crores ,furnished Bank Guarantee of Rs. 7 Crores, PD Bond of Rs. 90 Crores and Corporate Guarantee of Rs. 13 Crores to secure the provisional release of the said Yacht.

6. To fully appreciate the intricate design adopted to import the luxury yacht without paying any customs duty,it is important to understand role played by each of the crucial players briefly:-

- (i) Shri Gautama Dutta, Director, M/s Marine Solutions brokered the sale of the impugned yacht to Shri Anil Ambani from M/s Ferretti. He in association with Shri Sohle Kazani, Partner, M/s Assar Line, designed the modus operandi to bring the yacht as TP Cargo and evade applicable customs duty. He also allowed the name of his company M/s Marine Solutions to be used as importer for the Cradle and Lifting System of the yacht on the basis of fabricated invoice.
- (ii) Shri Sohle Kazani, Partner, M/s Assar Lines and Director, CHA M/s Interport Impex, designed the modus operandi which was improvised upon by Shri Gautama Dutta and executed in the import of Yacht Tian. Had this case not been detected they had plan to adopt the same modus operandi for import of other yachts as well.
- (iii) Shri Hari Nair, Senior Vice President, Group Finance, M/s Reliance ADAG, has designed the fund flow arrangements for the purchase of yacht Tian. He, with the help of Shri V.R. Mohan and Shri Gautama Dutta of M/s Marine Solutions facilitated import of the yacht Tian into India and executed the plan of duty evasion.
- (iv) Shri V.R. Mohan, Director, M/s Ammolite Holdings Ltd. was an accomplice of Shri Hari Nair and allowed acquisition of the yacht in the name of M/s Ammolite and kept signing documents required for its import into India and for execution of the plan of duty evasion on the yacht.
- (v) Shri Tushar Motiwala, Director, M/s. Reliance Transport & Travels Pvt. Ltd., was involved in plan of camouflaging the import of the yacht as if it was brought under Charter Hire for temporary period. He also used and dealt with the smuggled yacht at Goa for the new year celebration along with other members of Ambani family.
- (vi) Mrs. Tina Ambani and Shri Anil Ambani purchased this yacht for their personal use and with the assistance of Shri Hari Nair, Vice President of M/s Reliance ADAG, routed the money for the purchase and effected the import of the yacht adopting the aforesaid modus operandi with the help of Shri Gautama Dutta and Shri Sohle Kazani in order to evade applicable customs duty and were the main beneficiary of the design.

7. Intelligence was gathered by Officers of Central Intelligence Unit, New Custom House, Mumbai, (CIU) that M/s. Ammolite Holding Limited, a Jersey based associate company of Reliance Anil Dhirubhai Ambani Group, having their office at Templar House, Don House, St. Helier, Jersey JE1 2TR, Channel Islands, Jersey, and in association with another India based company of Reliance Anil Dhirubhai Ambani Group has evaded

Customs duty in Crores of rupees in the import of Yacht TIAN from Jersey. Based on this intelligence preliminary investigations were initiated.

8. Preliminary enquiries were caused with Shipping Agent M/s Assar Lines and relevant documents were taken over. Scrutiny of these documents revealed that

- (i) M/s. Ammolite Holding Ltd. had purchased a brand new Pleasure Yacht named "Customline 112" Next" from Custom Line, a unit of Ferretti SPA, Italy in the month of August, 2008 and got her registered at Jersey with British Registry and named as "TIAN" with Official No. 741256 in September, 2008.
- (ii) The Yacht was sent for the Boat show at Genoa and delivered there to M/s Ammolite in the month of September'08. In September, 2008, M/s. Ammolite dispatched the yacht to India vide **Bill of Lading No. 2 dated 30.09.2008 Ref. No. 809EXPO345** which was shipped on board Vessel MV Antaradus, on 30.09.2008, which M/s. Ammolite Holding Ltd, Jersey had **declared the yacht as "One used Motor Yacht CFN 142/18 named TIAN JERSEY Flag, Official No. – 741256"** as against actual shipment of **a brand new Pleasure Twin Screw Motor Yacht** built in Ancona, Italy. Another Bill of Lading No. 1 dated 30.09.2008 Ref. No. 809EXP345 was for the 7 Pkgs STC Lifting System for yacht Customline 112.
- (iii) Both these Bills of Lading bear signatures of Shri VR Mohan, Director, M/s Ammolite Holdings Ltd. In the Bills of Lading the names of Consignee and Consignor, both, are one and same i.e. " M/s. Ammolite Holding Ltd, Templar House, Don House, St. Helier, Jersey JE1 2TR, Channel Islands, Jersey,," and Notify party as "M/s. Assar Lines, Mumbai (as agents of Ammolite Holding Ltd.)" with Port of loading and discharge as Genoa and Mumbai respectively. The said yacht M.Y. TIAN was brought from Genoa to Mumbai by M.V. ANTARDUS, which reached on Mumbai Port on 30.10.2008.
- (iv) The said yacht was imported vide said Bill of Lading and as per **IGM No. 29429 dated 22.10.2008** of the Vessel Antaradus, Voy. No. 6, the Yacht was declared as TP cargo in the IGM, however, final destination of the yacht was mentioned in the said IGM as Mumbai only.
- (v) The name of the notify party i.e. "M/s. Assar Lines" which figured in the import documents Bill of Lading No. 1 & 2 Ref. No. 809EXPO345 dated 30.09.2008 and was shown as Agent of M/s Ammolite Holdings Ltd. i.e. Shipper's and Consignee's. However, M/s. Assar Lines was appointed as Shipping Agent by M/s. Ammolite Holding Ltd on 03.10.2008 vide letter dated 03.10.2008, which shows the Shipping Agent was appointed after the said yacht was shipped on board and the yacht left the supplier's Port.
- (vi) Even before arrival of the yacht at Mumbai Port, the Shipping Agent M/s. Assar Line vide letter dated 27.10.2008 requested Deputy Manager, MbPT for discharge of Yacht directly in water and for parking slot for the Yacht and permission to take delivery of the yacht through waterway, which was granted by the MbPT on the letter itself on 31.10.2008.

9. Shri Sohel F Kazani, Managing Director, M/s Interport Impex Pvt Ltd. wrote an email dated 05.09.2008 at 3.40 PM to one Mr. Farchesco in which details regarding documentation of boat (TIAN) required for bringing the same in India was elaborated in Seven (7) points. At point no. 6 it is suggested that "*the shipping company that loads the boat, will declare it as a ship and manifest the same as an independent ship and not as import/export/TP Cargo. Thus the shipping agency will have to do the documentation as if there are two ships berthing at the same time and do the documentations accordingly. Once they have filed the manifest for our boat and docked it in the port, we will takeover the agency and transfer the boat under us and complete the necessary formalities with DG Shipping.*" At point no. 7 of this email it is suggested that "*the spreader bars need to be declared as separate cargo and a Bill of Lading and Invoice for the same need to be prepared in the name of the consignee on which we will pay the necessary duties and clear the same. The line may decide to discharge the boat in the midsea and get it on its own steam or they may discharge it in the port is absolutely their choice. We will*

takeover only once when the manifest of the same is properly filed in the port and custom and line has paid all the necessary charges.”

ii) This email of Shri Sohel Kazani was forwarded by Shri Gautama Dutta of M/s Marine Solutions to Mr. Francesco Carminati on same date at 3.43 PM saying that Shri Sohel Kazani got his email address wrong. It was also said by Shri Gautama Dutta in this email that he had highlighted the fact that the yacht has to be treated as an independent vessel and not as cargo.

iii) Shri Sohel F Kazani wrote another email dated 16.09.2008 to Shri Gautama Dutta and Shri Francesco Carminati in which it was said that *‘the documentation with the Shipping Agent and his counterpart in Mumbai were clear and well understood and the boat had to be manifested as a foreign vessel visiting India and the import manifest for the same was separately prepared for customs purpose’*.

iv) The above said emails clearly demonstrated the entire design to evade of duty on the yacht by bringing the yacht onboard another vessel and get it discharged either in midsea and bring in the port area on its own steam or discharge in the Port and documentation to be done in such a way as if the yacht was not goods but a vessel, that came on its own steam. That is executing what was finally executed by the importer by getting one IGM filed for the carrier Vessel Antaradus in which the Yacht was declared as TP Cargo and second IGM filed for the Yacht declaring NIL cargo on board, as if Yacht came on its own steam as carrier vessel.

10. Shri V. R. Mohan, Director, M/s Ammolite Holding Ltd. vide Power of Attorney dated 5.8.2008 nominated/appointed Shri Gautama Dutta to be Company’s Attorney to execute following documents in connection with sale, purchase and delivery to buyer of the Motor Yacht Custom Line 112, Hull no 18:-

a) Delivery Certificate, b) Sea Trial Test, c) Warranty Certificate, d) list of manuals and e) any other documents, deeds or acts necessary.

ii) Shri V. R. Mohan, Director, vide Power of Attorney dt, 5.8.2008 nominated/appointed Ms. Catherine Elizabeth Connolly and/or Catherine Meredith Britnell and/or Christopher Michael Allix of M/s/ Dominion Marine Corporate Services Ltd., as the ‘Attorneys-in-Fact’ to do acts required to register the Company’s Commercial Motor Yacht “Tian” at the Registry of Shipping & Seaman in Jersey.

iii) Shri V. R. Mohan, Director, vide Power of Attorney dated 11.9.2008 nominated/appointed Catherine Elizabeth Connolly and/or Catherine Meredith Britnell of M/s. Dominion Marine Corporate Services Ltd., to do acts required to register the Company’s Pleasure Motor Yacht MY Tian at the Registry of Ships in Jersey.

iv) The above said Power of Attorneys show that initially intention was to get the Yacht registered as Commercial Yacht, may be to avoid its classification under CTH 89.03 which covers yachts and vessels for pleasure and sports activities which attracts high rate of Customs Duty. However, the yacht was later registered as Pleasure Yacht. It is evident that Power of Attorney dated 11.9.2008 for registration of the yacht as pleasure yacht was issued after email dated 05.09.2008 of Shri Sohel Kazani in which he has explained the modus operandi to bring the yacht as independent ship and not as cargo, since, in this situation the registration of the yacht as commercial or pleasure would be of no consequence for Customs Duties, therefore, they got the yacht registered as pleasure yacht after email dated 05.09.2008 of Shri Sohel Kazani.

11. Statement of **Shri Gautama Dutta, Director, M/s. Marine Solutions** was recorded under Section 108 of the Customs Act, 1962 on **19.01.2009** wherein he interalia stated that Mr. Ramesh Thadani of M/s Relience ADAG had inquired regarding purchase of Ferretti Yacht towards end of 2007; that he gave him the salient points of Ferretti Brand of Yachts; **that there was a boat show in Genoa in the end of 2007 and Mrs. and Mr. Anil Ambani were there to see the various Yachts** that they met him there and discussed with him various features of various models and different brands; that later

in the beginning of year 2008, Mr. Thadani got back to him and asked about the price of “Motor Yacht Custom Line 112 Next” of Ferretti; that the negotiations with regards to the price were through him and **it was Mr. Ramesh Thadani who finalized the deal; that** the price was finalized before March 2008, however, the contract was signed later around Aug 2008; that around May 2008 Mrs. Tina Ambani came there at Italy and he accompanied her to Shipyard at Ancona, Italy where she saw the boat and selected curtains, carpets, floor, colour, kitchen cutlery etc for the Yacht; that the contract was first signed by Mr. V. R. Mohan, the Director of M/s. Ammolite and forwarded to his office by them which was then forwarded to M/s Ferretti for signature and after completing the formalities at M/s Ferretti end the copy of signed Contract came back to him; that considering him technically qualified person, he was authorized vide Power of Attorney dated 05.08.2008 duly signed by Shri V. R. Mohan Director of M/s Ammolite to take delivery of the Yacht; that he was never in touch with Shri V.R.Mohan and got these documents from Mr. Thadani and/or Mr. Venkat from the office of M/s Reliance who were in regular touch with him; that the delivery of the Yacht was taken in the month of September 2008 by him; that he hired Mr. Sergio Peterlin for regular supervision of the Yacht in the month of May or June 2008 with due concurrence of Mr. Thadani and/or Mr. Venkat and thereafter, he was formally contracted for one year by his company M/s Marine Solutions, to provide technical support for the Yacht; that after getting the delivery of the Yacht from the Yard from Ancona, Italy, Yacht was taken by Ferretti Custom Line to Cannes and Monaco, as per contract, for Boat Shows in the Month of Sept 2008; **that between the above two Boat Shows Mrs. Ambani used the Yacht for couple of days in the area around Italy and France;** that M/s. Cigisped was recommended by M/s Ferretti for shipment of the Yacht and it was hired for the same; that the yacht was shipped from Genoa on 29/30.09.2008 and reached India on 30.10.2008 on board MV Antaradus; that he recommended Mr. Suhel of M/s Interport and he was hired by Mr. Thadani and/or Mr. Venkat for attending the import related formalities at Mumbai Port; that the Crew for the Yacht was also suggested by him to RTTPL; that After arrival at Mumbai Port, the Yacht was delivered on water and thereafter it was parked around Gateway Anchorage for around two months; that on 29/30.12.2008 Yacht sailed to Goa; that he was informed by somebody from Reliance and also by the Captain of the Yacht that the Yacht was required in Goa; that then his company arranged for fuel and provisions as required by the Captain for the Yacht and for the Crew and the guests for the trip to Goa and back; that he never came in contact with Mr. V.R.Mohan, or any other person related to M/s Ammolite Holdings Ltd., for the acquisition of this Yacht; that all the dealing with him was done by Mr. Thadani and/or Mr. Venkat or their deputies; that even the Power of Attorney which was given to him to execute the limited work on behalf of M/s Ammolite Holdings Ltd. was provided to him by Mr. Thadani and/or Mr. Venkat of M/s Reliance ADAG; that the formal contract, to provide services to RTTPL was not signed, however, he was being reimbursed for the services provided by his company; that all the Bills raised by him had been paid by M/s RTTL and more that Rs. 30 lakh had been received by his company by than.

12. Following emails confirms that Mrs Ambani, Shri Ramesh Thadani and Shri Ramesh Venkat of M/s Reliance ADA Group were involved in the purchase of the impugned yacht :-

- i. Email dated 26.03.2008 from Anju Dutta to Pullil Gopalkrishnan, cc to Mangala Menon, Gautama Dutta, Ramesh Thadani and Ramesh Venkat saying that she had spoken to Mrs Ambani regarding Customline 112 lower deck starboard cabin modifications and Mrs Ambani also asked her to advice Ms Mangala Menon the suggested date for her next meeting with Ferretti Customline at Ancona, Italy.
- ii. Email dated 27.06.2008 from Anju Dutta to Shri Ramesh Thadani saying that Mrs Ambani was a very special client.
- iii. Email dated 09.09.2008, 03.55 PM from Shri Ramesh Venkat to Shri Vijay Pawar cc to Anju Dutta, Ramesh Thadani for checking with Gautama Dutta the schedule of cruise in the Mediterranean in mid-Sept 2008.
- iv. Email dated 09.09.2008, 12.56PM from Shri Ramesh Venkat to Shri Ramesh Thadani.

13. Inquiries were caused with M/s. Reliance Transport and Travels Ltd. having their office at 303, Court House, Lokmanya Tilak Road, Mumbai-400 002 (RTTPL), a Mumbai based associate company of Reliance ADAG, which revealed that a Charter Agreement dated 22.10.2008 was made for this Yacht between M/s Ammolite Holdings Ltd. and M/s. RTTPL. This Agreement was for one year from 22.10.2008 to 22.10.2009 (erroneously typed as 28th Oct 2008) for a total consideration of USD 4,00,000 (Rs. 2 Crores approx.) and signed by Shri V.R. Mohan on behalf of M/s. Ammolite Holding Ltd., Jersey and Shri Sudhir More on behalf of M/s RTTPL.

ii) It does not make a business sense for M/s. Ammolite to charter out the yacht costing above Rs. 400 Crore to M/s. RTTTL, for a meager sum of less than Rs. 2 Crores (USD 4,00,000) for a year. This amount of Rs. 2 Crores would further get eroded, since M/s. Ammolite would have to spend money on maintenance etc. after its retrieval from M/s. RTTTL. This makes the deal commercially non viable with a return of less than 2% per annum which by any yardstick cannot be considered a normal business deal as the yacht itself will lose its value by more than Rs. 2 Crores by way of depreciation. Therefore the entire deal gets shrouded by a corporate veil which required to be lifted at an appropriate time.

iii) In view of the then ongoing investigations Shri R. K. Bansal, representative of M/s Reliance ADAG vide letter dated 31.01.2009 submitted a Demand Draft No. 280922 dated 31.01.2009 for Rs. 25 Crores towards the duty liability in reference with the import of yacht Tian as transshipment cargo vide IGM No. 29492 dated 22.10.2008. This DD was deposited in the Cash Section vide Cash No.52 dated 05.02.2009.

14. Statement of **Shri Sudhir More, M/s. Reliance Transport and Travels Ltd** was recorded under Section 108 of the Customs Act, 1962 on **03.02.2009** wherein he inter alia stated that he had only one yacht i.e. M.Y. TIAN under his charge, however the management of same was not done by him but by M/s. Marine Solutions; that he was only clearing the bills raised by M/s. Marine Solutions and M/s. Assar Lines based on the invoices submitted by them; that M/s. Marine Solutions were their Operating Agents for the yacht M.Y. 'TIAN' and M/s. Assar Lines are appointed by M/s. Marine Solutions for handling their Port Trust formalities; that the Yacht Charter Agreement for one year period from 29.10.2008 to 28.10.2009 was signed on 22.10.2008 by him on behalf of M/s. Reliance Transport and Travels Ltd.; that the charter fees was US\$ 4 Lakhs out of which US\$ 2 Lakhs on 31.12.2008 had already been paid; that an amount of US\$ 1 Lakh was due on 31.03.2009 and the balance amount of US\$ 1 Lakh would be due on 30.06.2009 as per the agreement; that he didn't have much idea about this yacht but signed the said agreement as per the directions from his Director Shri Tushar Motiwala's office; that he received a message from his office on 22.10.2008 in the afternoon to sign a agreement for the charter of M.Y. TIAN and related agreement was also provided by his office; that he was also told that Shri V.R. Mohan would be reaching his office within one hour for signing the agreement; that thereafter, he and Shri V.R. Mohan both had signed the Charter Agreement on 22.10.2008 in his office; that since it was the direction of the Director of his company he did not read the charter agreement but simply signed it; that Mr. V.R. Mohan was well known to him for the last 15 years as he was working under the same group company i.e. M/s. Reliance Capital Ltd.; that Mr. V.R. Mohan was working as Company Secretary and Manager of M/s. Reliance Capital Ltd.; that since he was told by his management that the yacht was going to be used by their VIPs and the same was explained by Shri V.R. Mohan who was his senior colleague and so without going into details, he signed the agreement; that at the time of signing of the agreement, Shri V.R. Mohan signed the agreement on behalf of the owner of the yacht M/s. Ammolite Holding Ltd., Jersey; that he came to know about M/s. Ammolite Holding Ltd., Jersey on the date he signed the agreement i.e. on 22.10.2008; that Shri V.R. Mohan told him that M/s. Marine Solutions would be handling and technical operations of the yacht whereas all the necessary payment arrangement would be routed through RTTTL for M/s. Marine Solutions as yacht was to be used exclusively by VIPs from the ADAG Group; that he came to know about M/s. Ammolite Holding Ltd., Jersey because Shri V.R. Mohan has colleague, was signing on the charter agreement dated 22.10.2008 on behalf of M/s. Ammolite Holding Ltd. and since he was Company Secretary of Reliance

Capital Ltd and also senior colleague, so he never dared to ask about why he was signing on behalf of M/s. Ammolite Holding Ltd., Jersey.; that Shri V.R. Mohan communicated to him in the month of September 2008 for making payment to M/s. Marine Solutions towards bills raised by them in respect of various expenses incurred on the yacht and also to M/s. Assar Lines and accordingly, he had processed the bills and prepared the vouchers alongwith the cheques and put up before Shri Ramesh Venkat, Chief Finance Officer of Reliance-ADAG for signature and thereafter, the cheques were released to M/s. Marine Solutions; that the letter dated 06.10.2008 addressed to DG Shipping, Mumbai by M/s. RTTPL under his signature wherein it was said that M/s. RTTPL understood that for the purpose of promoting coastal cruising M/s. RTTPL was free to take the foreign flag boat M.Y. TIAN at any port in India without obtaining a Coastal Trade Licence and requested for confirmation of the same from DG Shipping, the said letter dt. 16.10.2008 was received from the office of Shri V.R. Mohan with the instructions to sign and return to his office for onward submission to the office of DG Shipping; that this letter was for the permission for the operation of the yacht in India; that he further wanted to state that he had never met any employee of M/s. Assar Lines or M/s. Marine Solutions except Shri Dutta who had visited his office in the month of September – 2008; that he knew nothing else about the Yacht TIAN apart from above stated facts, however, he used to sign the documents pertaining to the yacht on the instruction of his senior Shri Ramesh Venkat and Shri V.R. Mohan; that he knew all the following persons and their designations are as under:

- a) Shri Ramesh Thadani - Chief Executive Officer, RTTPL (Aviation),
- b) Ramesh Venkat - Chief Financial Officer of R-ADAG,
- c) Hari Nair - Senior Executives of R-ADAG,
- d) Rahul Manek - Senior Executives of R-ADAG

that none of them were Non Resident Indian (NRI) and all were working under the R-ADAG in India; that he didn't know any Director of M/s. Ammolite Holding Ltd., Jersey. However, he knew that Shri V.R. Mohan had signed the charter agreement dated 22.10.2008 as owner or owner's agent on behalf of M/s. Ammolite Holding Ltd., Jersey; that he didn't know whether he was the Director of the said company; that he also knew for certain that Shri V.R. Mohan is Company Secretary of M/s. Reliance Capital Ltd.

15. Statement of **Shri V.R. Mohan, Director of M/s. Ammolite Holding Ltd.**, Jersey was recorded under Section 108 of the Customs Act, 1962 on **06.02.2009** wherein he interalia stated that he was the Director of M/s Ammolite Holding Ltd. since 2005; that M/s Ammolite is held by 50% each by M/s Reliance Capital Ltd. and M/s Reliance land Pvt. Ltd.; that he was not aware how M/s. Ammolite was incorporated and who were the initial Directors but as far as he knew he along with other Director Shri Behram Irani were the current Directors on the Board of M/s Ammolite; that Shri Behram Irani was not connected to M/s Reliance ADAG; that the authorized Capital of M/s. Ammolite was UK Pound 10,000 and the paid up capital was UK Pound 2000; that M/s Ammolite Holding was incorporated in the year 2005 and it was taken over by M/s Reliance ADAG through M/s Reliance Capital Ltd and M/s Reliance land Pvt. Ltd. and he was nominated as the Director of M/s Ammolite by Shri Hari Nair, Vice President of M/s Reliance ADAG; **that M/s Ammolite was given a loan of EURO 12 Millions by M/s Gateway Net Trading Pvt. Ltd, Singapore based Company and a subsidiary of M/s Reliance Communications Ltd. for the purchase of Yacht TIAN**; that the Yacht TIAN was purchased directly from the manufacturer M/s Ferretti in early 2008 in the name of M/s Ammolite, however, he didn't remember the exact month as **he had never dealt with M/s Ferretti in reference with the purchase of the Yacht TIAN**; that It could be Shri Hari Nair or any other person from the Reliance ADAG who has initiated and finalized the deal with M/s Ferretti; that he came to know about the purchase of the Yacht only when Shri Rahul Manek, Finance Executive of M/s Reliance ADAG brought the documents on the instruction of Shri Hari Nair, to him for his signatures as Director of Ammolite Holding, Jersey for appointing agents for Registration of the Yacht in Jersey; **that services of Shri Gautama Dutta of M/s Marine Solutions were hired by M/s RTTPL for the purchase of the Yacht in the name of M/s Ammolite; that he was not dealing with Shri Gautama Dutta and didn't even know from whom in M/s Reliance ADAG he was receiving instruction in this regard**; that Shri Ramesh Venkat as Chief Financial Officer of ADAG takes care of the financial resources of the entire

group and must be knowing about the money transferred from Reliance ADAG group companies to M/s Ammolite for the purchase of the Yacht; that Shri Rahul Manek was subordinate officer of Shri Ramesh Venkat; that Shri Rahul Manek, Finance Executive of M/s Reliance ADAG brought the documents required to be signed by him with regards to the purchase and Charter hire of Yacht TIAN; that Shri Ramesh Thadani was Senior Executive in M/s Reliance Transport and Travels Pvt. Ltd. and Shri Gautama Dutta of M/s Marine Solutions must be knowing what role Shri Ramesh Thadani had played in the purchase of the Yacht Tian in the name of M/s Ammolite and Charter Hire of the same to M/s RTTPL; that with reference to the purchase of the Yacht he only knew that the loan of EURO 12 Millions was taken as mentioned above and he, as Director of M/s Ammolite, signed the Authorization Letter to Shri Gautam Dutta; that this letter was brought to him by Shri Rahul Manek for signature; that he also signed, on behalf of M/s Ammolite, the Charter Hire Agreement of the Yacht TIAN to M/s RTTPL; **that he signed these documents on the instruction of Shri Hari Nair and knew nothing else with reference to the Yacht TIAN nor its import into India**; that since he was inducted as Director of M/s Ammolite by Shri Hari Nair he was following the instruction of Shri Hari Nair and signed the documents under instruction of Shri Hari Nair; that he did nothing else as Director of M/s Ammolite as defined in the Memorandum and Articles of Association; that M/s Ammolite was incorporated as an investment holding company, however, **no appreciable business was done and the only major activity was the purchase of Yacht TIAN**; that as he stated above the purchase of the Yacht in the name of M/s Ammolite was not dealt with by him and he can't even comment on how the acquisition of the Yacht worth Rs. 100 Crores became a profitable venture when the same was chartered for just Rs. 2 Crores to M/s RTTPL which was not even enough to service the loan; that he could say that the Yacht was acquired by M/s Reliance ADAG in the name of M/s Ammolite and taken on Charter Hire in the name of M/s RTTPL and since both the companies are part of M/s Reliance ADAG group profitability was not the issue before them; **that being the Director of M/s Ammolite he knew that M/s Ammolite had no plan to purchase the yacht TIAN and the plan to acquire the Yacht was of M/s Reliance ADAG; that the money to purchase the Yacht was also provided by M/s Reliance ADAG through M/s Gateway Net Trading Pvt. Ltd, Singapore based Company and a subsidiary of M/s Reliance Communications Ltd**; that the dealing with the manufacturer were also done by the officials of M/s Reliance ADAG as he had stated above, and the Yacht was given on Charter Hire to M/s RTTPL, again on instruction of the officials of M/s Reliance ADAG, therefore, **it was not difficult to infer that only the name of M/s Ammolite was used to acquire the Yacht TIAN and the actual owner of the Yacht remains M/s Reliance ADAG**; that otherwise also when M/s Ammolite remains 100% holding company of M/s Reliance ADAG through M/s Reliance Capital Ltd and M/s Reliance land Pvt. Ltd., both group company of M/s Reliance ADAG, the final ownership rests with M/s Reliance ADAG; that he knew nothing about who and how gave the name TIAN to the Yacht; that he came to know about her name TIAN only when he was made to sign different documents under instruction of Shri Hari Nair, the Authorization of Agents for the registration of the Yacht at Jersey; that the name may have been decided by ADAG group; that he didn't know any thing about how the Yacht was brought into India and Shri Ramesh Venkat, Shri Ramesh Thadani or Shri Hari Nair may know about it; that he had no role in the hiring of the Shipping Agent, however the paper relating to the hiring were signed by him as Director of M/s Ammolite under instruction of Shri Hari Nair and the papers were brought to him by Shri Rahul Manek; that though the documents for hiring M/s Ashar Lines were signed by him as Director of M/s Ammolite, the payments were not made by M/s Ammolite and may have been made by M/s RTTPL; that he had seen the copy of the letter dated 01.01.2009 addressed to M/s Assar Lines signed by him as Director of M/s Ammolite but **he knew nothing about how the destination of TP was decided to Colombo then and how the yacht was taken to Goa**; that Shri Ramesh Venkat, Shri Ramesh Thadani or Shri Hari Nair may know about it; that this letter was brought to him by Shri Rahul Manek for signature only and taken back by him to make use of it; **that as stated above the Yacht TIAN was directly purchased from the Manufacturer and was new at the time of purchase; that he had no idea why Yacht was declared as "used Motor Yacht TIAN" in IGM No. 29492 dated 22.10.2008 and the declaration in the IGM may be on the instruction of someone from M/s RTTPL, however, fact remains that**

the Yacht was new when it arrived in India. that he had no idea at all why Lifting System for Yacht Custom Line 112 consisted of 7 pkgs in the same IGM at TP-3, consigned in the name of M/s Ammolite, was converted from TP cargo to Local and why the consignee was changed to M/s Marine Solutions; that he didn't even know whether these goods were sold to M/s Marine Solutions and Shipping Agent of M/s Marine Solutions would be able to answer this question; that he had never seen before the Invoice No. AHL 002 dated 30.09.2008 issued by M/s Ammolite wherein name of consignee is M/s Marine Solutions, and the Goods are Lifting System for Yacht Custom Line 112 consisting of 7pkgs and another item "Stowed on steel cradle marked CRN 112"; that he didn't even know who had signed that invoice on behalf of M/s Ammolite; that from the signature the name appears to be of some SANDRA, however, as stated above there was no employee in M/s Ammolite, therefore, there was no question of any SANDRA in M/s Ammolite; **that Mr Behram Irani was the other Director, but he never met Mr Behram Irani and had never seen him;** that Mr Behram Irani used to call him on phone as and when required; that he knew that Mr Behram Irani also did not deal with M/s Ferretti for the purchase of the Yacht TIAN; that there are no employees of M/s Ammolite other than two of us Shri Behram Irani and myself as the Directors of the company; that in the news report dated 22.12.2008 downloaded for the website of Times of India, the spokesperson from ADAG have been quoted as confirming that the purchase of Yacht TIAN for around Rs. 400 Crores inclusive of Customs and Excise Duty and refurbishing and it was also mentioned in the said report the Yacht TIAN was built in Genoa which is 34 meter long and costing around EURO 34 Million to build; that in this regard he would like to say that if the spokesperson of Reliance ADAG has confirmed the cost of the Yacht as 400 Crores then it must be true as their company policy was to make factual statements, however, he was not aware who was the spokes person in this case and he will find out and revert back and confirm the same; that he had seen the Financial Statement of M/s Reliance Capital Ltd. and an amount of Rs. 29.01 Crores was shown as outstanding as on 31.03.2008 towards M/s Ammolite Holding Ltd.; that this was the loan given by M/s Reliance Capital Ltd.; **that frankly speaking he only used to sign the documents brought to him by Shri Rahul Manek on the instruction of Shri Hari Nair and he never looked after the various operations of M/s Ammolite; that he would get back to this office after consulting Shri Hari Nair with the reason and utilization of this amount after getting details from his office;** that an amount of US\$ 2,00,000/- as per the Charter Agreement between M/s Ammolite and M/s RTTPL for the Yacht TIAN, was paid on 31.12.2008 to M/s Ammolite by M/s RTTPL and the money may have been lying in the bank account of M/s Ammolite; that as stated above he only used to sign the documents brought to him by Shri Rahul Manek on the instruction of Shri Hari Nair and he never looked after the various operations of M/s Ammolite; that he did not get the Yacht TIAN insured and the insurance of the Yacht may have been got done by Shri Hari Nair or by M/s RTTPL.

16. The Commercial Invoice No. AHL/002 dated 30.09.2008 issued by M/s Ammolite Holdings Ltd. bearing signature of one Sandra showing name of Consignee as M/s Marine Solutions was used for the clearance of Lifting System for Yacht Custom Line 112 consisting of 7 pkgs vide Bill of Entry No. 876385 dated 29.12.2008. As it has been admitted by Shri VR Mohan in his statement dated 06.02.2009 that there was no employee of the name Sandra in M/s Ammolite, this invoice appears to be fabricated for sole purpose of clearance of Lifting system by M/s Marine Solutions, though these goods were neither purchased by M/s Marine Solutions nor they were owners of these goods.

ii) Shri Sohail Kazani, Director, M/s Interport Impex Pvt Ltd. CHA No. 11/589 was well aware about the import of yacht Tian and its documentations, he still filed Bill of Entry No. 876385 dated 29.12.2008 at Mumbai Customs using fabricated invoice only for the purpose of clearance of lifting system of the yacht by Marine Solutions, and cleared the goods.

17. The Yacht M.Y. TIAN was detained vide Detention Memo dated 12.02.2009 for the purpose of detailed examination of the same. A detailed examination was carried out under Panchanama dated 14.02.2009. The examination of yacht under Panchanama dated 14.02.2009 and documents taken over during examination revealed following:-

- i) The logbook having details from 29.12.2008 to 30.01.2009 revealed that in the morning of 30.12.2008 the Yacht left Mumbai and it was in Goa at Aguada Bay on 31.12.2008. The yacht came back to Mumbai on 02.01.2009.
- ii) The Marine Policy (Hull) No. 10001082524000001 for the Period 29.10.2008 to 28.10.2009 issued by M/s Reliance General Insurance in the name of M/s Ammolite Holdings Ltd. revealed that the sum insured for the Yacht was Euro 12 Million which included a) Hull and materials, Contents (including Fine Art), Engine and Machinery and everything connected therewith, nothing excluded, including tenders of Euro 8.4 Million and b) increased value of Euro 3.6 Million.
- iii) Certificate of British Registry No. 741256 revealed that the type of Yacht was in Pleasure category having length of 31.67 meters.
- iv) The Interim Certificate of Class for Pleasure Yacht No. 179 RINA No. 85208 dated 18.08.2008 issued at Ancona revealed that date of built and commissioning of the yacht was 08/2008 and yacht was having overall length of 34.16 Meters. The Captain explained in Panchanama dated 14.02.2009 that difference in the length of the yacht in these two certificates is because the RINA measures the overall length of the yacht from front point to end point whereas British Registry measures the perpendicular length of the yacht.
- v) A list bearing logo of yacht TIAN and address of M/s Ammolite Holdings Ltd, Jersey, titled 'Water-Toys' and Mumbai dated 16.01.2009 was also recovered in which Rubber Tender – Avon 430 (Jet SC-DL Seaport), Wave-runner Red Kawasaki 260x (Jet ski), Wave-runner Green Kawasaki 250x (Jet ski), Small Dinghy Zodiac YL275 and Mercury 5 HP two strokes outboard engine were mentioned alongwith their location on the Yacht. All these goods were found on board the Yacht during examination.
- vi) The yacht was found having 5 rooms in all and were found well furnished having the accessories and interiors as mentioned in the list consisted of 5 pages (marked at the bottom as "Festival International de la Plaisance" Cannes dated 10-15 Sept 2008) found alongwith the list titled 'Water-Toys' dated 16.01.2009.
- vii) During examination the captain informed that till that day the yacht covered 2500 nautical miles as indicated in the Chart Plotter of the Yacht (as also recorded in said Panchanama)
- viii) Captain also informed that Agent M/s Assar Lines informed him on 26/12/2008 that yacht had to go to Colombo for unknown reasons, however, the yacht could not sail due to the problem in the generator and therefore yacht sailed to Goa on 29.12.2008 and came back to Mumbai on 02.01.2009 (as also recorded in Panchanama)

18. Enquiries were made with the Import Section, New Custom House, Mumbai which revealed that two IGMs were filed for the same cargo i.e. TIAN on two different dates i.e. 22.10.08 and 30.10.08 as under:

- (i) In the **IGM No. 29429 filed on 22.10.08** for the Vessel MV Antaradus by Shipping Agent M/s. Link Shipping & Management Systems Pvt. Ltd. wherein the subject Yacht TIAN was declared as TP cargo from Genoa To Mumbai and description shown as "1 Piece One Used Motor Yacht Type Crn 112/18 Named Tian Jersey Flag N. Registry 130in2008 Official Nr. 741256 Complete Of Accessories Stowed On Steel Cradel Marked Crn 112". However, the port of final destination was shown as Mumbai, and hence it appears that the word TP mentioned in the IGM was purposely put to mislead the department.
- (ii) However, in second **IGM No. 29514 filed on 30.10.08 (Prior Entry)** filed by Shipping Agent M/s. Assar Lines Shipping Agents, the name of the Vessel was shown as "TIAN" and description of Cargo were shown as "Nil" as if the yacht TIAN came to Mumbai port on its own as a carrier vessel without any cargo.
- (iii) However, the fact remains that the yacht was brought by the vessel "Antaradus" to Mumbai and in the **IGM No. 29429 filed on 22.10.08** for the Vessel MV Antaradus the destination port of this Yacht was shown as Mumbai.

19. Statement of **Shri Ashish B. Rangnekar, Operation Manager of M/s. Link Shipping & Management Systems Pvt. Ltd.**, recorded under Section 108 of the Customs Act, 1962 **on 16/02/2009, wherein he stated** that as per Section 30 of the Customs Act, 1962 an Import General Manifest had to be filed prior to the arrival of vessel and accordingly they had filed the IGM for Vessel Antaradus; that the IGM was prepared based on the details available in the signed Bills of Lading provided to them by the Charterers (Principles); that the details like the Vessel Name, Item No./Line No., Bill of Lading No., No. of packages, Marks and Numbers, Gross Weight, Description, Name of the Consignee, Port of Shipment, destination port, voyage no. etc. were taken from the Bill of Lading and the IGM was prepared; they were not handling TP cargo frequently; that in case of TP cargo, the item no./line no. was shown as TP and the rotation / movement of cargo should be shown from the port of loading till the port of final destination via the transit port; that Same Bottom Cargo was the cargo meant for discharge at the next / final port of discharge and the TP cargo was meant for the transshipment of cargo to the destined port as mentioned in the Bill of Lading and subsequent in the IGM; **that in the case of IGM No. 29429 dated 22.10.2008 filed by them for the vessel MV Antaradus, by mistake Yacht TIAN was mentioned as TP Cargo;** that they had not mentioned the final port of destination of the TP cargo as by the time they prepared the IGM they did not receive any evidence about the final port of destination so they did not mention the final destination, however, later on they came to know that M/s. Assar Lines has forwarded a request on 21 October, 2008 after 06.00 P.M. regarding the final destination of the Yacht Tian and therefore, they did not incorporate the same in the IGM; that however, as per M/s. Assar Lines' request they mentioned in the line no. the type of cargo as TP against the two line nos 3 & 4; **that he accepted this was a mistake on part of his company that they should not have written even the word TP in the line no. without any concrete evidence from the receiver; that he could confirm that this Yacht was neither brought as TP Cargo nor Same Bottom Cargo but as Local Cargo;** that Original Delivery Order was usually released after payment of delivery charges due to them and also after verification/seeing the Bill of Entry for the respective goods and payment of the customs duty on the same (if applicable); that however, in case of TP cargo they directly issue the Delivery Order after recovering their charges and give the delivery order to the consignee; that as any duty on such cargo had to be paid by the consignee at the final destination port as mentioned in the IGM, and ultimately the boat note copies duly signed and endorsed by customs at the final port of destination i.e. the goods received in the sound condition are submitted to respective customs division at Mumbai and then it was treated as the operation was completed; **that in case of import of Motor Yacht Tian the Delivery Order No. AN/006/04 dated 22.10.2008 was issued to M/s. Assar Line as agent of M/s Ammolite Holding Ltd., since Yacht TIAN was a transshipment cargo; that another Delivery Order No. AN/006/03 dated 22.10.2008 was issued for 7 Pkgs of Lifting System for Yacht TIAN covered vide BL No. 1 dated 30.09.2008;** that they did not mention the final port of destination in the Delivery Order No. AN/006/04 dated 22.10.2008 (D.O.) of Yacht TIAN as in the Bill of Lading No. 2 (Ref No. 809EXPO345) dated 30.09.2008, the final port of destination/Discharge was clearly mentioned as Mumbai, therefore, they issued the D.O. without mentioning the Port of Final Destination in the Delivery Order; **that they did not follow the procedure as required for such cargo (other than TP Cargo) discharged at Mumbai Port as final destination and issued the D.O. without seeing/verifying the filing of Bill of Entry and evidence of payment of Customs Duty; that he admit the mistake of mentioning the local cargo as TP in the IGM and again issuing Delivery Order of the TP Cargo as if the Cargo was meant for local with final Destination as Mumbai was on the part of his company and was committed in good faith of the agents M/s Assar Line agent of the Receiver M/s Ammolite Holding Ltd. with no malafide intention on part of his company;** that if by doing this his company has violated any of the provisions of Customs Act, or any other Act, as a reputed Shipping Agent they owed the responsibility of their mistake and ready to face the consequences; that the Delivery Order No. AN/006/03 and No. AN/006/04 both were prepared and signed on 22.10.2008 by Captain Kiran Kamat, Director, M/s Link Shipping, however, he had enquired with Ms. Eva Dias, their employ, and she informed him that, both the D.O.s, though were prepared and signed on 22.10.2008, the D.O. No. AN/006/04 was collected by the representative of

M/s Assar Line on 04.11.2008, only after sailing of Mother Vessel Antardus; that he had also been informed by Ms. Eva Dias that the D.O. No. AN/006/03 was yet to be collected by M/s Assar Line; that he admit that this was a mistake on part of their company which would be clarified by the person who has signed the D.O.s; that normally they checked the payment of Stamp Duty before handing over the D.O. to the consignee, however, with regards to subject D.O.s he would check with his office and get back; that as normal practice of his company they used to issue Delivery Order only after production of filing of Bill of Entry and evidence of payment of Customs Duty (if applicable), however, as he saw the relevant paper regarding the D.O. of the subject cargo it was beyond his imagination how this could have happened i.e issuance of D.O. before arrival of the vessel carrying goods and on the date of filing of Prior IGM; that as far as the documentation was concerned this had happened but he was not able to explain on whose behest it was done; that regarding conversion of Line Number 3 from TP to Local and not Line No.4 from TP to local, they received instruction from M/s Assar Line vide letter dated 17.12.2008 in this regard to convert only Line No. 3 of IGM No. 29429 for changing consignee name and address and from TP to Local and under that instruction he requested the Dy. Commissioner of Customs, NCH, Mumbai vide letter dated 17.12.2008 for the amendment for split up of IGM NO. 29429 Line no. 3. Regarding split of the Line No.4 he received instruction from M/s Assar Line vide letter dated 20.11.2008 wherein it was instructed that the shipper had decided to retain the gears (cradle and the Lifting System) in Mumbai and clear the same on payment of duty and vide letter dated 24.11.2008 wherein instruction was to split up in TP-4 as follows:

1. TP4 BL No. 2 gross weight 126.00 for motor yacht Tian – Shipper & Consignee are Ammolite Holding Limited, Jersey.

2. Local BL no. 2A gross weight 03.00 for cradle-shipper Ammolite Holding Ltd. and Consignee are as Marine Solutions, Nerul, Navi Mumbai, Maharashtra,

and accordingly he made the request to Dy. Commissioner of Customs, NCH, Mumbai vide letter dated 20.11.2008 and 24.11.2008 for the same; **that though he had requested to Dy Commissioner of Customs for the split of TP4 into two parts, one as Local and Yacht TIAN as TP, however, he didn't know anything about this;** that it can be explained by Shri Pushparaj, Manager, Documentation, M/s Link Shipping, along with Ms. Eva Dias because these documentations were prepared by them and forwarded to him for the signature and onward submission to the Customs; **that they took the permission from Customs to Discharge the Yacht in the water from the Vessel Antardus;** that as per his knowledge they were following Assar Line's instructions as per their request for amendments without any malafide intentions of evading Customs Duty; that he realized then that due to the above acts of his company a great loss running into Crores was caused to the Govt Exchequer by way of evasion of applicable Customs Duty which otherwise could have been realized by mandatory filing of the Bill of Entry for clearance of the said Yacht Tian for home consumption and payment of duty thereof;

20. The documents submitted by Shri Kiran Kamat, Managing Director of M/s. Link Shipping & Management Systems Pvt. Ltd, **in response to summons** dated 16.02.2009 were scrutinized which revealed following:

a) Email dated 14.10.2008 sent by M/s Scan Trans DK-Operations was found wherein following two Bills of Lading were forwarded to M/s Link Shipping & Management Systems:

i. Unsigned copy of Bill of Lading No. 1 Ref. No. 809EXP345 dated 30.09.2008 showing Shipper as CIGISPED SRL, as agent and consignee M/s Reliance ADA Group, Reliance Centre, Ballard Estate, Mumbai, India for '7 Pkgs stc Lifting System for Yacht Customline 112' bearing Marking as 'Reliance ADA Group, Mumbai-India 1/7'.

ii. Unsigned copy of Bill of Lading No. 2 Ref. No. 809EXP0345 dated 30.09.08 showing Shipper as CIGISPED SRL, as agent Italy and consignee M/s Marine Solutions, 54 Grand Annexe 19 A, BK Road, 4000005 Mumbai for '1 Piece One Motor yacht Type CRN 112/18 Named TYAN Complete of all accessories stowed on steel cradle marked CRN 112'.

- b) The port of loading and port of discharge was mentioned as Genoa and Mumbai respectively in both of these Bills of Lading. Further, the name of Reliance ADA Group, Mumbai and M/s Marine Solutions, Mumbai as consignee in the Bills of Lading showed that the goods were not meant for transshipment to Colombo but were meant to be discharged at Mumbai as per declaration of Port of discharge in the Bills of Lading. However, following correspondence by way of emails amply demonstrate the elaborate design to deceive and hoodwink concerned authorities by manipulating documents changing declaration and amending documents such as Bill of Lading Etc.
- c) Vide email dated 17.10.2008 M/s Link Shipping pointed out to M/s Scan Trans that the load port name was wrongly spelt as Genova in the Bills of Lading and they had declared it as Genoa in Mumbai Port and requested for sending Bills of Lading as released for Mumbai.
- d) M/s Scan Trans vide email dated 20.10.2008 forwarded amended Bills of Lading, bearing signatures of Agent and marked as ORIGINAL of the same number and dates as earlier ones showing port of loading and port of discharge as Genova/Genoa and Mumbai respectively. However, the name of Shipper and Consignee was changed to M/s Ammolite Holdings Ltd, Jersey and Notify party was declared as M/s Assar Lines, 15 National House, Fort, Mumbai-1, As agents of M/s Ammolite Holdings Ltd.
- e) Email dated 21.10.2008 (11.28 AM) from Ms. Poornima Mahadik of M/s Link Shipping to Shri Sohel of M/s Interport Impex was found in which it was informed that the Vessel Antaradus was calling on Mumbai on 30.10.2008 to discharging 1 Yacht + acc and asked for the customs noted Bill of Entry to their representative for onward submission to Harbour Authorities. She also requested for the status of the Original Bill of Lading and for surrender of endorsed OBL to her office and for forwarding of House Bill of Lading that day itself to enable them to prepare and file manifest by next day.
- f) The above said email was replied by Shri Sohel same day at 6.02 pm wherein the final BLs were said to be attached. It was also informed in this email that the cargo was not an import cargo but an independent yacht having a foreign flag and it was to be discharged in water in his account-Assar Lines. He also instructed that the yacht had to be manifested as TP Cargo for onward movement to Colombo. Original BLs were said to be submitted by next day.
- g) Ms. Poornima vide email dated 22.10.2008 (9.14 AM) informed Shri Sohel that documents were manifested as TP Cargo attaching the copy of IGM No. 29429/22.10.2008.
- h) Shri Sohel vide email dated 22.10.2008 (4.26PM) informed Ms. Poornima that he visited her office for getting advance delivery order and said that he would visit her office again next day with Original BLs endorsed by M/s Ammolite and a request letter for the issue of Delivery Order.
- i) The Delivery Order D.O. No. AN/006/03 and D.O. No. AN/006/04 both dated 22.10.2008 were found printed on the Copy of respective BLs of the same number & date and bearing same signature of the Agent as mentioned above. D.O. No. AN/006/04 dated 22.10.2008 was found having signature of Shri Joseph D'Souza dated 04.11.2008 in token of receipt of the same.
- j) Shri Sohel F Kazani of M/s Interport Impex sent an email dated 11.12.2008 at 7.47 PM to Shri Francesco Carminati copy of which was forwarded to Ms Eva of M/s Link Shipping in which request was made to instruct M/s Link Shipping and their principals to amend the Bill of Ladings as follows:
- i. B/L No. 2-for the yacht only – 126 tons
 - ii. B/L No. 2A- for the cradle- 3 tons-consignee-Marine Solutions, Nerul, Navi Mumbai, Place of final destination –Mumbai
 - iii. B/L No. 1 –for the lifting system. Consignee-Marine Solutions, Nerul, Navi Mumbai, Place of final destination –Mumbai

k) Shri Sohel F Kazani as Authorised Signatory of M/s Assar Lines vide letter dated 20.11.2008 provided copy of Invoice and Bill of Lading for the cradle and lifting system that arrived with MY TIAN for discharge in Mumbai Port and onward journey to Colombo and informing that shipper had decided to retain the gears (cradle and lifting system in Mumbai) and clear the same on payment of duty and requested M/s Link Shipping to amend the same from TP to Local and split-up in IGM 29429 Item No.TP-04 for cradle and TP-03 for the lifting system.

l) Shri Sohel Kazani, Authorised Signatory of M/s Assar Lines vide letter dated 20.11.2008 made the same request to the Deputy Commissioner of Customs, (Imports), NCH, Mumbai. He provided copy of Commercial Invoice No. AHL/002 dated 30.09.2008 issued by M/s Ammolite Holdings Ltd. showing name of Consignee as M/s Marine Solutions, Navi Mumbai for cradle and 7 pkgs of lifting system declaring CIF of EURO 3100/-. He also provided the copy of Certificate of IEC of M/s Marine Solutions in which IEC of M/s Marine Solutions was shown as 0304090115.

m) M/s Marine Solutions also vide letter dated 03.12.2008 requested the Asstt Commissioner of Customs, Import Department, NCH, Mumbai for allowing them to clear these goods on payment of duty.

n) Accordingly M/s Link Shipping vide letter dated 20.11.2008, attaching the letter dated 20.11.2008 of M/s Assar Lines, requested Deputy Commissioner of Customs, New Custom House, Mumbai to carry out these amendments.

o) Shri Sohel F Kazani as Authorised Signatory of M/s Assar Lines vide letter dated 24.11.2008 again requested M/s Link Shipping to split-up in IGM 29429 line no. TP-4 as follows:

- i. TP-4 BL No. 2 gross weight 126 for motor yacht Tian - Shipper & Consignee are Ammolite Holdings Ltd., Jersey
- ii. Local BL No. 2A gross weight 3.00 for cradle –Shipper - Ammolite Holdings Ltd. and Consignee- M/s Marine Solutions, Nerul, Navi Mumbai.

p) Accordingly M/s Link Shipping vide letter dated 20.11.2008, attaching the letter dated 24.11.2008 of M/s Assar Lines, requested Deputy Commissioner of Customs, New Custom House, Mumbai to carry out these amendments.

q) M/s Assar Lines vide letter dated 17.12.2008 requested M/s Link Shipping to amend IGM No. 29429 Line No. 3 for changing consignee name and address from M/s Ammolite, Jersey to M/s Marine Solutions, Mumbai and it was informed that the shipper has decided to retain lifting system to Local Importer in Mumbai.

r) Accordingly M/s Link Shipping vide letter dated 17.12.2008, attaching the letter dated 17.12.2008 of M/s Assar Lines, requested Deputy Commissioner of Customs, New Custom House, Mumbai to carry out these amendments.

Above sub paras from (c) to (r) clearly bring out as to how in stage, it was devised to retain the lifting system in Mumbai. This would raise a pertinent question here that if the yacht was supposed to go to Colombo where the need was for the lifting system to be retained in Mumbai. This indicates that it was never contemplated to take the yacht to Colombo and split up of the items in the IGM was done with the malafide intentions. In fact unsigned Bills of lading as brought out in Sub Para (a) & (b) above reinforce such indication of malafied intentions.

21. Statement of **Capt. Kiran Kamat, Managing Director of M/s. Link Shipping & Management Systems Pvt. Ltd**, was recorded **under Section 108 of the Customs Act, 1962 on 17.02.2009** wherein he interalia stated that though the Motor Yacht Type CRN 112/18 named TIAN and Lifting System for Yacht Custom Line 112 at Line No. 3 and 4 In the IGM No. 29429 dated 22.10.2008 are mentioned under the Heading Same Bottom Cargo in the IGM No. 29429 dated 22.10.2008 but these were TP Cargo; that TP

Cargo was the cargo which was meant for port other than the one where the IGM was filed; **that the port of Destination in the Bill of Lading was Mumbai for the goods declared as TP at Line No. 3 and 4, however the said goods were declared as TP in the said IGM on the request from Shri Sohel Kazani of M/s Assar Line via email dated 21.10.2008**; that they asked Shri Sohel vide email dated 21.10.2008 for the noted Bill of Entry for onward submission to Harbour Authorities so that the goods could be delivered to the consignee as the vessel Antaradus was to call on Mumbai on 30.10.2008 **in response Shri Sohel intimated via email dated 21.10.2008 that the said Cargo was not an Import Cargo and was an independent Yacht having foreign flag and requested to manifest as TP cargo for onward movement to Colombo**; that the said goods were declared in the IGM as From Genoa to Mumbai via Mumbai and here the first part of it i.e. Genoa to Mumbai has to be exactly as per Bill of Lading and accordingly it was mentioned in the IGM; that when TP is mentioned under the line Number, the IGM software automatically generates words "Via Mumbai"; that the receivers can request to file the goods under TP or Local irrespective of the Destination Port in the Bill of Lading and amendment in the Bill of Lading to that effect was not required, therefore **even if the Destination Port in the Bill of Lading was Mumbai the goods can be declared as TP cargo in the IGM provided the owner transshipped the goods thereafter**; that these goods covered under line no 3 and 4 of the said IGM, except Yacht TIAN were converted into Local Cargo on request of M/s Assar line vide letters dated 20.11.2008, 24.11.2008 and 17.12.2008 and on the basis of these requests from M/s Assar Line these goods, except Yacht TIAN, they made request to Dy Commissioner of Customs, NCH, Mumbai for converting the goods from TP to Local Cargo vide their letters dated 20.11.2008, 24.11.2008 and 17.12.2008; that before issuing the Delivery Order for the local Cargo they ask for the Bill of Lading duly endorsed from the Consignee; that the requirement, as per the guidelines, for the issue of Delivery Order is the endorsed Bill of Lading only, however, for the purpose of assessment of Stamp duty the duty paid Bill of Entry is also asked before issue of the Delivery Order; that the Delivery Order No. AN/006/03 dated 22.10.2008, which was signed by him, was issued after verification of the Original Bill of Lading and this Delivery Order was issued and handed over to M/s Assar Line on 04.11.2008 along with another Delivery Order No. AN/006/04 dated 22.10.2008 which was for the goods covered under Line No. 4 of the IGM No. 29429 i.e. Yacht TIAN along with cradle covered vide Bill of Lading No. 1 (Ref No. 809EXP0345) dated 30.09.2008; that the endorsement of the acknowledgement of the receipt was taken on the D.O. No. AN/006/04 dated 22.10.2008; **that at the time of handing over these D.O.s to M/s Assar Line all these cargos were for Transshipment and question of Stamp Duty on the same did not arise, therefore Bill of Entry for these goods were not asked for, however, the copy of the Transshipment Permit for the Yacht TIAN covered vide Bill of Lading No.2 dated 30.09.2008 and allowed on dated 04.11.2008 by Customs, was given by M/s Assar Line to them**; that the conversion of the cargo covered under Line No. 3 and 4 under IGM No. 29429, from TP to local was attended on the request of M/s Assar Line as mentioned above and also being the Shipping Agent for the vessel Antardus by which the Yacht arrived at Mumbai and filed the IGM, however, there were no such binding guidelines on Shipping Line to call back the Delivery Order and to amend them corresponding to the change in the status of the goods; that Bill of Lading No. 1 & 2 (Ref No. 809EXP345) dated 30.09.2008 (marked as Non Negotiable copy) and Bill of Lading No. 1 & 2 (Ref No. 809EXP345) dated 30.09.2008 (Marked as Original) appeared contradictory to each other as far as the name of the consignee and the condition of Yacht was concerned, however, the Bills of Lading received later were true copies of Original BLs duly signed by the Agent M/s Intermare SPA as Agents for the Master of the Vessel; that they were instructed by the carriers to file arrival papers based on the signed BLs; that they had no knowledge of the existence of parties mentioned in the Non Negotiable copies of BLs; **that it was also true that the Original BLs stated the description of the goods as "One Used Motor Yacht....." however, the Non Negotiable BLs states "One Motor Yacht....."**; that they were unsure as to why **this change in description of the goods had taken place, however, since they received these two sets of BLs with a gap of 7 days, there appeared to be some afterthought in declaration of the goods**; that it was true that copies of BLs received by them on 14th October 2008 stated different shipper/consignee from the BLs received on 20th October 2008; that the BLs received by them on 14.10.2008 had the name of Shipper as M/s

CigiSped SRL, Italy and Consignee as M/s Reliance ADA Group, Mumbai in BL No. 1 and M/s Marine Solutions, Mumbai in BL No. 2, whereas the BLs received on 20.10.2008 has the name of Shipper and Consignee both as M/s Ammolite Holding Ltd, Jersey, UK.; that the load/ Discharge Port in both the above said BLs are identical i.e Genoa and Mumbai; **that he had total shore experience of 26 years and could say that during all this period he had never come across where the Transshipment of the Cargo was done from an Indian Port to any Foreign Port as attempted in this case where the Yacht Tian had been shown as TP to Colombo;** that they as agents of the Carriers were obliged to file the manifest as per the Original BL issued by the Carriers, therefore, they took cognizance of the BL received by them on 20.10.2008; that it was obvious that in the event of mentioning the consignees based in Mumbai, transshipment to another Indian Port would not have served any purpose whatsoever; that this would have meant that the goods would have had to be cleared under Bill of Entry either at Mumbai or at any other port in India and this would have incurred the payment of customs duty, if applicable and at the same time it would not be possible to indicate transshipment to a Foreign Port; that he never met any of the representatives of M/s Assar Line or M/s Ammolite Holding Ltd., the consigner and the Delivery Orders, though were signed by him, were handed over to the representative of M/s Assar Line by his receptionist.

b) In view of documentary evidences and statement of Shri Kiran Kamat it is clear that the amendments in the Bill of lading and splitting of items in IGM were carried out deliberately to show as if the yacht was meant for port outside India and to avoid filing of Bill of Entry and payment of applicable customs duty. This design appears to have been hatched with active assistance of Shri Sohel F Kazani of M/s Assar Lines and M/s Interport Impex. This view also gets strengthened from the email of Shri Sohel Kazani dated 05.09.2008 at 3.40 PM to one Mr. Farchesco, mentioned above in the SCN, in which he elaborated entire design.

c) Further investigations revealed that Shri Sohel F Kazani, Authorised Signatory of M/s Assar Lines vide letter dated 03.10.2008 had requested Deputy Commissioner of Customs, Import Department, New Custom House, Mumbai for completion of TP formalities for MY Tian imported vide IGM No. 29429, Item TP 04 on MV Antaradus. In this reference he gave following explanation in that letter:

- i. Subject item was a foreign flag independent yacht registered in Jersey, UK and was owned by M/s Ammolite Holdings Ltd.
- ii. The owner transported the yacht to Mumbai since it wished to sail to Colombo from Mumbai on its own steam.
- iii. They had filed the IGM in Mumbai Custom House.
- iv. Since the yacht came on a ship it had to be manifested as cargo and also it had an independent status and thus an IGM has also been filed for the same.
- v. Thus in this case, they did not have any Invoice/BL or Packing List to submit to complete the TP formalities since the subject cargo was not a sale to any buyer and was going to move out by sea on its own steam. They will be filing the EGM after clearing the TP formalities and submit the same as soon as the yacht sails.
- vi. Alongwith this letter they enclosed the Copy of the IGM of the vessel Antaradus and copy of the IGM of the Yacht.

d) On the basis of these submissions Shri Sohel F Kazani of M/s Assar Lines procured the TP Permit dated 04.11.2008 for the transshipment of Yacht Tian by sea to Colombo with the permission for the yacht to sail to Colombo on its own steam. In this TP Permit the Yacht Tian was declared by M/s Assar Lines as 'One used motor yacht Type CRN 112/18 named Tian Jersey Flag' though the Yacht was brand new and after taking the TP Permit, instead of taking the yacht to Colombo, the yacht was transferred to Anchorage on 06.11.2008.

22) As mentioned above M/s Assar Line filed one IGM No. 29514 on 30.10.08 (Prior Entry) in which the name of the Vessel was shown as "TIAN" and description of Cargo were shown as "Nil" as if the yacht TIAN came to Mumbai port on its own as a carrier

vessel without any cargo. Along with this IGM vessel informations were submitted on the letter head of M/s Assar lines in which Last port of call was declared as Genoa and Shipping Line was declared as M/s Hull and Hatch Ltd.(HHL) However, no other documents like Port clearance of last port of call or the arrival report, as required to be submitted by a vessel coming from the port outside India as carrier vessel were submitted. Since the yacht did not come as carrier vessel but came as cargo on board MV Antaradus, no such documents possibly could be filed.

ii) These two instances i.e. filing separate IGM for the Yacht as carrier vessel, though it came as goods on board MV Antaradus, and at the same time securing TP Permit for the Yacht for onward movement to Colombo are clear indications of a design of duty evasion. According to this design the TP Permit was procured so that the IGM of the Vessel Antaradus can be closed and separate IGM for the Yacht was filed with an intention to show as if this yacht came on its own steam from Genoa as any other carrier vessel. There was no intention in the mind of the importers to sail the yacht to Colombo in compliance with the TP Permit. Apparent Plan was that after sometime the TP Permit will be forgotten and yacht can be retained in India without payment of duty and they will keep filing fresh IGM every time the yacht touches any port in India and nearby foreign ports in case it is taken out of India for pleasure trips, holidays or celebrations/parties.

23) M/s Ammolite Holdings Ltd. under signature of Shri V. R.Mohan, as Director, vide letter dated 03.10.2008 appointed M/s Assar Lines, Mumbai as their shipping agent to complete the necessary formalities with the port and customs at Mumbai.

ii) Though the TP Permit was procured by M/s Assar Lines on 04.11.2008, the yacht did not sail to Colombo. It sailed, almost after two months, only after taking No Objection Certificate No. 3858/2008 dated 26.12.2008 from Immigration Officer, Bureau of Immigration, Sea Check Post, Mumbai. In this NOC the Yacht Tian was allowed to sail from Mumbai to Colombo subject to completion of formalities with customs. However, no port clearance was taken from Customs as confirmed vide letter dated 17.01.2011 by Export Department, NCH, Mumbai. The Yacht sailed in the sea in the night of 26.12.2008 and at 04.34 Hrs on 27.12.2008 (i.e. in the night of 26.12.2008 itself) Master of yacht Mr. Sergio Peterlin sent a email dated 27.12.2008 to Shri Sohel IPL and Shri Gautama Dutta that yacht had heavy problem with one of the two genset Kohler 50 Kw so it was unsafe for them to stay at sea and he needed to enter in Mumbai as soon as possible. Thereafter the Yacht was brought back to Gateway Anchorage, Mumbai at 11.30 Hrs on 27.12.2008 as shown in the Arrival Report submitted to Customs on 29.12.2008. In this Arrival Report dated 29.12.2008 the port of commencement of voyage was shown as 'Mumbai (High Sea)' and final destination was shown as Colombo and next port of call was shown as Goa. The name of the Agent in India was declared as M/s Assar Lines, Mumbai. In view of the fact that Port Clearance was not taken for the Yacht for onward movement to Colombo or any other port, the trip of the yacht to Mumbai High Sea appear to be a sham and part of the plan to show as if the yacht has sailed to Colombo as required by the TP Permit.

iii) Before submitting the Arrival Report on 29.12.2008, M/s Assar Lines filed Prior Entry IGM No. 30142 dated 27.12.2008 for the yacht as if it has arrived from the port outside India as a carrier vessel. The final entry IGM was also filed on 29.12.2008 wherein the declaration was made that yacht sailed to Goa on 29.12.2008 after taking Port Clearance No. 7540 dated 29.12.2008.

iv) The hard copy of this IGM was submitted to Import Department, NCH Mumbai on 29.12.2008 alongwith letter dated 29.12.2008 of Shri Sohel Kazani of M/s Assar Lines wherein he, giving reference of MY Tian and enclosed the message received from Master of the yacht, informing Deputy Commissioner of Customs, Import Department, NCH, Mumbai that the above mentioned vessel (though he was aware that Tian was a pleasure yacht) developed a technical snag on its way out of Mumbai and had to return for correction. He further informed that he had immediately filed the entry inward for the same and requested for the acknowledgement of the same. He also informed that they had planned to sail the vessel that day itself by noon on completion of its repair.

v) Few points which need to be mentioned here are that though he was very well aware that this was a Pleasure Yacht Shri Sohel referred it as vessel in this letter dated 29.12.2008. Further, he was also aware that this yacht sailed on 26.12.2008 from Mumbai to Colombo, under TP Permit as goods, still in this letter he nowhere informed that the yacht ever sailed to Colombo from Mumbai under TP Permit. Though he was aware that this yacht is sailing to Goa, as declared in final IGM dated 29.12.2008, still he did not disclose this fact in this letter. In the Arrival Report dated 29.12.2008 also the port of commencement of voyage was shown as 'Mumbai (High Sea)' though it is matter of fact that there is not such port existed and they should have declared the port of commencement of voyage as Mumbai only. These facts clearly indicate towards the malafide intention of the importer and M/s Assar Lines to hoodwink the Customs department to serve their purpose and execute their plan of retaining the yacht in India without payment of applicable customs duty.

vi) Prior to filing of IGM No. 30142 dated 27.12.2008 for yacht Tian, M/s Assar Line filed IGM No. 29514 dated 30.10.2008 for this yacht, as if it has come as carrier vessel though the fact was that it arrived onboard MV Antaradus as goods. Filing of IGM No. 30142 dated 27.12.2008 for the yacht was exactly in sync with they plan to establish as if the yacht arrived in India as self propelled carrier vessel and never been imported as goods.

vii) Though M/s Assar Line was fully aware that they have procured TP Permit for this yacht for onward movement from Mumbai to Colombo, still without declaring the same to Customs Department M/s Assar Lines made the application to the Export Department, NCH, Mumbai on 29.12.2008 for issue of Port Clearance to Goa for MV Tian. Shri Sohel Kazani also filed an affidavit dated 29.12.2008, alongwith the application with the Export Department saying that the vessel Mv Tian is expected to sail to Goa on 29.12.2008 at 11 Hrs. It is also to be mentioned here that though the Yacht was named as MY TIAN in all the certificates and related documents, M/s Assar Lines and Shri Sohel in the application and affidavit mentioned it as MV Tian giving an impression as if it is a vessel and not a yacht and after taking Port Clearance No. 7540 dated 29.12.2008 they sailed to Goa on 31.12.2008.

24) At Goa M/s Elesbao Pereira & Sons submitted a letter dated 29.12.2008 to the Superintendent of Customs, Panjim giving details of the yacht Tian expected to arrive there on 30.12.2008 in which Last Port of Call and Next Port of Call was declared as Mumbai. In the Declaration filed by the Master of the Yacht to The Preventive Department, Panjim Customs, at the time of arrival at Panjim declared the last port of call and destination both as Mumbai. The Master of the Yacht in the Departure Report of the Yacht Tian submitted to Immigration Branch, Panjim also declared next port of call as Mumbai. In the Inward Clearance dated 31.12.2008 submitted for the yacht Tian to the Captain of Ports, Panji, Goa the Last Port of Call was declared as Mumbai and Destination was also declared as Mumbai. These documents again made it clear that there was no plan for the yacht to be taken to Colombo from Goa as required by the TP Permit.

ii) Further, the Port Clearance No. 33/2008-09 dated 01.01.2009 issued by Goa Customs, for onward movement to Mumbai, revealed that there were 14 Passengers on board the yacht at the time of departure from Goa. The list of the Passengers shows following names on board the yacht:

- i. Ambani Tina Anil
- ii. Jai Anmol Ambani
- iii. Jai Anshul
- iv. Mrs Bhavana Motiwala
- v. Dr. Tushar Motiwala
- vi. Ms. Antara Tushar Motiwala
- vii. Mr. Chitrang Motiwala
- viii. Mrs. Martha Rebello
- ix. Mr. Mohit Mehta
- x. Master Dhruv Mehta

- xi. Satbir Maniram Yadav (Security)
- xii. Padamsingh Panwar (Security)
- xiii. Angu Kranti Prasad
- xiv. Lavina Rubin Pinto

iii) The presence of above passengers and dates indicates that the yacht was taken to Goa for the New Year celebration and on its return these passengers came along with the yacht to Mumbai, though the yacht was still a goods under transshipment to Colombo and should not have used for any other purpose till the Transshipment is completed or the yacht is cleared for home consumption after filing Bill of Entry and payment of applicable Customs Duty.

iv) On its arrival at Mumbai on 02.01.2009 at 17.30 Hrs the Arrival Report was submitted only on 07.01.2009 wherein Last Port of Call was declared as Goa and final destination and Next Port of Call was not declared at all, as if yacht has to go nowhere. In this Arrival Report all the above said passengers were declared on board Yacht Tian on arrival enclosing the same list.

v) On arrival at Mumbai another Prior Entry and Final Entry IGM No. 30204 dated 02.01.2009 was filed by M/s Assar Line with Import Department, NCH, Mumbai.

vi) A letter dated 01.01.2009 under signature of Shri V. R. Mohan, Director, M/s Ammolite Holdings Ltd. addressed to M/s Assar Lines, Mumbai was found in the documents taken over from M/s Assar Lines. In this letter M/s Assar Lines was informed that MY Tian has found deployment in India with Reliance Transport and Travels Pvt. Ltd. and the boat will not be sailing to Colombo to seek deployment anymore unless required by the Charterers. M/s Assar Lines was informed that the yacht was returning from Goa on 02.01.2009 to Mumbai and was requested to comply with the documentation accordingly with the Port and Customs Authorities.

vii) M/s Assar Lines vide letter dated 02.01.2009, enclosing above said letter dated 01.01.2009 of M/s Ammolite Holdings Ltd., informed the Supdt. Customs, A Division, Mumbai that as per instruction received from their Principal Ammolite Holdings Ltd., the yacht was moved to Goa and after bunkering was to move to Colombo, however, based on Principal's instruction the yacht TIAN was moved back to Mumbai from Goa and requested for the completion of customs Inward formalities for the yacht Tian.

viii) Further, M/s Assar Lines vide letter dated 05.01.2009 (inadvertently dated as 05th Jan 2008), enclosing the letter dated 01.01.2009 of M/s Ammolite, informed the Deputy Commissioner of Customs (Preventive General), NCH, Mumbai, copy to Import Department, that the Owners had entered into a bare boat chartering Agreement with Reliance Transport and Travels for a period of one year and owners had thus cancelled the program for going to Colombo and plying it for a period of one year on coastal run. In this letter it was once again emphasized that the status of the yacht was identical to any other foreign flag vessel chartered by any other shipping company for Indian/international waters. The Only difference was that this came on a vessel and not on its own due to which a Transshipment Permit had to be file and cleared as per the given sailing program of the boat at that time. There was no sale/purchase involved and thus they see no revenue implications. Following documents were enclosed along with this letter dated 05.01.2009 of M/s Assar Lines:

- a. letter dated 06.10.2008 of M/s Reliance Transport and Travels Pvt. Ltd. to the Director General of Shipping, Mumbai wherein it was informed that M/s RTTPL wish to take the cruise boat MY Tian on bare boat charter for a period of one year and confirmation was sought that for the purpose of promoting coastal cruising they were free to take this foreign flag boat at any port without obtaining any coastal trade Licence.
- b. Yacht Charter Agreement dated 22.10.2008 for a period of one year from 29.10.2008 to 28.10.2009 between M/s Ammolite Holdings Ltd and M/s RTTPL.

ix) The above said two documents made it very clear that even at the time of arrival of the yacht Tian at Mumbai port onboard MV Antaradus on 30.10.2008, the yacht was very much under charter to M/s RTTPL, a Indian Company. Therefore, it was not in the month of January 2009 that the yacht was taken on charter by RTTPL as mentioned in the letter date 01.01.2009 of M/s Ammolite, mentioned above. This again confirmed that the yacht was not meant to be transshipped to Colombo at all and TP was used to cover up the import and not to pay the applicable Customs Duty. This is also evident from the fact that even in the letter dated 05.01.2009 of M/s Assar Lines there was no request for the cancellation of TP Permit as the yacht was not to go to Colombo after its arrival from Goa.

x) It is also evident that M/s Assar Lines in the letter dated 02.01.2009 to Supdt. Of Customs, A Division, Mumbai stated that the yacht was moved to Goa and after bunkering was to move to Colombo whereas M/s Elesbao Pereira & Sons vide letter dated 29.12.2008 at Goa declared the Next Port of Call as Mumbai to the Superintendent of Customs, Panjim and accordingly Yacht came to Mumbai. Further, the Port Clearance was not taken for onward movement to Colombo from Mumbai Customs as confirmed by Export Department, NCH Mumbai vide letter dated 17.01.2011. Therefore, M/s Assar Lines, apparently being part of the execution of this design, made this misdeclaration to the Supdt., A Division, Mumbai as if there was only change of plan.

25) The letter dated 09.01.2009 of M/s Marine Solutions was found in the documents taken over from M/s Assar Lines which was addressed to the Deputy Commissioner of Customs (Preventive General), NCH, Mumbai wherein clarification was sought with regards to the procedure on entry inwards of foreign flag yachts for temporary run in Indian coastal waters being brought by ships. In this letter it was elaborated that these yachts do not have fuel tanks bearing capacity to come on its own steam in India and thus need to come on mother vessels. The technical problem with documentations was that the yacht had to be manifested and declared as a cargo (import, export, transshipment or same bottom). Since the subject yachts were going to be chartered by Indians for a period of six months to one year, the most appropriate category would seem to be Transshipment for foreign port. After such yacht sails out on a TP, the yacht files a proper entry inwards and takes a port clearance on its second run and thereafter is able. It was further said that after the yacht lands into Mumbai the chartering contract will be registered with DG Shipping and appropriate applications would be made to Customs for coastal conversion. During its run on coastal waters, the yacht would consume duty paid bunker and stores and follow the normal procedure as if it was on a coastal run.

(ii) The modus operandi explained in this letter was exactly the same as adopted in the case of yacht Tian. This made it amply clear that it was a well thought off plan to use the Transshipment Permit as a tool to evade customs duty on the yachts by showing them as being on charter for temporary period of one year in India and after taking conversion form customs from foreign run to coastal run use them in India without payment of customs duty. It is also apparent that even this letter dated 09.01.2009 was written by M/s Marine Solutions with an intention to claim legitimacy for their modus operandi from Deputy Commissioner of Customs (Preventive General), NCH, Mumbai that too after they adopted and executed the same in case of yacht Tian and also after investigations started by CIU in the case of yacht Tian.

26) Statement of **Shri Gautama Dutta, Director of Marine Solutions** was recorded under Section 108 of the Customs Act, 1962 on **18.02.2009** wherein he confirmed his earlier statement dated 19.01.2009 to effect that the this Yacht was purchased by M/s Reliance ADAG in the name of M/s Ammolite Holding Ltd directly from the manufacturer M/s Ferretti and the deal was facilitated by him. He further said that this Yacht was purchased directly from the Manufacturer and possession was taken in the month of August 2008 and thereafter it was registered in UK vide Certificate of British Registry No. 741256 wherein Year of Built of Yacht TIAN is mentioned as 2008 and Interim Certificate of Class for Pleasure Yacht No. 179 RINA No. 85208 dated 18.08.2008 wherein the Date of Built of Yacht TIAN is mentioned as 08/2008; that after getting the delivery of the Yacht from the Yard at Ancona, Italy, in the last week of

August 2008 as stated and in the Sale Contract, she was taken by M/s Ferretti Custom Line to Cannes and Monaco for Boat Shows in the month of Sept 2008; **that between the above two Boat Shows Mrs. Ambani used the Yacht for couple of days in the area around Italy and France which are the islands of Corsica, Sardinia and Elba** and during all that period the Crew on the Yacht was of M/s Ferretti; that As per Bill of Lading No. 2 (Ref No. 809EXP0345) dated 30.09.2008 of Yacht Tian, this Yacht was shipped on board on 30.09.2008 and landed at Mumbai Port on 30.10.2008; that in view of above he can say that the Yacht was only two month old when it came to India out of which, for one month it remained on board vessel Antaradus enroute to Mumbai and for the rest of one month the Yacht was used by the purchaser themselves or Participated in two boat shows as per the condition of the purchase agreement; **that therefore he could conclusively say that the yacht Tian was technically New at the time it landed at Mumbai Port;** that after seeing the Bill of Lading No. 2(Ref No. 809EXP0345) dated 30.09.2008 on which there was Master's Remark "Used Yacht and Second Hand with some scratches found before" and stated that **to the Best of his Knowledge Yacht TIAN was not a second hand Yacht** and he himself had taken delivery of the Yacht directly from the manufacturer in the name of M/s Ammolite Holding Ltd., the name of the Company he was told by the Reliance ADAG, in whose name contract has to be made and delivery to be taken; **after seeing the two sets of Bills of Lading No. 1 & 2 (Ref No. 809EXP0345) dated 30.09.2008 (one marked as Original and other as Non negotiable)** he stated that as stated in his answer above the description of the cargo was mentioned as in the non original Bill of Lading in which M/s Marine Solutions was shown as consignee was correct, however, regarding these two BLs he had no recollection; that it might have come to him as being an authorized person he had to take delivery of the Yacht in the Italy; **that in the said Bill of Lading his company was shown as consignee which was totally incorrect** as he was only authorized by higher officials of M/s Reliance ADAG to take delivery on behalf of M/s Ammolite in Italy; **that in the second Bill of Lading copy (non negotiable) the name of the consignee was shown as M/s Reliance ADA Group, however, in the Original BLs the name of the Consignee and Consigner was shown as M/s Ammolite Holding Ltd. which might be the corrected version as per the instruction of M/s Reliance ADAG and as per the correspondence of M/s Assar Line as M/s Assar line was authorized agent for handling the shipment at Mumbai;** that since he was associated with Reliance ADAG for the purchase of the Yacht since beginning, **he had discussions with Shri Ramesh Thadani and other higher officials of Reliance ADAG and it was transpired to him that this Yacht was purchased for the personal use by the family members and guests of the Chairman of Reliance ADAG;** that from the time M/s Assar line was appointed as Agent for the handling of shipment of the Yacht, all the decisions for the same were taken by the officials of the Reliance and passed on to be executed by M/s Assar Line through him and whatever problem M/s Assar Line faced in the execution of the decisions of M/s Reliance, they conveyed the same to M/s Reliance through him; that as he had stated in his earlier statement dated 19.01.2009 that in the end of year 2007 M/s Reliance asked for an offer from M/s Ferretti for a Custom line 112 Next Yacht, he provided them with the list price of the Yacht and they asked for some discounts; that he accordingly informed Ferretti and after considering the request they provided the draft sales deed around beginning of Jan 2008 which was forwarded to Shri Ramesh Thadani; that based on this sale deed Reliance proceeded to make staged payments for the Yacht; that thereafter the accessories to be purchased was deliberated upon by Shri Ramesh Thadani and finally approved prior to the signing of the final contract for the Yacht between M/s Ferretti and M/s Ammolite; that the copy of the said final contract as signed by M/s Ammolite, was the only knowledge he had of the value of the Yacht inclusive of the accessories on it and beyond that he had to enquire from M/s Ferretti; that he had seen the contract dated 25.08.2008, showing the price of the Yacht and its accessories, signed only by M/s Ammolite and not by the other party M/s Ferretti, also seen the list price of Accessories for the year 2007-2008 earlier submitted by him and from the perusal of the these documents it appeared that the basic Yacht Price in the contract is shown of the Custom Line 112 model of 2007-2008 whereas the Yacht Tian is the Custom Line 112 Next which was the model of year 2008-2009 and the basic price is Euro 10.87 Million and not 10.67 Million as mentioned in the contract; that since this contract was signed only by the buyer and not by the manufacturer and also as the price shown is different the

list price of the Yacht for the Year 2008-2009, this may not be showing the correct price of the yacht Tian; that in this regard he would get in touch with M/s Ferretti and try to procure the actual sale price, details of payments received, initial sale offer and all other relevant documents and thereafter he can offer his comment on the value of the Yacht.

27) Statement of **Shri Sohel F Kazani of M/s Assar Line** was recorded under Section 108 of the Customs Act, 1962 **on 18.02.2009** wherein he interalia stated that he met Mr. Gautama Dutta of M/s Marine Solutions through his business associates and discussed the possibility of handling the yachts being marketed by him (Gautama Dutta) in India and accordingly he started handling his yachts; **that so far he attended only one job i.e. MY TIAN for M/s Marine Solutions;** that in the Month of September 2008, Mr. Gautam Dutta approached him for handling the shipping agency of M/Y TIAN; that he met Mr. Gautama Dutta in his (Gautama Dutta) office and were explained that the boat belonged to a company by the name of M/s Ammolite Holdings Limited and **they would have to co-ordinate the operations right from the date of its loading till it was delivery to the owners in Mumbai;** that this involved co-ordination with the forwarder at Genoa and obtaining the documents after the loading of the yacht till it was discharged in Mumbai and ready to sail for Colombo; that it was decided that ASSAR LINES would charge a fee of Rs. 5 lacs, on account, to meet all expenses related to the payment of all charges related to Customs, Line, crainage, stevedoring, discharge, Port, DG Shipping and miscellaneous attendance and communication charges; that he assisted Mr. Umesh in handling the co-ordination with the forwarder at Genoa and updating Mr. Gautama Dutta from time to time of the progress of the ship towards Mumbai; that he received the Bill of Lading of the yacht around 20.10.2008 and the original documents of the same like the Ship Registry, radio license, tonnage certificate, certificate of class, etc at his office; **that he along with Shri Gautama Dutta went to the office of M/s Reliance in the last week of Oct 2008 at Reliance Centre and there he was given the Appointment Letter as Agents by Shri Rahul Manek of M/s Reliance in favor of M/s ASSAR Lines from M/s Ammolite Holding Ltd;** that he coordinated with M/s Link Shipping, Agent of MV Antardus, which brought the Yacht Tian, to ensure that all the arrangements and documentation was in order as per the program; **that on enquiry with M/s Link Shipping he learnt that the yacht was manifested as local Cargo for Mumbai as final destination, whereas the same was meant to start its voyages from Colombo; that accordingly he requested M/s Link Shipping to amend the status of the Yacht Tian from Import to TP in the final IGM;** that he also informed M/s Marine Solutions of the error that was committed due to the communication gap on behalf of the forwarder who loaded the yacht; **that M/s Link Shipping amended the status of the Yacht Tian from local to TP in the final IGM No.29429 dated 22.10.2008;** that he further wanted to state that **on the instruction of Shri Gautama Dutta he sent one of his peon Shri Razab/ Ashish to reliance centre and asked him to meet Shri Rahul Manek an employee of Reliance Capital Ltd. to collect the Charter Party Agreement for the Yacht Tian;** that thereafter the necessary documents were filed by Mr. Surendra, an employee of M/s Assar Line, for clearing the yacht as a Transshipment Cargo instead of an independent foreign flag yacht arriving in India; **that after the Transshipment was granted on 4.11.2008 by Customs, the yacht was anchored at "Off Gateway" Anchorage waiting for crew to be supplied by M/s Marine Solutions and for onward movement to Colombo;** that after the attack on 26th Nov 2008, the crew which joined in the last week of November to take the yacht to Colombo, resigned and left the yacht; **that the fresh crew came only in the last week of December and started their voyage for Colombo via Goa on 27th December but returned due to technical reasons and finally sailed out on 31st of December 2009;** that accordingly the documentation for the same was arranged and handled by Mr. Surendra for arranging the necessary documentation with the Customs, Port, Immigration and PHO authorities; that **the yacht finally returned to Mumbai on the 2nd of January 2009 and they received a letter dated 01.01.2009 from M/s Ammolite that the yacht would now remain in Indian Coastal Waters and would not be sailing to Colmbo;** that accordingly M/s Assar Line informed Dy. Commissioner of Customs, Preventive General, NCH, Mumbai vide letter dated **05.01.2009 that the vessel had retuned from Goa and did complet its Transshipment to Colombo and sought for further clarification on revenue implication;** that the Transshipment Permit dated 04.11.2008 was handed over to the Master of the Yacht

TIAN on 06.11.2008, however, the Yacht TIAN did not sail to Colombo; that he was repeatedly asking for the program of its onwards sailing but was informed by M/s Marine Solutions that there were issues related to manning of the boat, technical problem and visit of experts from Ferretti to resolve the technical problems due to which the Yacht could not sail; that he informed M/s Reliance Transport and Travels Pvt. Ltd, through M/s Marine Solutions that once the TP permit was granted by Customs the Yacht must start sailing to the destination port failing which it would violate the provisions of Customs Act; that however it appeared that they were least concerned about his warnings and kept giving flimsy reasons as mentioned above; that thereafter due to terrorist attack on 26.11.2008 on Mumbai the crew of the Yacht left for their country and returned in the end of Dec. 2008; that the Yacht sailed on 27.12.2008 to Colombo after taking NOC from Immigration dated 26.12.2008 but due to the problem in the Generator of the Yacht it came back to Mumbai; that he received an email at 04.34 Hrs on 27.12.2008 itself from the Master of the Yacht in this regard wherein request was made for the entry in Mumbai; **that they filed the IGM No. 30142 dated 27.12.2008 showing the vessel coming from Mumbai High and Next Port of Call Goa and also submitted the Arrival Report;** that it finally sailed on 31.12.2008 to Goa after taking the Port Clearance; that he would check with his office and confirm whether the EGM was also filed on its departure to Goa on 31.12.2008; that he would find out and let this office know What was the next port of call declared at Goa; **that there was a time limit of Two Month from the date of filing of IGM for the goods to be transhipped, however, after securing the Transshipment Permit the goods should move immediately;** that since the TP was granted for Colombo, however, the Yacht did not sail to Colombo and he also received a letter dated 01.01.2009 from M/s Ammolite saying that the Yacht would not be sailing to Colombo and they intended to retain the Yacht TIAN in India and also requested to complete the required documentation with Customs and Port Authorities, therefore, he could say that the Yacht Tian was no more under TP Permit and is chargeable to applicable Customs Duty; that considering the sequence of events transpired from the Date of landing till the date of return of Yacht from Goa it was very obvious that M/s Ammolite did not plan to proceed to Colombo from Goa and thus took the Transshipment Permit for granted and had he known the same earlier he would have insisted on filing the Bill of Entry for home consumption at the time of importation of the Yacht and clear the Yacht after payment of Customs Duty; that the draft Bills of Lading No. 1 & 2 (Ref No. 809EXP0345) dated 30.09.2008 marked as Non Negotiable copy were sent to him and Gautama Dutta by M/s Cigi Sped on mail for confirmation before being finally released; that the name of the Consignee in the BL No. 1 was M/s Reliance ADAG and in BL No. 2 the Consignee was M/s Marine Solutions; that on taking proper confirmation with respect to the ownership and the recipient from M/s Reliance through Marine Solutions they corrected the draft and sent the same to M/s Cigi Sped for releasing the Final Bill of Lading which was subsequently sent back marked as Original; that as per the first set of IGM conveyed to him in the office of M/s Link Shipping which they said they had already filed and reflected the Yacht as local import cargo; that he immediately informed M/s Reliance through M/s Marine Solutions of the error and after taking due confirmation informed via email dated 21.10.08 sent to Pornima and cc to Eva Linkship.in of M/s Link shipping to amend the manifest from local to TP for onward movement to Colombo, but Link shipping did not mention the final destination as Colombo in the IGM No. 29429 dated 22.10.2008 instead mentioned as Mumbai; **that though he was aware that the Yacht had already been manifested on his instruction as TP Cargo in the IGM No. 29429 on 22.10.2008, the second IGM No. 29514 dated 30.10.2008 showing the Yacht Tian as independent Foreign Flag Vessel, was filed by M/s Assar Line to supplement the transshipment permit at the time of sailing of the Yacht to Colombo as advised by the Charterer M/s RTTPL through M/s Marine Solutions;** that he knew the TP Cargo had to be transported on same carrier but in this case he was given to understand by M/s RTTPL that the Yacht was going to sail to Colombo on its own steam and hence the carrier was not required and that was why the name of the Carrier vessel was not mentioned in the Performa for TP Permit submitted before Customs, further, he had submitted a letter to Customs in which he gave the details about independent status of the Yacht.

28) Statement of **Shri Hari S. Nair, Senior Vice President, Group Finance, M/s Reliance ADAG**, was recorded under Section 108 of the Customs Act, 1962 on 26.02.2009 wherein he interalia stated that Shri V. R. Mohan was the Company Secretary of Reliance Capital Limited, an Indian listed company and as Ammolite is Reliance Capital's company, **he recommended Shri Mohan to be a director of Ammolite, and he (Shri Mohan) takes action/decisions in respect of matters related to Ammolite in consultation with him; that he (Hari Nair) had looked into or guided matters relating to the execution of acquisition, financing, and legal compliance matters relating to MY Tian, a yacht acquired by Ammolite; that Mr. V.R. Mohan signed the documents (appointment of shipping agent M/s Assar Lines, charter party agreement between Ammolite and RTTPL, power of attorney given to Mr. Gautama Dutta, for taking delivery of yacht at Ancona, Italy, etc.), with his knowledge, and based on drafts approved by him; that also, the draft of board resolution dated July 25, 2008, and other board resolutions, recording the minutes of meeting of the board was drafted by him; that the board meeting was conducted based on agenda set by him, under his guidance and post-board meeting Mr. Mohan took actions based on his instructions, in relation to the yacht; that Mr. Rahul Manek coordinated signatures of Mr. V.R. Mohan, in order to help him; that financing was his responsibility and not that of Shri Mohan's and hence Shri Mohan was not aware of the same and also, use of yacht was for Reliance Group purposes,** being the general and overarching consideration, Shri Mohan was expected to be aware; that the Yacht was a group asset, to be used by senior executives of the Reliance Group, to cruise predominately in Europe (save for in winter, when the yacht is unusable), considering the geo-political and security reasons; that use in India, would be negligible or minimal, considering the potential places of visit using the yacht; that considering these factors, the yacht was acquired in the name of Ammolite; that as regards RTTPL, as the use was limited in Asia, the same was not considered to acquire the said yacht; that the charter was done for a limited period, i.e. not more than 1 year, after which the yacht was to revert to Ammolite, in any case on account of onset of monsoon, which would be the case after 2-3 months, the yacht of this class cannot be used in Asia; the deal with M/s Ferretti for the purchase of the Yacht was finalized on January 14, 2008 and there was no MoU for the same and the acquisition process started with advance payment; that the Yacht was delivered on August 28, 2008 to Ammolite at Ancona (Italy); that Ammolite authorized M/s Marine Solutions to take delivery on its behalf; that there was no prior condition in the agreement that final delivery would be made by the manufacturer i.e. Ferretti, only after displaying the boat in the 2 boat shows in Italy; that the yacht participated in those 2 boat shows and Permission was sought by Ferretti, and the same was given by Ammolite, as a matter of goodwill; that till then Capex payment aggregating to Euro 11,640,874.92 (Rs. 95 crore approx.) between January 18, 2008 and September 29, 2008, was made as mentioned in the Purchase Order dated August 25, 2008; that the VAT was not applicable for the given transaction, being an export transaction as regards country of manufacture (Italy), purchase jurisdiction being that of Jersey; therefore no VAT was payable or paid; that **as regards, RTTPL the yacht was second hand and used, as it owners, Ammolite had used the yacht for more than 5 weeks for Ammolite-initiated cruises in Europe,** and not given on charter party or commercial use and during the said period, the yacht participated in 2 boat shows, on which no income was generated or intended to be earned; **that as regards Ammolite, the Yacht was a brand new yacht;** that charter party agreement (CPA) was signed by October 22, 2008, and the negotiations thereon was discussed or closed within 2 weeks of initiation; **that the equity capital of Ammolite was USD 8,100,000/- of which USD 100,000/- had been allotted to Reliance Capital and Reliance Land and the balance amounts was being allotted to Reliance Capital/ Reliance Land;** that the same was disclosed in Annual Report and to Reserve Bank, as applicable; that as regards, the financing of yacht (Euro 11.6 million), Ammolite had availed a loan, on an arms-length basis, from Gateway Net Trading Pte Limited (GNTPL), Singapore; that GNTPL was a company wholly owned by Reliance Communications Limited, a listed entity, and was in the business of trading in handheld communication devices from Asia, investments, and provider of finance/loans; that **It was his decision to purchase the Yacht, based on business profile of Ammolite;** that the CPA fee was decided based on similar fee prevalent in the market. Considering the world wide recession and global

melt down, the fee paid under similar arrangements had considerably reduced or had been cancelled, hence, considering the current international environment, and state of affairs of the business, the fee of only Rs. 2 Crore for one year for the the Yacht costing Rs. 95 Crores was considered appropriate; that these yacht's had a limited range, of about 300 nautical miles, hence, any long distance journey had to be carried out on board of a cargo vessel. Post-European cruise, Asian cruise was planned, which was to commence from Colombo to Maldives, and thereafter to nearby islands; that consequently, a quote dated September 2, 2008, was received from Cigisped (also an agent for MV Antaradus) for transport of yacht to "Mumbai or Colombo – at yacht owner's decision", however, as unloading facilities in Colombo was not suitable, considering a potential damage that may happen to yacht on unloading; it had to be brought to Mumbai, on board of MV Antaradus; that based on which the journey, on board of MV Antaradus commenced on September 30, 2008 and It reached Mumbai on October 30, 2008; that the yacht was waiting for its captain and crew to arrive in Mumbai, take charge of the yacht, and to prepare for its journey to Colombo; that after reaching Colombo, the aforementioned cruise from Colombo to Maldives, etc. was to commence; that upon manning of the yacht, which happened in 2nd week of November 2008, it was decided to travel in yacht's own steam, however, on account of terror attack on November 26, 2008, all the crew (save for an engineer) including captain abandoned the yacht, rendering it unusable; that thereafter upon lifting of travel advisory allowing Italian citizen to travel to India, captain and other crew members arrived in India by last-week of December 2008; that upon re-manning of the yacht the aborted cruise was revived, necessary approvals were taken from all applicable authorities including Customs, however, **on account of technical snags the journey could not be completed, and captain took a decision to bring back the yacht to Mumbai**; that these events happened twice; **that in one instance, it could only initiate the journey, before which snags were noticed and journey aborted; that upon entry into Mumbai, it was given a rotation number / entry inwards, duly recognizing the fact that this yacht was a foreign flag vessel, which indeed it was;** that in the second instance, it managed to reach Goa, and on account of acceleration of technical snags the journey was to be aborted again; that considering connectivity issues, facilities available, and overall international preferences, **it was thought advisable to bring back the yacht to Mumbai, and wait for Ferretti engineers; that this time too necessary procedures in relation to a foreign flag vessel was completed and duly approved by all applicable authorities**; that to summarize, it was on account of series of force majeure incidents, beyond the control of RTT/Ammolite, the yacht was to be detained in Mumbai, however, necessary application was made on our behalf to anchor the yacht in Mumbai, **to enable them to carry out repairs, the approval of which is still pending**; that MY Tian was a foreign flag vessel, and it was only on account of MV Antaradus' IGM, which mentioned it as a "cargo", a bill of transshipment was filed. Later, permission was sought for sailing of the yacht on its steam and the same was duly given; that they believe this supports their submission that the yacht was a foreign flag vessel, capable of traveling on its own, and hence such permission was sought for and given; that later on account of snags, the yacht had to abort the journey, and return to Mumbai; that as a foreign flag vessel, upon re-entry, as per procedures, an IGM was to be filed, and hence was duly filed and later, the same IGM was used for all applicable approvals, and clearances, which was duly sought for and given by duly authorized governmental agencies; that he understood that, IGM was required to be filed by shipping agents of the vessel for complying with the port related laws, for any inward or outward and IGM was filed with all proper disclosures; that all provided fields of information requirement in IGM was filled up, correctly. In fact the "Inward entry" shows the fact that it was brought back from Mumbai high, and also that it has to go to Colombo; that no material information was withheld or mis-declared; that as stated earlier, he reiterate that MY Tian, being a foreign flag vessel, eligible to travel on its own steam as approved by customs authorities, such filing of IGM was a proper procedure and have been duly accepted later-on by all governmental / customs authorities, in due and normal course as per the laws of the land, and in support of our understandings and beliefs; **that he further reiterated that MY Tian was a foreign flag vessel, it's coming into India, under bill of transshipment does not change the status, neither is there any question on dutiability thereon; that MY Tian had to come on board of MV Antaradus, because of technical limitations. Otherwise, it was always a**

foreign vessel, on an onward journey to Colombo. TP request was filed as MV Antaradus declared it as a cargo; that it sailed on its own steam, post obtaining of necessary approvals, which otherwise would not have been possible to be given to a “cargo” and this confirms his view, hence, issue whether TP permit was valid or not at the time when the Yacht came back to Mumbai Port from Mumbai High due to technical snag was irrelevant; that validity of TP and the status of the MY TIAN as Cargo are quite pertinent, however, In his opinion, TP was not valid, because allowance was given to sail on its own steam, recognizing the fact that it was a foreign flag vessel. On being informed that it was just his opinion and not the fact and the validity of the TP would be subject to the legal provision provided in the Customs Act and regulations in this regard he stated that he had difference of opinion on TP validity with the Department; that as recommended by M/s Marine Solutions, Ammolite had appointed Assar Lines to organizing travel of MY Tian from Mumbai to Colombo, and in this context to do all relevant and applicable documentation and formalities; that Yacht of this class, can travel upto 300 nautical miles, hence, the trip between Mumbai and Colombo, would have to be punctuated by visits to intermediate ports/minor ports, like Goa, etc; that the insurance was coordinated, and was the responsibility of M/s Marine Solutions and the Payments were made by Ammolite, based on bills provided by insurance companies/ agents; that MY Tian was the only acquisition made by Ammolite; that Ammolite has also invested USD 8 million in a French electric wagon manufacturer, in FY 2006-07 and other than this no material transaction has been entered into till date by Ammolite; that till then the equity capital of USD 8.1 million was invested by Reliance Capital/Land in FY 2005-06 and FY 2006-07 and apart from these Euro 11.6 million loans was facilitated by GNTPL; that as stated earlier, GNTPL was a company wholly owned by Reliance Communications Limited.; that Yacht was planned to travel to Colombo, and it was only because of force majeure that it had to come to Mumbai; that due to repeated failures of generators, it was eminent that yacht would have to be thoroughly checked for any potential snags, and fixed; that it was only possible to get Ferretti engineers in Mumbai; that upon rectification the same was to be taken back to Colombo; that as the time delay between yacht reaching Mumbai and onward sailing was not quantifiable they issued a letter to Assar Lines, on January 1, 2009, for onward submission to Customs, wherein they had sought time to stay in India, stating potential “deployment” in India; that even though they were treating the Yacht as foreign Flag Vessel, however, as the time of stay was indeterminable, and in line with their practices (of keeping all government authorities informed and to seek approval for all activities) followed earlier, they felt it advisable to submit a request to Customs for such longer stay; that MY Tian was not a commercial Yacht engaged in cruise business like other cruise vessels engage in passenger transport and registered accordingly but was a Pleasure Yacht and registered as a “Pleasure Yacht”; that it mean that this yacht was not at par with commercial cruise liners and as MY Tian was to be used only for group purposes (as mentioned above), it could not be compared with commercial cruise liners, which was for the purpose of any general public; that they explored the provisions, which should be applicable for MY Tian in this situation and they understood that because it was a foreign flag vessel, there was no question of dutiability; that though the charter party had been entered into between Ammolite and RTTPL the ownership rights of the yacht were always with Ammolite, irrespective of jurisdiction in which the yacht was situated, however, for operational purposes, as the yacht was then under charter party with RTTPL, immediate obligation was on RTTPL; that till the validity of charter party, and as per the terms of the charter party the transshipment to Colombo and onward movement was decided by RTTPL; that as the delivery of the yacht was to be given by Ammolite at Mumbai, therefore in the initial IGM 29429 dated 22/10/2008, Ammolite had been mentioned as Consignee; that RTTPL, received possession after completion of custom formalities at Mumbai Port, so as to enable it to take the yacht on its journey to Colombo; that submission of charter party agreement was not applicable to be disclosed to Customs at the time of filing IGM; that Ammolite had hired Marine Solutions to handle the yacht in India, as the delivery point was India and upon reaching India, Marine Solutions would act as per instructions of RTTPL, a charter party of Ammolite.

29) In view of the investigations, the Yacht MY Tian, which was detained vide Detention Memo dated 12.02.2009, was seized vide Seizure Memo dated 26.02.2009 and handed over to Shri Hari Nair, Senior Vice President, Group Finance, M/s Reliance ADAG under Supurdnama dated 26.02.2009.

30) After the detention of the yacht M/s Ammolite Holdings Ltd and M/s RTTPL vide letter dated 18.02.2009, jointly signed by the Authorised Signatories of both the companies, giving certain reasons and raising certain contentions to justify their acts requested for the release of the yacht and expressed their willingness to give Bond in addition to deposit of Rs. 25 Crores made earlier. Further vide letter dated 20.02.2009 they had requested for specifying the terms and conditions of the bond for releasing of the yacht.

- b) Alongwith said letter dated 18.02.2009 following documents were submitted:
- i) Copy of Charter Party Agreement between M/s RTTPL and M/s Ammolite Holdings Ltd. for the yacht TIAN.
 - ii) Copy of Offer of Purchase of Yacht to M/s Custom Line, a business unit of M/s Ferretti showing Purchase price of EURO 11640875/- of the yacht alongwith accessories as detailed in Appendix A, B, C & D attached.
 - iii) Copy of Marine Insurance Policy No. 1001082524000001 dated 03.11.2008 issued by M/s Reliance General Insurance, ADAG showing total premium of Euro 78,054/- for period 29.10.2008 to 28.10.2009.
 - iv) Quotation of Freight dated 02.11.2008 given by M/s Cigisped, Genova for the yacht if Port of loading is Genova and discharge at Mumbai for Euro 2,85,000/-.
 - v) Details of payments made against the yacht by M/s Gateway Net Trading Pte Ltd. directly to M/s Ferretti.

31) The Asstt. Commissioner of Customs, CIU, NCH, Mumbai vide letter dated 27.02.2009 informed the Managing Director, of M/s Reliance ADAG, Mumbai that the competent authority is considering the terms of the provisional release of the yacht, however, in view of the statement of Shri VR Mohan, Director, M/s Ammolite Holdings Ltd. that the planning and funding of the purchase of the yacht and negotiation with the manufacturer was done by the officials of Reliance ADAG and the actual owner of the yacht was M/s Reliance ADAG and in view of the statement of Shri Hari Nair, Sr. Vice President, M/s Reliance ADAG that Shri VR Mohan had acted on his instructions and also in view of the deposit of Rs. 25 Crores by the representative of Reliance ADAG, it was requested that Reliance ADAG may depute duly authorised representative to whom the terms and conditions can be intimated and who can complete the necessary formalities.

ii) In reply to this letter M/s RTTPL vide letter dated 03.03.2009 authorised Shri R. K. Bansal, Sr. Vice President, M/s Reliance Communications Ltd. (also a part of Reliance ADAG) for completing the formalities of the provisional release of the yacht.

iii) Accordingly, Asstt Commissioner of Customs, CIU, NCH, Mumbai vide letter dated 06.03.2009 addressed to Shri Gautam Doshi, Group Managing Director, Reliance ADAG, copy to Shri Hari Nair and Shri V.R. Mohan, informed that the competent authority had decided to release the yacht against payment of additional duty of Rs. 3 Crores, submission of Bank Guarantee of Rs. 15 Crores alongwith Bond.

32) Shri Gautam Doshi, Group Managing Director, Reliance ADAG vide letter dated 12.03.2009 informed that he had forwarded the above letter to RTTPL to enable them to carry out necessary procedures for obtaining the release of the yacht.

ii) M/s Ammolite Holdings Ltd and M/s RTTPL vide letter dated 12.03.2009, jointly signed by Shri V.R. Mohan and Shri Sudhir More, requested for waiver of cash deposit and submission of Bank Guarantee and offered to deposit Bank Guarantee of Rs. 2.5 Crores and Bond equal to the value of yacht i.e. Rs. 85 Crores (approx).

iii) Asstt Commissioner of Customs, CIU, NCH, Mumbai vide letter dated 17/18.03.2009 informed them that their request was placed before the competent authority who decided that the earlier decision conveyed vide letter dated 06.03.2009 was found appropriate and reasonable and they were asked to comply with the conditions and avail the provisional release of the yacht.

iv) Again M/s Ammolite Holdings Ltd and M/s RTTPL in a joint letter dated 28.03.2009 addressed to Chief Commissioner of Customs, NCH, Mumbai requested for the provisional release of the yacht against Bank Guarantee of Rs. 3 Crores and Bond equals to the value of the yacht.

33) Thereafter, instead of complying with the conditions of provisional release of the yacht M/s Ammolite Holdings Ltd and M/s RTTPL filed Writ Petition No. 787 of 2009 before the Hon'ble Bombay High Court against the seizure of the yacht, conditions of provisional release and for the refund of Rs. 25 Crores deposited by them with the Department. The affidavit in reply was filed by the department in this case.

ii) During the pendency of this Writ Petition M/s Ammolite Holdings Ltd and M/s RTTPL vide letter dated 23.10.2009 expressed their willingness to deposit Rs. 3 Crores and enclosed the copy of Cheque No. 286772 dated 23.10.2009 for Rs. 3 Crores, however, they requested for the Corporate Guarantee of Rs. 15 Crores to be accepted instead of Bank Guarantee of Rs. 15 Crores and undertook to withdraw the Writ Petition in case their request was accepted.

iii) Further, M/s RTTPL vide letter dated 7.12.2009 requested for the provisional release of the yacht against payment of Rs. 3 Crores, Bank Guarantee of Rs. 7 Crores and Bond of Rs. 90 Crores. Again vide letter dated 11.12.2009 M/s RTTPL submitted the copy of the Praecipe filed by Doijode Associates, Advocate of M/s Ammolite and M/s RTTPL before the Hon'ble Bombay High Court for withdrawing the Writ Petition No. 787 of 2009.

iv) The request of the M/s RTTPL was considered by the competent authority and allowed the provisional release on further deposit of Rs. 3 Crores, Bank Guarantee of Rs. 7 Crores, PD Bond of Rs. 90 Crores and Corporate Guarantee of Rs. 13 Crores. Accordingly, M/s RTTPL vide letter dated 14.12.2009 deposited DD No. 24381 dated 10.12.2009 for Rs. 3 Crores alongwith Bank Guarantee of Rs. 7 Crores, Legal Undertaking executed by M/s RTTPL, Bond for Rs. 90 Crores and Corporate Guarantee of Rs. 13 Crores executed by M/s Reliance Capital Ltd. The DD was deposited in Cash Section vide Cash No. 221 dated 16.12.2009.

v) The Asstt Commissioner of Customs, CIU, NCH Mumbai vide letter dated 17.12.2009 informed M/s Reliance ADAG, M/s Ammolite Holdings Ltd and M/s RTTPL about the release of the yacht as the conditions of the provisional release of the yacht were complied with by them.

34) Statement of Shri Rahul Bharat Manek, Senior Executive, M/s Reliance Equity Advisors India Ltd. was recorded under Section 108 of the Customs Act, 1962 on 20.04.2009 wherein he interalia stated that Shri V.R Mohan was known to him for quite a long time; that Shri V.R Mohan was Company Secretary in Reliance Capital Ltd.; that M/s Reliance Equity Advisors (India) Ltd (REAL) was a subsidiary of Reliance Capital Ltd. and whenever required he met Shri V.R. Mohan in relation to REAL; that at the time when he was asked by Shri Hari Nair to get the signature of Shri V. R. Mohan on the documents relating to the Yacht TIAN (along with the Charter Party Agreement), he came to know that Shri V. R. Mohan was also the Director of M/s. Ammolite Holdings Ltd. and the Yacht TIAN was purchased in the name of M/s Ammolite Holdings Ltd.; that the draft of the Charter Party Agreement between M/s Reliance Transport and Travels Pvt. Ltd. (RTTPL) and M/s Ammolite Holdings Ltd. was e-mailed by Shri Hari Nair to him; that Shri Hari Nair was not in Mumbai and was on pilgrimage tour at that time therefore he involved him (Rahul Manek) in it; that he was instructed by Shri Hari Nair to get the print out of the agreement and get signatures of Shri Sudhir More and Shri

V. R. Mohan on it and provide the same to Shri Gautama Dutta of M/s Marine Solutions; that he took the print out of the draft Agreement and took the same to Shri V. R. Mohan who was in his office at Reliance Centre along with Shri Sudhir More; that he informed them about the agreement and the instructions of Shri Hari Nair to sign the same; that both of them had signed on the Charter Party Agreement at the Reliance Centre in the office of Shri V. R. Mohan simultaneously; that Shri Sudhir More signed on behalf of M/s RTTPL and Shri V. R. Mohan signed on behalf of M/s Ammolite Holdings Ltd.; that after getting the signature of Shri V. R. Mohan and Shri Sudhir More, he provided a copy of the same to Shri Gautama Dutta of Marine Solutions as instructed by Shri Hari Nair; that he would provide the copy of the e-mail of the draft of the Charter Party Agreement he received from Shri Hari Nair within two-three days, in case it was not deleted by him; that other than this he also got the Authorization Letter, signed by Shri V. R. Mohan in the name of M/s Marine Solutions to take the delivery of the Yacht from M/s Ferretti; that the draft of that authorization letter was provided by Shri Gautama Dutta and/or Shri Sohel Kazani; that he also got the signature on one of the letter authorizing an agency, recommended by Shri Gautama Dutta, for the registration of the Yacht at Jersey; that all that work was done by him under instruction of Shri Hari Nair; that though he didn't report to Shri Hari Nair directly but he was at quite senior level in the Group and therefore could instruct any body; that he knew Shri Gautama Dutta only when he was asked to get the documents signed under instruction of Shri Hari Nair; that he understood that Shri Gautama Dutta had mediated between Ferretti and Reliance in the purchase of the Yacht, got the Yacht registered in Jersey, manages the Yacht and its crew, and was also made the agent of M/s Ammolite Holdings Ltd in India to receive the Yacht at Mumbai Port; that M/s Assar line was engaged as agent, on recommendation of Shri Gautama Dutta, to attend the customs formalities related to the import and transshipment of the yacht; that Shri Sohel Kazani had once come along with Shri Gautama Dutta to Reliance Centre to collect the documents related to the yacht; that he had not passed on any instructions in this regard to Shri Gautama Dutta or Shri Sohel Kazani and he had only provided the above said documents to them after getting the signature of Shri V. R. Mohan and Shri Sudhir More; that instructions regarding import of the yacht and transshipment of the same might be coming directly from Shri Hari Nair to them; that he had no idea about how the funds were arranged for the purchase of the yacht and why the yacht was not purchased in the name of RTTPL when finally the Yacht is hired by RTTPL and Shri Hari Nair might know all this; that he didn't remember ever been authorised by M/s Ammolite Holdings Ltd. to make, sign and execute on behalf of the company on all type of agreements, to take on lease or hire any movable and/or immovable properties, to sign and execute agreement and conveyance for the purchase of any movable and/or immovable properties and to make, sign and execute necessary applications, writing and other papers, pay fees and give receipt undertakings etc on behalf of the company and he had never signed any documents on behalf of M/s Ammolite Holdings Ltd.: that he had seen the copy of the Resolution dated 25.07.2008 signed by Shri V.R.Mohan, Director M/s Ammolite Holdings Ltd. wherein he alongwith Shri Hari Nair, Shri Ramesh Venkat and Shri V.R.Mohan were authorised for the above said work, however, he came to know about this resolution now only after seeing the same; that both Shri Hari Nair and Shri Ramesh Venkat were at the Group level.

35) Statement of **Shri Sohel F Kazani of M/s Assar Line** was recorded under Section 108 of the Customs Act, 1962 on **04.05.2009** wherein he interalia stated that he had seen his earlier statement dated 18.02.2009 and that statement was true and correct; that he had verified by phone with Goa steamer agent and he mentioned that next port of call mentioned at Goa was Mumbai; that after the email dated 21.10.2008 and 22.10.2008 which were sent by him to Ms. Purnima of M/s. Link shipping mentioning that yacht had to be manifested as TP cargo for onward movement to Colombo, he and his staff Mr. Surendra approached the office of M/s. Link Shipping on 22nd October, 2008 to obtain the delivery order and to ensure that the necessary documentation was in order, he was given to understand from Ms. Eva of M/s. Link Shipping that they would not be handling documentation of "TIAN" for discharging it in to the water and would be handing over same to them; that accordingly he informed M/s. Marine Solutions and arranged documentation of discharging, Transshipment and manifestation of "TIAN" for its onward journey to Colombo; that also on receiving a copy of cargo declaration from M/s.

Link shipping, he learned that the next port of call for TP was not mentioned which he had specifically informed as Colombo; that in turn M/s. Link Shipping manifested the cargo as same bottom cargo from Genoa to Mumbai via Mumbai; that since the yacht was to sail to Colombo touching two or three ports of India before calling Colombo he felt that an independent IGM was necessary along with the TP permit, since the TP permit retains the yacht as a cargo before it reaches Colombo and the IGM allows it to complete the necessary documentation with the other ports of call as independent foreign flag yacht, therefore, he filed another IGM for the Yacht on 30.10.2008 in spite of being aware that on his instruction the yacht had been manifested as TP cargo on 22.10.2008 and this was been done by him only for completion of documentation requirement for the next port of calls; that he took the Transshipment permission for Colombo on 04.11.2008 and accordingly moved the yacht to off gateway anchor on 06.11.2008; that on completion of the above he handed over all the documents to the Master of "TIAN" and the office of M/s. Marine Solutions so as to enable them to make necessary arrangements to take the yacht to Colombo as per the original plan; that M/s. Marine Solutions organized the crew as per their contract with M/s. RTTL by the mid of November, 2008; that due to the terrorist attack that occurred on 26.11.2008 the crew left the yacht unmanned and returned (to their native places/countries) without taking due consent from M/s. Marine Solutions; that the new crew joined during last week of December, 2008 and then commenced sailing as per the programme on 26th December, 2008; due to a technical snag in the generator the yacht returned on 27th December, 2008, thereafter, after the repair of the generator, commenced sailing again on 31st December, 2008 for Colombo via Goa as per the Port clearance obtained by him; that on 1st of January, 2009 he was given to understand by the owners that they would not be sailing out of India for the time being and requested him for completing necessary Customs documentation; that on receipt of this communication he immediately informed the Dy. Commissioner (P&G) on the 2nd of January, 2009 explaining them the current status of documentation and seeking advice for further course of action; that on non receipt of reply he again wrote a letter on 7th & 8th of January, 2009 requesting for advice for further action; that the Transshipment permission for Colombo was applied on the pretext and the confirmation that the vessel was to sail to Colombo by RTTPL through M/s Marine Solutions; that accordingly the manifest was also filed to accompany the yacht with the EGM and the Port Clearance to Colombo; that as the Customs recognized the subject yacht "TIAN" as a transshipment cargo, the Manifest filed on 30.10.2008 was kept in abeyance and the subject unit was considered for sailing on the Transshipment Permit; that after the Transshipment permit was granted, MV TIAN should have continued as a cargo in the ocean till it reached Colombo and confirmed the end of its sailing and payment of import duty as applicable in Colombo; that due to non completion of the transshipment, and non confirmation of the completion of transshipment by the owners, the yacht was to be treated as import cargo liable to duty; that he had informed the Customs on the 2nd of Jan 09 vide his letter about the non completion of the Transshipment and given a copy of the same to Marine Solutions for information since, he dealt with RTTPL only through Marine Solutions; that as known to him, there was no provision nor any relaxation in the Merchant Shipping Act/ Custom Act or any other law whereby any exemption of duty could be considered for a yacht improperly imported into India and requesting to sail out of India on a plea that due to an error incurred by the main agent in filling the IGM; that also as regards the manifest filed by Link Shipping, the same are consistent with the Original Bills of Lading and there was no proof to show that the IGM filed by Link Shipping was an error or inconsistent with the Original Bills of Lading; that having seen the subject IGM No. 29429 dated 22.10.2008 for the vessel ANTARADUS at serial number 3 and 4 and summary of the cargo declaration presented before the boarding officer duly signed by the chief officer of MV ANTARADUS be confirmed that as per the documentation the yacht was destined for Mumbai and not for Colombo; that as per IGM, the cargo was declared for TP in serial number 3 and 4 but shows as destination Mumbai thus confirming it to be a local transshipment and also the Cargo summary confirms the yacht to be discharged in Mumbai; that having seen the Bill of Lading number 2 dated 30/9/2008 be confirmed that his company was the notify party in the same; that on receipt of the yacht, the same continued to be under his agency as per his agency contract with M/s Ammolite Holdings Ltd.; that it went out of his agency on the 31st Dec 08 to an Agent in Goa and returned on the 1st of Jan 09 under his agency after its

return from Goa; that having seen the TP number 262/08 filed for the yacht TIAN, it was the agent's responsibility to prepare the Transshipment Permit Form for getting the permission; that in transshipment permit it was necessary to show the vessel in which the cargo was to be carried; that in this particular case, he understood from M/s Marine Solutions that the yacht would sail on its own from Mumbai to Colombo and accordingly he wrote to the Deputy Commissioner vide his letter dated 3rd November 2008 (by mistake mentioned as 3rd Oct 2008 in the letter) where in he had informed that the subject item was a foreign flag independent yacht registered in jersey U.K. and the owner wished to sail the yacht to Colombo on its own steam; that on the basis of that letter, Dy Commissioner(Import) granted the permission for the yacht to sail on its own steam; that as per the permission granted by the Dy Commissioner (Import) which read thus "since the subject Item is an independent pleasure yacht with a foreign flag, it is allowed to sail out on its own from the Docks as an independent ship" and it was only to facilitate the transshipment of the yacht and not to convert the status of the yacht from cargo to an independent foreign going vessel free from customs liability; that this permission could not be interpreted as an order given by the Dy Commissioner granting the status of a foreign going vessel to the yacht TIAN; that this permission was granted on his request specifically only to facilitate the movement of the yacht on its own rather than being again loaded on a ship for Colombo for completion of the transshipment as a cargo; that he was instructed by Marine Solutions on behalf of Reliance to seek the permission for the yacht to sail on its own steam to Colombo as per the sailing itinerary prepared at the time of arrival; that his clerk, Mr. Surendra had erroneously mentioned the last port of call of Yacht Tian as "Mumbai High Seas" in the arrival report dated 29.12.2008; that as regards the letter dated 29.12.08 addressed to the Deputy Commissioner, the main reason and intention was to mention the cause of canceling the voyage and returning back which he had written as per the mail received from the chief engineer of TIAN; that at that point of time in that letter he did not feel it relevant to mention that the yacht TIAN sailed out of Mumbai under transshipment permit to Colombo assuming that the repair would be carried out immediately and the vessel would sail out to complete its transshipment. However he did not anticipate that non disclosure of this fact would result into such a complication at a later date; that also, he did not anticipate that the owner of the yacht would not complete the transshipment to Colombo and would choose to remain in Indian waters.

36. Further statement of **Shri Gautama Dutta, Director, M/s Marine Solutions**, was recorded under Section 108 of the Customs Act, 1962 on **24.06.2009** wherein he interalia stated that having seen the letter dated 09.01.2009 addressed to the Deputy Commissioner of Customs by Marine Solutions regarding clarifications for the procedure on entry inwards of foreign flag yachts for temporary run in Indian coastal waters, he would state that he had not seen this letter before but he assumed it may be related for bringing the Yacht Tian, which was a foreign Flag Vessel, in India and for which Shri Sohel of M/s Assar Line was hired by Reliance ADAG to attend to the formalities with the Indian Customs at Mumbai; that it was Shri Sohel who advised and attended to the clearance of the Yacht Tian from Customs at Mumbai and got the IGM No. 29429 dated 22.10.2008 filed with Customs through M/s. Link Shipping & Management Systems Pvt. Ltd. which was the Shipping Agent for the vessel MV Antaradus which brought the Yacht Tian to Mumbai; that all further proceedings with regards to the Yacht Tian were also attended by Shri Sohel including procurement of Transshipment Permit for Colombo, and voyages to Goa and back; that during that time he, being into the trading of Pleasure Yachts, had discussion with Shri Sohel on his possibility of attending future imports of such Yachts in India; that in the month of January 09 most of the time he was in Goa; that around that time he got a call from his employee Ms. Saroj Dhaka, in his Mumbai office that Shri Sohel has requested some documents and letter for the Customs which he had drafted regarding certain clarifications about the entry of foreign Flag Yachts in Indian Waters; that as suggested by Shri Sohel that letter was to be submitted to Customs for clarification on the letterhead of Marine Solutions; that he directed Ms Saroj Dhaka, his employee, to issue whatever letter or documents were required by Sohel; that this letter dated 09.01.2009 was what, he presumed, was drafted by Sohel and thus submitted to Deputy Commissioner of Customs (Preventive General), Mumbai Customs on Marine Solutions letterhead; that It is true that Yacht Tian was brought to India as

Transshipment Cargo and, as stated above, he presumed the draft of this letter was provided by Shri Sohel and after printing this letter on the letterhead of Marine Solutions signed by Ms Saroj Dhaka, his employee, it would have been handed over to Shri Sohel and he possibly submitted it to Deputy Commissioner of Customs (Preventive General), Mumbai Customs; that as the job of getting the Yacht Tian cleared from Customs was assigned to Shri Sohel it was Sohel who suggested this modus operandi for clearance of Yacht Tian and also suggested him the same possibility for the clearance of such Yachts to be brought in India in future, if approved by the authorities, however, as he learnt from the content of the letter itself that the various Customs Divisions started questioning the correctness of declaration of the Yachts as a Transshipment Cargo therefore he assumed that Sohel may have felt the necessity to get the letter dated 09.01.2009 issued in the name of Marine Solutions; that as he stated above this letter dated 09.01.2009 was drafted by Shri Sohel and he was not aware what Sohel had mentioned in it, however, Yacht Tian was the only yacht attended by Marine Solutions and M/s Assar Line which was declared as Transshipment Cargo, therefore, the reference in this letter must have been about the Yacht Tian Only; that the clearance of Yacht Tian was attended by Shri Sohel adopting the same modus operandi mentioned in the said letter dated 09.01.2009, now as he understood if this clarification would have been sought by Shri Sohel in his own capacity and on his own Letterhead it would have fallen back on his head and he would have been questioned by Customs being a CHA who was supposed to know all the Customs Provisions; that in order to save himself from this situation he may have chosen his company M/s Marine Solutions to seek this clarification; that another reason possibly could have been that he assumed that Marine Solutions being a company dealing in yachts would be a more appropriate agency to ask these questions; that the letter dated 6 May 2009, which was submitted to the Hon'ble Bombay High Court in the WP No. 787 of 2009 of Reliance ADAG in which it was mentioned that the Yacht Tian was capable of executing passage anywhere in the world subject to the limitation of its range which was approximately 500 nautical miles at its designed cruise speed of 24 Knots and the range could increase to approx 800 nautical miles if the Yacht was moved at a slower speed of 12 knots, was issued by him when Shri Hari Nair inquired about the ocean going capacity of the Yacht Tian and these specifications were available in the Catalogue of the Yacht Tian; that at the column "Range" it was mentioned that at Maximum Speed the Yacht can go 400 Nautical Miles and at Cruise Speed can go 460 Nautical Miles; that he also contacted the Technical Department of M/s Ferretti and they gave him the data mentioned in his letter dated 6 May 2009; that it was also mentioned in the same letter that Customline 112 Next can cover much larger distances if the refueling can be arranged during the ocean passage, however, such facilities for refueling were not available in the High Seas but at times some vessels made the fuel available to other vessels in case of emergencies; that having seen the Annexure B to rejoinder to Writ Petition No. 787 of 2009 filed by Reliance ADAG, containing list of the Ports in Europe shown being touched by yacht Tian, he stated that the in that Annexure B departure of yacht from Ancona was shown on 30th Aug 2008 to Citta Di Trani and finally reached Genoa on 28th Sept 2008; that in between this Yacht participated in two Boat Shows, one at Cannes around 10th to 14th Sept 2008 and second at Monte Carlo around 24th to 26th Sept 2008; that all these Ports were not very far away from each other as shown in the said list; that the distance between two Ports was within the range from 50 to 150 Nautical Miles barring few; that Most of the Ports fall in between Ancona to Genoa (both are in Italy) or were islands off Genoa; that as far as he knew, IGMs, EGMs were filed by commercial vessels and Non- European Union boats and he was not aware of any requirement of these formalities to be filed by European Union pleasure Yachts at these ports which were within the European Union; that he was informed that there Port Clearance for such yachts was generally given by the Harbour Master and not by the Customs; that some of the smaller yacht ports/marinas were not manned by Customs and Immigration and if certain formalities were required to be performed by these agencies then the adjacent Port was to be approached; that all such formalities on these ports may have been performed by the Agents who could even be approached by the Captain of the Yacht; that he did not attend these formalities on that entourage; that the Captain of the Yacht on this entourage was provided by Custom Line, the manufacturer; that on that voyage from Ancona the Captain and crew of Ferretti were on board till the Yacht reached Monte Carlo on 16 Sept 2008 and at Monte Carlo the family members of Shri

Anil Ambani boarded the Yacht Tian and remained on board till 21 Sept 2009 when it reached Viareggio; that he would contact the shipping Agent at Genoa and try to get the Export Documents i.e. Shipping Bill etc of the shipment of yacht from Genoa on 29th Sept 2009 on board MV Antaradus and would submit to this office; that to the best of his knowledge VAT was not paid on the Yacht Tian in Italy; that in European Countries the VAT was applicable when the goods were sold and were retained there; that the goods which were to be exported out of European Countries were not chargeable to VAT there; that he would enquire with Ferretti and inform this office whether any VAT was paid by Ammolite; that he was authorised by Ammolite to take delivery of the yacht which he did and returned to India thereafter; that as per agreement between Ammolite and Custom Line, the boat was taken to two boat shows in Cannes and Monte Carlo under the responsibility of Custom Line; that he was instructed by Reliance to ask Custom Line to have the boat shipped over to Mumbai/Colombo at the earliest after the Monte Carlo boat show; that accordingly he informed Cigisped, the preferred shipping agency of Ferretti Custom Line; that when he received information of a shipping date from Cigisped he informed Ms Assar Lines, the nominated CHA of Reliance and thereafter Mr Sohel Kazani was in direct touch with Cigisped to arrange for the necessary paperwork.

37) Statement of **Shri Tushar Motiwala**, Director, M/s. Reliance Transport & Travels Pvt. Ltd., Mumbai, was recorded under Section 108 of the Customs Act, 1962 on **25.06.2009** wherein he interalia stated that he was Non-Executive Director of M/s. Reliance Transport & Travels Pvt. Ltd. for the last 4 years; that being a Non-Executive Director of this company his job was to sign necessary documents and cheques, however, day to day functioning of the Company was handled by Shri Sudhir More, the CEO of the company; that he was a MBBS Doctor and the member of the Governing Council of Mandke Foundation, managing the Kokilaben Dhirubhai Ambani Hospital and Medical research Centre; that mostly he remained involved with this Hospital only and as mentioned above all the working of M/s RTTPL was looked after by Shri Sudhir More; that he had no direct interaction with Shri V.R. Mohan, nor he had any discussion with him on the issue of Yacht Tian; that he had no knowledge of Ammolite Holding Ltd.; that he had no direct interaction with Shri Hari Nair and the issue of Yacht Tian was never discussed by him with Shri Hari Nair; that Shri Sudhir More, the CEO of RTTPL was in touch with Shri Hari Nair and getting instructions from him regarding this Yacht; that he was told by Shri Sudhir More that they had to take the Yacht Tian on Charter Hire and at that time he came to know about this Yacht and before that he had no knowledge of this Yacht; that he was also informed by Shri Sudhir More that the decision to take this Yacht on Charter Hire had been taken by Shri Hari Nair and his associates in the head office therefore he asked Sudhir More to go ahead and comply; that he was told by Shri Sudhir More that the Yacht Tian was required to be taken on Charter hire for the purpose of Joy Rides for the Family members of the Top Executives; that all such decisions, like to charter the yacht from one Group Company to another was taken by the Head Office of Reliance ADAG and they only decided what work was to be done and how; that he was informed by Shri Sudhir More that Shri Hari Nair asked him to complete the formalities of taking the Yacht on Charter Hire; that he agreed that the RTTPL did not take decision to Charter Hire the Yacht and simply complied with the instruction of Shri Hari Nair; that as stated above all such decisions like price of Chartering of the Yacht was taken by Shri Hari Nair; that the price of Charter Hire of the Yacht was not decided by RTTPL and only the Charter Party Agreement was signed by Shri Sudhir More on the instruction of Shri Hari Nair and Shri Hari Nair may have decided how much money was to be paid to Ammolite for Chartering this Yacht; that as informed by Shri Sudhir More price of Charter Hire was decided by Shri Hari Nair and the draft of the Charter Party Agreement was also provided by Shri Hari Nair, further the price of the Charter was not the issue at all as both the company Ammolite Holdings Ltd and Reliance Transport and Travels Pvt. Ltd. are governed by one single group Reliance ADAG; that RTTPL started making payment on account of the Yacht Tian since 05.09.2008 and as informed by Shri Sudhir More the money was released on account of Yacht Tian on instruction of Shri Hari Nair's Office; that the payments were made to Marine Solutions also under instruction from Shri Hari Nair's Office; that as far as payment on account of the Yacht Tian was concerned the Charter Party Agreement has no bearing on the same as the both the company Ammolite Holdings Ltd and Reliance Transport and Travels Pvt. Ltd. were governed by

one single group; that for the purpose of managing the Yacht M/s Marine Solutions was hired by the Head Office and Marine Solutions arranged the Crew and other facilities for the Yacht; that RTTPL only released the payments to Marine Solutions for their services under instruction of Shri Hari Nair's Office; that having seen the letter dated 06.10.2008 of RTTPL he stated that this letter was written by RTTPL to DG Shipping, Mumbai requesting for the clarification on issue the Coastal trade Licence for the Yacht Tian and this letter means that the Yacht Tian was to be retained in India for Coastal Run after it was brought in India that was why this clarification was sought from DG Shipping; that he was informed by Shri Sudhir More that the draft of this letter was received from Shri Hari Nair and after signature it was handed over back for further submission to DG Shipping; that while the Yacht was in Goa, he along with other family members came back to Mumbai on board Yacht Tian; that no letter was put up to him or to other Directors by Shri Sudhir More, he (Shri Sudhir More) signed in relation with Yacht Tian to various agencies, as Shri Sudhir More was working under instruction of Shri Hari Nair.

ii) Shri Tushar Motiwala also submitted a copy of the Agreement of October 2008 provided to him by Shri Sudhir More, between Reliance ADA Group Pvt. Ltd. (referred as "User" in the Agreement) and M/s RTTPL (referred as "Operator" in the Agreement) wherein Shri Hari Nair signed on behalf of Reliance ADA Group Pvt. Ltd. and Shri Sudhir More signed on Behalf of RTTPL.

38) Statement of **Shri Sohel F. Kazani, Partner, M/s Assar Line, was** recorded under Section 108 of the Customs Act, 1962 on 21.01.2011 wherein he interalia stated that the email dated 05.09.2008 to Mr. Farchesco, of M/s Cigisped was written by him as Director of M/s Interport Impex Pvt. Ltd. and M/s Interport Impex Pvt. Ltd. is a clearing and forwarding company having CHA Licence No. 11/589 issued from Mumbai Customs in the year 1985; that he was the Rule 9 Custom Pass holder in this company and he was issued Custom Pass No. K-1810; that as per the information given to him by Shri Gautama Dutta there was plan to take the yacht to Colombo after taking the T P Permit; that as far as he remembered NOC No. 3858/2008 dated 26.12.2008 from Immigration Officer, Sea Check post, Mumbai was taken by him for onward movement of the yacht from Mumbai to Colombo on 26.12.2008. and the NOC was subject to final clearance from Customs and MbPT, however, the application for obtaining the Port Clearance from Customs was to be made next day; that having seen the letter dated 17.01.2011 received from Export Department, NCH, Mumbai confirming that no Port Clearance was granted for onward movement to Colombo for the Yacht between 4.11.2008 (date of TP Permit) till 29.12.2008 (date on which PC for Goa was granted) it was clear to him that Port Clearance was not obtained for onward movement to Colombo; that he agreed that no vessel/yacht could sail out of port area without getting Port Clearance from Customs; that he agreed that the Yacht Tian did not sail out of Mumbai Port Area on 27.12.2008 and was very much at the location it was parked near Gateway Anchorage; that even the Captain's email dated 27.12.2008 did not say that if it sailed out side port area and only said that there was heavy problem with one of the Genset and wanted entry in Mumbai Bay for assistance; that he agreed that IGM and Arrival Reports with Customs were filed for the vessels coming from outside ports and as Yacht Tian was very much in the Mumbai Port Area and was not coming from any outside port, the IGM No. 30142 dated 27.12.2008 and Arrival Report dated 29.12.2008 should not have been filed by him; that he agreed that it was a mistake on his part; that he agreed that in the Affidavit dated 29.12.2008 filed with the Export Department, NCH, Mumbai along with the Applications dated 29.12.2008 for taking Port Clearance for Goa, he did not declare that TP Permit for the yacht was taken for Colombo and the yacht had to go via Goa therefore Port Clearance for Goa was required; that filing of Affidavit for getting Port Clearance was required to be done in standard Format, therefore, information about TP Permit could not be given in the Affidavit; that on the same day i.e. on 29.12.2008 he had submitted a letter to DC/Import Department along with the IGM No. 30142 dated 27.12.2008 and Arrival Report dated 29.12.2008, as covering letter for the acceptance of IGM enclosing the email of the Master of the Yacht, however, the information about TP Permit was not given in this letter also; that having seen the letter dated 29.12.2008 of M/s Elesbao Pereira & Sons submitted at Goa on arrival of the Yacht wherein Next Port of Call and

final destination of the yacht Tian was declared as Mumbai and also having seen the declaration given by the Master of the Yacht Tian to Customs at Goa wherein the destination of the Yacht was given as Mumbai, he could say that these documents made it clear that even on the date of taking Port Clearance to Goa the yacht was not planned to go to Colombo and the port clearance was taken only to go to Goa and come back to Mumbai, however, he was only informed vide letter dated 01.01.2009 of Director, Ammolite Holdings Ltd. that the yacht would not be sailing to Colombo and would be returning from Goa on 02.01.2009 to Mumbai and asked him to arrange for the necessary documentation accordingly; that he was kept in dark by them about the yacht not going to Colombo from Goa; that he agreed that in his statement dated 18.02.2009 he stated that vide letter dated 05.01.2009 he informed the Dy. Commissioner of Customs, Preventive General, NCH, Mumbai that the vessel had returned from Goa and not completed its Transshipment to Colombo, however, now after seeing the letter dated 29.12.2008 of M/s Elesbao Pereira & Sons and Declaration of Master of yacht Tian submitted to Customs at Goa he could say that his client did not have any plan to take the yacht to Colombo right from the beginning of the voyage; that he agreed that in his statement dated 18.02.2009 he stated that vide his letter dated 05.01.2009 he informed that owners had cancelled the program of going to Colombo and wanted to ply the yacht for a period of one year on coastal run; that in this letter he had also written that he would like to clarify that the status of the transaction was identical to the status of any foreign flag vessel being chartered by an Indian shipping company for business in Indian/ international waters and the only difference was that this came on a vessel and not on its own due to which transshipment permit had to be filed and cleared as per given sailing program of the boat at that time; that he had also written in that letter that there was no sale/purchase involved in this case and thus he saw no revenue implication and he was submitting this information for his record and clarification; that it was finally said in that letter that in case DCPG need any clarification he may let him know; that he agreed that there was no reference of seeking clarification on the revenue implication in that letter dated 05.01.2009, however, his intent was to seek this clarification on this issue; that having seen the statement dated 25.06.2009 of Shri Tushar Motiwala, Director, M/s. RTTPL wherein it was stated that the letter dated 06.10.2008 was written by RTTPL to DG Shipping requesting for the clarification on issue of the Coastal trade Licence for the Yacht Tian and this letter meant that the Yacht Tian was to be retained in India for the purpose of Joy Rides for the Family members of the Group's top Executives after it was brought in India that was why this clarification was sought from DG Shipping by RTTPL, he could say it for sure that the yacht was never supposed to go out of India and thus TP should not have been applied for; that at the time of seeking the permission for the yacht to sail on its own steam after taking TP Permit he was not aware what his client had in his mind, however, now he could say that they had malafide intention in making him take that permission; that he agreed that in his statement dated 18.02.2009 that considering the sequence of events transpired from the Date of landing till the date of return of Yacht from Goa it was very obvious that M/s Ammolite did not plan to proceed to Colombo from Goa and thus took the Transshipment Permit for granted and had he known the same earlier, he would have insisted on filing the Bill of Entry for home consumption at the time of importation of the Yacht and clear the Yacht after payment of Customs Duty; that his email dated 05.09.2008 to Mr. Farchesco of M/s Cigisped and Shri Gautama Datta of M/s Marine Solutions wherein he suggested this modus operandi to them well before the actual import of the yacht and with regards to this email he want to say that it could be seen from this email dated 05.09.2008 that there was no reference of yacht Tian in that and this email he wrote when Shri Gautama Dutta inquired about the prevalent laws and procedures with regards to the foreign flag cruise yachts hired by Indian corporate for India and international cruising and the procedure he detailed in the email was of general nature and not specific to yacht Tian; that he had also provided Shri Gautama Dutta copies of the relevant notifications etc. however, Shri Gautama Dutta and owners of the yacht Tian did not execute the following instructions given in that email due to malafide intentions:

1. As mentioned in point number 2 of email, they did not obtain Port Clearance from the Port of Loading for yacht Tian.
2. As mentioned in point number 3 of email they did not file application with DG shipping for obtaining coastal licence.

3. Also they did not declare the Yacht as independent ship and file the manifest. that M/s Assar lines filed the IGM No. 29514 dated 30.10.2008 for the Yacht as if it was berthing as Independent Ship at Mumbai as required by the port authorities for the purpose of completing port formalities; that having seen the statement dated 24.06.2009 of Shri Gautama Dutta where in he stated that the letter dated 09.01.2009 was drafted by him (Sohel) and after putting it on letter head of Marine Solutions and taking signature of his (Gautama Dutta) employee submitted to Deputy Commissioner of Customs (Preventive General), Mumbai Customs to seek clarification for the procedure on entry inwards of foreign flag yachts for temporary run in Indian coastal waters; that Shri Gautama Dutta also stated that it was Soheli Kazani who suggested this modus operandi for the clearance of Yacht Tian and also suggested him (Gautama Dutta) the same possibility for the clearance of such Yachts to be brought in India in future, if approved by the authorities; that in this regard he wanted to say that the letter dated 09.01.2009 on the letterhead of Marine solutions had certain contents provided by him to Shri Gautama Dutta, however, he did not draft this letter and nor there was any need for him to write such a letter when he had already vide letter dated 05.01.2009 informed the department about the non completion of TP by yacht Tian; that this letter was handed over by Gautama Dutta's office staff to his employee Shri Surendra for submission to Customs Department; that he agreed that in this letter dated 09.01.2009, elaborating exactly the same modus operandi as adopted in case of Yacht Tian, clarification was sought regarding documentation to avoid any doubt on duty liability; that having seen his email dated 05.09.2008 and the letter dated 09.01.2009 of M/s Marine Solutions he agreed that in the letter of Marine Solutions exactly the same modus operandi as adopted in case of Yacht Tian was elaborated but was contrary to the mail he had written on 05.09.2008, however, he maintained that he did not write that letter dated 09.01.2009; that the exact modus operandi detailed in this letter was that *"The subject yachts do not have fuel tanks bearing capacity to come on its own steam in India and thus need to come on Mother vessels. The technical problem with documentation is that the yacht has to be manifested and declared as a cargo (Import, export, transshipment of same bottom). Since the subject yachts are going to be chartered by Indians for a period of six months to one year, the most appropriate category seem to be transshipment for foreign port. After the yacht sails out on a TP, the yacht files a proper entry inwards and takes a port clearance on its second run and thereafter is able."*; that in this regard he wanted to say that Shri Gautama Dutta had taken all the inputs from him and designed this modus operandi and was able to execute as he was in control of the movement of the yacht right from the loading point to delivery point and also maintenance of the same; that it was evident as explained above by him that he did not suggested declaration of the yacht as cargo in his email dated 05.09.2008, however, he could say that if the modus operandi as detailed in the letter dated 09.01.2009 of M/s Marine Solutions was executed and the transshipment of the yacht was not completed to the foreign port and retained in India that would result in evasion of Customs duty.

39) It was stated by Shri Hari Nair, Vice President, M/s Reliance ADAG in his statement dated 26.02.2009 that the yacht was planned to go to Colombo but due to the repeated failure of generators yacht came to Mumbai and upon rectification by the Engineers of M/s Ferretti the same was to be taken back to Colombo. However, Shri Hari Nair did not produce any evidence of any problem in the generator or its rectification by Engineers of M/s Ferretti, till the issue of this SCN. Further, in view of the evidences gathered during the investigation and the statement of Shri Soheli Kazani that the yacht did not even sail to Colombo, it appears that Shri Hari Nair gave false submission in his statement dated 26.02.2009.

40) The enquiries conducted about M/s. Ammolite Holding Ltd. revealed the following:-

- (i) M/s. Ammolite Holding Ltd. was incorporated as a Private Company under the Company's (Jersey) Law, 1991 on 26.08.2005 under the Registration No. 91056.
- (ii) As per the Memorandum of Association (MOA) dated 26.08.2005 of M/s. Ammolite Holdings Ltd., the authorized share capital of the company as on 26.08.2005 was US\$ 100000.00 (100000 shares of 1\$ each). At that time M/s

Nominal Ltd., Jersey and M/s St. James House Nominees Ltd., Jersey were holding 500 shares each in this company.

- (iii) On 28.12.2005 M/s. Reliance Capital Ltd, had procured 500 shares from M/s Nominal Ltd and 500 shares from M/s St. James House Nominees Ltd. after close down of M/s Nominal Ltd and M/s St. James House Nominees Ltd. due to redistribution of shares. On the same day (i.e. on 28.12.2005) 1000 shares were created by autopilot following share distributors and given to M/s. Reliance Land Pvt. Ltd., Ahmedabad. In this way M/s. Reliance Capital Ltd, Mumbai was holding 1000 shares and M/s. Reliance Land Pvt. Ltd., Ahmedabad, was holding 1000 shares in M/s. Ammolite Holdings Ltd. It is to be mentioned here that Reliance Land Pvt. Ltd, and Ammolite Holding Ltd. were the associate company of Reliance Capital Ltd. in which the proportion of ownership interest of Reliance Capital Ltd was 50% as per the Annual Report dated 24.04.2006 of M/s. Reliance Capital Ltd. In this Report Shri V.R. Mohan was shown as Company Secretary and Manager of M/s. Reliance Capital Ltd. and the Chairman was Shri Anil Dhirubhai Ambani.

41) The annual return of the M/s. Ammolite Holdings Ltd. made upto 1st January, 2006, 1st January, 2007 & 1st January, 2008 duly signed by the Secretary also revealed that the total no of shares issued till 01.01.2008 was 2000 only and the total authorised capital of the company was shown as US\$1,00,000/- (equivalent to INR 50 lakh) at US\$ 1 per share. Further, in the said document the full list of share holders was given overleaf, wherein M/s. Reliance Capital Ltd, Mumbai was shown holding 1000 shares and M/s. Reliance Land Pvt. Ltd., Ahmedabad was shown holding 1000 shares in M/s. Ammolite Holdings Ltd. and no other person / Company was holding any share. Further the Reliance Land Pvt. Ltd. was also an associate company of Reliance Capital Ltd, hence it appears that all the shares of M/s. Ammolite Holding Ltd belongs to M/s. Reliance Capital Ltd.

42) Further as per the Annual Report of M/s. Reliance Capital Ltd the total outstanding as on 31.03.2008 on its associate company M/s Ammolite was Rs. 45.332 Crores. In this regard the Chartered Accountant M/s Chaturvedi and Shah has specifically observed that the financial statement of M/s Ammolite has been certified by the Management and their opinion in so far as it relates to the amount included in respect of this associate were based solely on the reports of other auditors/ management certified financial statement. The Chartered Accountant M/s Chaturvedi and Shah in the Balance Sheet as on 31.03.2007 has also made similar remark in case of another associate company of M/s. Reliance Capital Ltd. i.e. M/s World Tel Holding Ltd. which has Rs. 22.65 Crores outstanding towards M/s. Ammolite and in which M/s. Reliance Capital Ltd has 45% share holding that the financial statement of M/s World Tel Holding Ltd. has been certified by the Management and their opinion in so far as it relates to the amount included in respect of this associate were based solely on the reports of other auditors/ management certified financial statement. It appears that around Rs. 46 Crores were transferred directly and Rs. 22.65 Crores of M/s Worldtel Holding Ltd were indirectly transferred to M/s Ammolite, which appears to have been used for the purchase of the said Yacht. This indicates that the impugned yacht was owned by ADAG with a kind of back door mechanism.

43) As per the certified true copy of the resolution passed by the Board of Directors of the Company at their meeting held on 25.7.2008 duly signed by only Shri V.R. Mohan as Director, resolved that Shri V.R. Mohan, Director, and Shri Ramesh Venkat, Shri. Hari Nair & Shri Rahul Manek, were authorized to execute & sign agreements, application etc. Out of these Shri Ramesh Venkat was that time holding the charge of the Ex Officer of Reliance Equity Advisors, ADAG, and Shri V.R. Mohan was holding the charge of Company Secretary of Reliance capital Ltd. It is to be mentioned here that in any company there should be more than one director and all (and in no case less than two) should sign on any resolution passed by them, whereas in this Resolution only Shri V.R. Mohan had signed as if no other directors were present in that meeting.

b) In his statement dated 06.02.2009 Shri V.R. Mohan stated that since he was inducted as Director of M/s Ammolite by Shri Hari Nair, he was following the instruction of Shri Hari Nair and signing the documents under his instructions. These submissions made it clear that every activity in the name of M/s Ammolite Holdings Ltd was controlled by Shri Hari Nair and in turn by M/s Reliance ADAG.

c) In his statement recorded on 06.02.2009 Shri V.R. Mohan stated that **that M/s Ammolite was given a loan of EURO 12 Millions by M/s Gateway Net Trading Pvt. Ltd, Singapore based Company and a subsidiary of M/s Reliance Communications Ltd. for the purchase of Yacht TIAN and he would submit the related documents on 09.02.2009.** He also stated in that statement that as per Financial Statement of M/s Reliance Capital Ltd. an amount of Rs. 29.01 Crores was shown as outstanding as on 31.03.2008 towards M/s Ammolite Holding Ltd.; that this was the loan given by M/s Reliance Capital Ltd. and he would get back to this office after consulting Shri Hari Nair with the reason and utilization of this amount after getting details from his office. Thereafter, Shri V. R. Mohan was issued following summons to produce documents and details as admitted in his statement dated 06.02.2009:

- i) Summons dated 16.02.2009 to appear on 17.02.2009
- ii) Summons dated 16.03.2009 to appear on 19.03.2009
- iii) Summons dated 30.03.2009 to appear on 16.04.2009. In response to this summons vide letter dated 15.04.2009 he requested for one week time saying that he was busy in finalization of Accounts.
- iv) Summons dated 11.04.2009 to appear on 11.05.2009
- v) Summons dated 17.06.2009 to appear on 23.06.2009
- vi) Summons dated 29.06.2009 to appear on 03.07.2009
- vii) Summons dated 07.07.2009 to appear on 14.07.2009. In response to this summons he appeared on 14.07.2009 however he did not bring requisite documents and gave a letter dated 14.07.2009 saying that he would endeavor his best to provide the documents on the next date.
- viii) Summons dated 14.07.2009 to appear on 03.08.2009 alongwith following details and documents:
 - a) Why the amount of Rs. 29.01 Crores was shown as outstanding as on 31.03.2008 towards M/s Ammolite in the financial statement of M/s Reliance Capital Ltd.
 - b) Documents related to the loan of Euro 12 Million by M/s Gateway Net given to M/s Ammolite for purchase of yacht Tian.
 - c) Under what arrangement the money was paid by M/s Gateway Net Trading Pte Ltd. directly to M/s Ferretti for the purchase of yacht Tian.
 - d) Details of RBI Approvals for the transfer of money from M/s Reliance Communication to M/s Gateway Net for the purchase of Yacht Tian.

In response to this summons vide letter dated 03.08.2009 he requested for three weeks time saying that he was pre-occupied with the audits.

- ix) Summons dated 28.08.2009 to appear on 03.09.2009 and submit documents.
- x) Summons dated 03.09.2009 to appear on 11.09.2009 and submit documents.
- xi) Summons dated 16.09.2009 to appear on 25.09.2009 and submit documents.

However, till date he neither appeared nor submitted the requisite documents.

d) It is evident that Shri VR Mohan had admitted in his statement dated 06.02.2009 to submit various documents, however, he did not submit these documents even after numerous summons were issued to him for the same. He being the Director of M/s Ammolite, even if working under instruction of Shri Hari Nair, could have produced requisite documents, however, non submission of these documents shows that funding for the purchase of the yacht may not be above board..

44) Shri Hasit Shukla, Company Secretary, M/s Reliance Communications Ltd. was issued summons dated 12.04.2010 to produce above said documents alongwith all related documents regarding payments to M/s Ferretti. In response vide letter dated 19.04.2010 he submitted the details of EURO 11.6 Million paid by M/s Gateway net directly to M/s Ferretti. He further said that on the request of M/s Ammolite, the above loan amount was

directly remitted to M/s Ferretti on behalf of M/s Ammolite, however, expressed his inability to produce the copy of loan agreement between M/s Gateway Net and M/s Ammolite. He also said in the said letter that Reliance Communication Ltd had not transferred any funds to Gateway Net for the purchase of yacht Tian therefore no approval was required from RBI.

45) Summons u/s 108 of the Customs Act, 1962, dated 17.06.2009 was issued to Director, M/s Gateway Net Trading Pte. Ltd. at the Mumbai address found in the details of payment to M/s Ferretti to appear on 26.06.2009 alongwith all the details and documents of the money transferred to M/s Ammolite Holdings Ltd., however, nobody responded to this summons.

46) It is also a fact that M/s Gateway Net Trading Pvt. Ltd, Singapore, is a wholly owned subsidiary of M/s Reliance Communication Ltd., a Company of R-ADAG as revealed by the Note dated 30.04.2007 of Shri Anil D. Ambani, Chairman, Reliance Communications Ltd. at the end of Consolidated Financial Results for the Quarter and Year ended 31st March, 2007. If Shri Hasit Shukla can provide the details of payments made by M/s Gateway Net, he could have very well provide copy of loan agreement between M/s Gateway Net and M/s Ammolite, if any existed. Thus it appears that this payment may not be above board.

47) From the above it appears that the yacht was actually owned by ADAG by rotating Share Capital of the holding companies

b) M/s RTTPL vide letter dated 19.11.2010 addressed to Chief Commissioner of Customs, NCH, Mumbai requested for the permission to allow them to file proper Bill of Entry for the yacht against the IGM No. 29429 dated 22.10.2008 of MV Antaradus as they were interested to settle the matter by way of payment of duty.

48) During the Investigations M/s Ammolite Holdings Ltd. had submitted the Offer of Purchase dated 01.08.2008 placed by M/s Ammolite with M/s Custom Line, a business unit of M/s Ferretti SpA for the yacht Custom Line 112' NEXT which was later named as TIAN. This purchase offer consisted of Appendices A, B, C and D having details of accessories. The total Price of yacht was shown as Euro 11640875/-. Out of which the total price of accessories was shown as Euro 1493035/-, however, a discount of Euro 532000/- has been shown as given on accessories. This discount comes out to be 35 % of the cost of accessories which is quite abnormal considering no discount was shown as given on the yacht itself, therefore, this discount, being abnormal, deserves to be added in the cost of yacht. Thus total Price of the Yacht along with accessories comes out to be Euro 12172875/-. Considering this amount as cost of the yacht, the Customs duty on the yacht, classifiable under CTH 8903, comes out to be as detailed below:

| | |
|---|--------------------|
| Cost (Euro) | 1,21,72,875/- |
| Insurance (Euro) | 78,054/- |
| Freight (Euro) | 2,85,000/- |
| CIF (Euro) | 1,25,35,929/- |
| 1% Landing Charges (Euro) | 1,25,359/- |
| Ass. Value (Euro) | 1,26,61,288/- |
| Ass. Value (Rs.) (@ Exchange Rate of Rs. 68.65 (for the month of Oct. 2010) | Rs. 86,91,97,421/- |
| Duty @ Effective Rate of 31.7034% Under CTH 89.03(2) | Rs. 27,55,65,135/- |
| Amount Deposited on 31.01.2009 | Rs. 25,00,00,000/- |
| Amount Deposited on 10.12.2009 | Rs. 3,00,00,000/- |
| Amount deposited in excess of Duty | Rs. 44,34,865/- |

49) From the above, it appears that:

- (i) A brand new Pleasure Yacht “Customline 112” Next” was purchased by Reliance ADAG in the name of M/s. Ammolite Holding Ltd, their Jersey based associate company from M/s Custom Line, a unit of Ferretti SPA, Italy in the month of August, 2008 and got her registered at Jersey with British Registry and named as “MY TIAN” in September, 2008. In the month of September 2008 the Yacht was sent for the Boat show at Genoa and delivery of the yacht was taken by Shri Gautama Dutta of M/s Marine Solutions on behalf of M/s Ammolite Holdings Ltd.
- (ii) The required money for the purchase of the yacht appears to have been transferred from M/s. Reliance Capital Ltd. and M/s Worldtel Holding Ltd. to M/s Ammolite Holdings Ltd. M/s Gateway Net Trading Pvt. Ltd, Singapore, a subsidiary of M/s Reliance Communications Ltd. has also made direct payment to M/s Ferretti against the purchase of this yacht. Shri V.R. Mohan, Director, M/s Ammolite, had admitted and under taken in his statement dated 06.02.2009 to submit documents related to transfer of money to Ammolite for the purchase of yacht Tian, however, he did not submit the same even after numerous summons were issued to him. He being the Director of M/s Ammolite, even if working under instruction of Shri Hari Nair, was bound to have procured and produce requisite documents. Avoiding to submit such documents shows that funding for the purchase of the yacht was not above board.
- (iii) The Yacht was purposely purchased in the name of M/s. Ammolite Holding Ltd, a foreign base group Company only to acquire the Foreign Registry for the Yacht with an intention to claim the “Foreign Flag Vessel” status in India. Otherwise when the major funds were arranged/transferred from India to buy the Yacht it could have very well being purchased in the name of RTTPL, another holding company of M/s. Reliance ADAG
- (iv) From Genoa the yacht was shipped in the month of September 2008 vide Bill of Lading No. 2 dated 30.09.2008 on board MV Antaradus. Though it was a brand new yacht, however, in the said BL the yacht was declared as Used Motor Yacht. Another Bill of Lading No. 1 dated 30.09.2008 was issued for the Lifting System for yacht. Both these Bills of Lading were bearing signatures of Shri VR Mohan, Director, M/s Ammolite Holdings Ltd.
- (v) The said yacht was declared as TP Cargo in the IGM dated 22.10.2008 filed for MV Antaradus, by M/s. Link Shipping & Management Systems Pvt. Ltd., however, final destination of the yacht was declared as Mumbai in the said IGM.
- (vi) M/s. Assar Lines was mentioned as ‘Notify Party’ and as Agent of M/s Ammolite Holdings Ltd. i.e. Shipper’s and Consignee’s in Bill of Lading No. 1 & 2 dated 30.09.2008. However, M/s. Assar Lines was appointed as Shipping Agent by M/s. Ammolite Holding Ltd on 03.10.2008 vide letter dated 03.10.2008. This shows the association of M/s Assar Lines with the yacht even before the shipment of the yacht and their appointment as agent of M/s Ammolite Holdings Ltd.
- (vii) Shri Sohel Kazani, Partner, M/s Assar Lines and Director, M/s Interport Impex Pvt. Ltd., (CHA No. 11/589) wrote an email dated 05.09.2008 to one Mr. Francesco Carminati, of M/s Cigisped, copy to Shri Gautama Dutta, wherein Shri Sohel suggested the modus operandi for the import of yachts. Shri Sohel has admitted in his statement dated 21.01.2011 that the modus operandi suggested by him was improved upon by Shri Gautama Dutta and executed in the import of impugned yacht Tian.
- (viii) The above said emails lay bare the entire design of evasion of duty on the yacht by bringing the yacht onboard another vessel and get it discharged either in midsea and bring in the port area on its own steam or discharge in the Port

and documentation was to be done in such a way as if the yacht was not 'goods' but a vessel which came on its own steam.

- (ix) As designed, on arrival of MV Antaradus on 30.10.2008 carrying Yacht Tian as TP Cargo, an IGM No. 29514 was filed on 30.10.08 for the Yacht Tian declaring NIL cargo on board, as if Yacht came on its own steam as carrier vessel. However, no other documents like Port clearance of last port of call or the arrival report, as required to be submitted by a vessel coming from the port outside India as carrier vessel were submitted, apparently because the yacht did not come as carrier vessel but came as cargo on board MV Antaradus.
- (x) M/s Assar Lines vide letter dated 03.10.2008, saying that the yacht is foreign flag independent yacht, submitted the TP Form declaring the Yacht as 'Used Motor Yacht', thought it was a brand new yacht. The TP Permit for the yacht Tian was granted on 04.11.2008 for onward movement to Colombo.
- (xi) As a design, the NOC dated 26.12.2008 was taken from the Immigration Officer for the yacht to sail for Colombo, however, no Port Clearance was procured from Customs for sailing to Colombo, as confirmed by the Export Department, NCH, Mumbai vide letter dated 17.01.2011. The yacht sailed in the night of 27.12.2008 for Colombo, however, on the basis of email from Master the yacht was brought back and fresh IGM was filed on 27.12.2008 and a Arrival Report was submitted on 29.12.2008 for the yacht declaring the last port of call as Mumbai High Seas, final destination as Colombo and next port of call as Goa. This was purely a sham exercise as admitted by Shri Soheli in his statement dated 21.01.2011 that the yacht did not sail at all.
- (xii) M/s Assar Line was fully aware that they have procured TP Permit for this yacht for onward movement to Colombo, still without declaring the same to Customs Department M/s Assar Lines made the application to the Export Department, NCH, Mumbai on 29.12.2008 and procured the Port Clearance dated 29.12.2008 from Export Department, NCH, Mumbai for onward movement to Goa. M/s Assar Lines was fully aware that till the Transshipment is completed the yacht can not be used for any purpose, still the yacht was taken to Goa for New Year Celebration.
- (xiii) At Goa the next port of call and final destination was declared as Mumbai by the Master and by the Shipping Agent to Customs, which again made it clear that the yacht was not to sail to Colombo from Goa but it was to come back to Mumbai. This made it clear that there was no intention to complete the Transshipment to Colombo.
- (xiv) After taking PC dated 01.01.2009 from Goa the yacht came back to Mumbai having 14 family members and guests of Shri Anil Ambani onboard.
- (xv) For its arrival at Mumbai fresh IGM dated 02.01.2009 was filed, however, the Arrival Report was submitted on 07.01.2009 by Assar Lines wherein Last Port of Call was declared as Goa and final destination and Next Port of Call was not declared at all, as if yacht has to go nowhere, though in the Arrival Report dated 29.12.2008 the final destination was declared as Colombo via Goa. M/s Assar Lines, in the letter dated 02.01.2009 to Supdt. Of Customs, A Division, Mumbai also stated that the yacht was moved to Goa and after bunkering was to move to Colombo.
- (xvi) The above said instances made it clear that after arrival at Mumbai Port the Yacht was shown as taken to Mumbai High under the pretext of taking her to Colombo under Transshipment Permit, but was shown as brought back under the pretext of technical problem with the Generator of the Yacht from the Mumbai High Sea. However, instead of informing Customs about non-completion of the Transshipment, a fresh IGM was filed with Customs and

Arrival Report was also submitted, as if the Yacht was coming from some Foreign Port and filed fresh IGM treating the Yacht as Foreign Flag Vessel. Thereafter again the Yacht was taken to Goa and brought back to Mumbai in the same way by Filing IGM. In this way without completing the Transshipment of the Yacht to Colombo, she was retained and taken into use in India. As per their design, apparent by now, after few such trips the TP would have gone out of mind and the Yacht would have retained in India as Foreign Flag Vessel by them for future use.

- (xvii) It was only when the investigations commenced that the letter dated 01.01.2009, under signature of Shri V.R. Mohan, Director, M/s Ammolite Holdings Ltd. was issued to M/s Assar Lines saying that the Owners had entered into a bare boat chartering Agreement with Reliance Transport and Travels for a period of one year and owners had thus cancelled the program of going to Colombo and plying it for a period of one year on coastal run. The said Charter Party Agreement is dated 22.10.2008 for the period 29.10.2008 to 28.10.2009, which made it clear that even before the arrival of the yacht on 30.10.2008 the Agreement was in place.
- (xviii) Even in the letter dated 05.01.2009 of M/s Assar Lines written after the commencement of the investigations there was not request for the cancellation of TP Permit even in the situation that the yacht was no longer to go to Colombo.
- (xix) Even the letter dated 09.01.2009 of M/s Marine Solutions wherein the exact modus operandi, as adopted in the case of yacht Tian, was explained, written with an intention to claim legitimacy for their modus operandi from Deputy Commissioner of Customs (Preventive General), NCH, Mumbai that too after they adopted and executed the same in case of yacht Tian and also after investigations started by CIU in the case of yacht Tian.
- (xx) The chronology and evidences detailed in the SCN make it clear that this modus operandi to evade the duty on the luxury pleasure yachts was designed and executed by Shri Sohel Kazani and Shri Gautama Dutta for the benefit of their clients, in this case M/s Reliance ADAG.
- (xxi) Shri Sohel has admitted in his statement dated 21.01.2011 that he was made to take the permission for the yacht to sail on its own steam for the completion of Transshipment with a malafide intention to save the yacht being loaded on other vessel for onward movement to Colombo.
- (xxii) The Yacht was brought in as Transshipment Cargo and TP Permit was also availed for the yacht for onward movement to Colombo, however, the Transshipment was not completed and TP Permit was used only as a tool to evade customs duty on the yacht. Further, though the yacht was brand new at the time of arrival at Mumbai it was declared as 'used' in the IGM and in the TP Permit as well. Therefore, the yacht having assessable value of Rs. 86,91,97,421/- is liable for confiscation under Section 111(m) and 111(n) of the Customs Act, 1962 and since M/s RTTPL has requested to file Bill of Entry and also claimed the yacht, the Customs Duty of Rs. 27,55,65,135/- becomes recoverable from them under Section 28 read with Section 125(2) of Customs Act, 1962.
- (xxiii) Shri Gautama Dutta, Director, M/s Marine Solutions, in his statements admitted that Mrs. and Mr. Anil Ambani discussed with him various features of various models and different brands of yachts and later in 2008 Mr. Ramesh Thadani of Reliance ADAG finalized the deal for this yacht; that around May 2008 Mrs. Tina Ambani came there at Italy and selected curtains, carpets, floor, colour, kitchen cutlery etc for the Yacht. This made it clear that the yacht was purchased for the personal use. He also admitted that he never

met Mr. V.R. Mohan, or any other person related to M/s Ammolite Holdings Ltd., for the acquisition of this Yacht and all the dealing with him was done by Mr. Thadani and/or Mr. Venkat or their deputies. He also admitted that the yacht Tian was New at the time it landed at Mumbai Port; Further in his statement dated 24.06.2009 he admitted that as the job of getting the Yacht Tian cleared from Customs was assigned to Shri Sohel, it was Sohel who suggested this modus operandi for the clearance of Yacht Tian and also suggested him the same possibility for the clearance of such Yachts going to be brought in India in future, if approved by the authorities. The Invoice No. AHL 002 dated 30.09.2008 issued by M/s Ammolite in the name of M/s Marine Solutions for Lifting system and “Stowed on steel cradle” of the yacht was also fabricated, as it has been admitted by Shri VR Mohan that there is no employee in M/s Ammolite of the name Sandra who has signed this invoice. Therefore, M/s Marine Solutions is responsible for submitting this fabricated invoice to customs for the clearance of these goods, other than being associated with the import of the yacht Tian and thus Shri Gautama Dutta and M/s Marine Solutions both are liable for penalty under Section 112(a) and section 11yAA and Section 114AA of Customs Act, 1962.

- (xxiv) Shri Sohel Kazani, Partner, M/s Assar Lines and Director, CHA M/s Interport Impex, in his statements admitted that his modus operandi as detailed in his email dated 05.09.2008 was improvised upon by Shri Gautama Dutta and executed in the import of Yacht Tian. He admitted that filing of IGM on 27.12.2008 and Arrival Report dated 29.12.2008 for the yacht Tian was his mistake. Though he maintained that he was kept in dark by his client about having no intention to take the yacht to Colombo, however, Shri Gautama Dutta’s statement and filing of IGMs, getting TP Permit and writing various letters without giving full details made it clear that the Shri Sohel was very much part of this design and execution. Had this case not detected they had plan to adopt the same modus operandi for import of other yachts as well. Shri Sohel Kazani, being Director of a CHA company M/s Interport Impex and a Rule 9 Custom Pass holder should have behaved more responsibly. Shri Sohel Kazani and Shri Gautama Dutta were equally responsible for this design of duty evasion and execution of the same in case of Yacht Tian. Shri Sohel Kazani, Director, M/s Interport Impex Pvt Ltd. CHA No. 11/589 is also responsible for the clearance of the lifting system of the yacht Tian using the Invoice fabricated only for the purpose of clearance of lifting system of the yacht by Marine Solutions, and cleared the goods. Thus M/s Interport Impex Pvt Ltd. CHA No. 11/589, Shri Sohel Kazani both are liable for penalty under Section 112(a) of the Customs Act, 1962.
- (xxv) Shri V.R. Mohan, Director, M/s Ammolite Holdings Ltd. has admitted that since he was inducted as Director of M/s Ammolite by Shri Hari Nair, Senior Vice President, Group Finance, M/s Reliance ADAG, he was following the instruction of Shri Hari Nair and signing the documents under instruction of Shri Hari Nair and he did nothing else as Director of M/s Ammolite and knew nothing else in reference with the Yacht TIAN nor about designing its import into India. This clearly shows that Shri V.R. Mohan was an accomplice of Shri Hari Nair and allowed acquisition of the yacht in the name of M/s Ammolite and kept signing documents required for its import into India and for execution of the plan of duty evasion on the yacht. Even though he was Director of M/s Ammolite, he did not even provided required documents related to the arrangement of funds for the purchase of yacht Tian. Thus M/s Ammolite Holdings Ltd. and Shri V.R. Mohan are liable for penalty under Section 112(a) of the Customs Act, 1962.
- (xxvi) Shri Hari Nair, Senior Vice President, Group Finance, M/s Reliance ADAG, has designed the fund arrangements for the purchased of yacht Tian. He, with the help of Shri V.R. Mohan and Shri Gautama Dutta of M/s Marine Solutions imported the yacht Tian into India and executed the plan of duty evasion as

designed by Shri Gautama Dutta and Shri Sohel Kazani, Director, M/s Interport Impex, and Partner in M/s Assar Lines. Thus he is liable for penalty under Section 112(a) of the Customs Act, 1962.

- (xxvii) M/s Reliance ADAG appears to be the actual owner and importer of the yacht Tian as reflected from the transfer of the funds from its companies for the purchase of the yacht and name of M/s Reliance ADAG also found in one of the unsigned copy of BL of the yacht as consignee. M/s Reliance ADAG is in the role of grandfather of this evasion executed using many of its companies. Shri Hari Nair, Sr. Vice President of M/s Reliance ADAG was directly involved in the acquisition of the yacht and its import. Thus M/s Reliance ADAG is liable for penalty under Section 112(a) of the Customs Act, 1962.
- (xxviii) Shri Tushar Motiwala, Director, M/s. Reliance Transport & Travels Pvt. Ltd., has admitted in his statement that Yacht Tian was required to be taken on Charter hire for the purpose of Joy Rides for the Family members of the Group's Top Executives and the Yacht Tian was to be retained in India for Coastal Run after it was brought in India and for that purpose the clarifications was sought from DG Shipping. This made it clear that yacht was to be retained in India and accordingly Charter Party Agreement dated 22.10.2008 was made. M/s RTTPL was actively involved in the import of yacht and also involved and camouflaging the import of the yacht as if it was brought under Charter Hire for temporary period. They also claimed the yacht back after seizure and gave letter dated 19.11.2010 requesting for permission for filing of Bill of Entry. Thus, being part of this design of duty evasion on the yacht M/s RTTPL and Shri Tushar Motiwala are liable for penalty under Section 112 (a)/114A of the Customs Act, 1962.
- (xxix) It is admitted by Shri Gautama Dutta that Mrs. and Mr. Anil Ambani discussed with him various features of various models and different brands of yachts and later in 2008 Mr. Ramesh Thadani of Reliance ADAG finalized the deal for the impugned yacht; that around May 2008 Mrs. Tina Ambani came there at Italy and selected curtains, carpets, floor, colour, kitchen cutlery etc for the Yacht. The News report dated 22.12.2008 appeared in Times of India which corroborates and confirms that the impugned yacht reportedly valued at Rs. 400 Crores in the said new item was bought by Shri Anil Ambani as a new year gift for his wife Mrs. Tina Ambani. Emails referred in the SCN also confirm the involvement of Mrs Tina Ambani in the purchase of the yacht. This made it clear that Mrs. Tina Ambani and Shri Anil Ambani purchased this yacht for their personal use and with the assistance of Shri Hari Nair, Vice President of M/s Reliance ADAG, routed the money for the purchase and effected the import of the yacht adopting the aforesaid modus operandi with the help of Shri Gautama Dutta and Shri Sohel Kazani in order to evade applicable customs duty. Therefore, Mrs Tina Ambani and Shri Anil Ambani are directly responsible for the evasion of duty in this case. Shri Anil Ambani, being and thus liable for penalty under section 112 (a) of the Customs Act, 1962.
- (xxx) Shri Sudhir More, of M/s RTTPL remained actively involved in preparation of Charter Party Agreement, writing letter to DG Shipping seeking clarifications for retaining the yacht in India and writing various letters to department for claiming the yacht. He also assisted Shri Hari Nair and Shri V.R. Mohan in execution of the plan of import the yacht and evasion of the Duty on the same. Thus he is liable for penalty under Section 112 (a) of the Customs Act, 1962.
- (xxxi) Shri Kiran Kamat, Managing Director, M/s. Link Shipping & Management Systems Pvt. Ltd was responsible for declaring the yacht as TP Cargo though the yacht was destined for Mumbai as shown in the BL. He also got the split up of the items from TP to Local in the IGM of MV Antaradus under instructions from Shri Sohel Kazani having malafide intentions. His assistance

resulted in the execution of the plan of duty evasion, thus M/s. Link Shipping & Management Systems Pvt. Ltd and Shri Kiran Kamat are liable for penalty under Section 112(a) of Customs Act, 1962.

50) Now therefore, the Noticees are hereby called upon to show cause to the Commissioner of Customs (Imports), having its Office at New Custom House, Ballard Estate, Mumbai-400001, within 30 days from the date of receipt of this Show Cause Notice as to why:-

- (a) the subject yacht MY TIAN having Assessable Value of Rs. 86,91,97,421/-should not be confiscated under Section 111(m) and 111 (n) of the Customs Act, 1962, and
- (b) the duty of Rs. 27,55,65,135/- should not be demanded, and confirmed under Section 28 (1) of the Customs Act, 1962, read with Section 12 and Section 125 (2) of the Customs Act, 1962, from M/s. Reliance Transport & Travels Pvt. Ltd. and the amount deposited during the investigation should not be appropriated against the duty demanded; and
- (c) penalty should not be imposed on M/s. Reliance Transport & Travels Pvt. Ltd. under Sections 112(a)/114A of the Customs Act,1962; and
- (d) penalty should not be imposed on Shri Tushar Motiwala, Director, M/s. Reliance Transport & Travels Pvt. Ltd. under Sections 112(a)/114AA of the Customs Act,1962.
- (e) penalty should not be imposed on Shri Anil Ambani, Chairman, M/s Reliance ADAG under Sections 112(a) of the Customs Act,1962.
- (f) penalty should not be imposed on Mrs. Tina Ambani under Sections 112(a) of the Customs Act,1962.
- (g) penalty should not be imposed on Shri Sudhir More, of M/s RTTPL under Sections 112(a) of the Customs Act,1962.
- (h) penalty should not be imposed on M/s Ammolite Holdings Ltd. under Sections 112(a) + 114AA of the Customs Act,1962.
- (i) penalty should not be imposed on Shri V.R. Mohan, Director, M/s Ammolite Holdings Ltd. under Sections 112(a) +114AA of the Customs Act,1962.
- (j) penalty should not be imposed on M/s Reliance ADAG under Sections 112(a) of the Customs Act,1962.
- (k) penalty should not be imposed on Shri Hari Nair, Senior Vice President, Group Finance, M/s Reliance ADAG under Sections 112(a) of the Customs Act,1962.
- (l) penalty should not be imposed on M/s Marine Solutions under Sections 112(a) + 114AA of the Customs Act,1962.
- (m) penalty should not be imposed on Shri Gautama Dutta, Director, M/s Marine Solutions, under Sections 112(a) + 114AA of the Customs Act,1962.
- (n) penalty should not be imposed on M/s Assar Lines under Sections 112(a) + 114AA of the Customs Act,1962.
- (o) penalty should not be imposed on Shri Soheli Kazani, Partner, M/s Assar Lines and Director, M/s Interport Impex Pvt Ltd. under Sections 112(a) + 114AA of the Customs Act,1962.
- (p) penalty should not be imposed on M/s Interport Impex Pvt Ltd. CHA No. 11/589 under Sections 112(a) + 114AA of the Customs Act,1962.
- (q) penalty should not be imposed on M/s. Link Shipping & Management Systems Pvt. Ltd under Sections 112(a) of the Customs Act,1962.
- (r) penalty should not be imposed on Shri Kiran Kamat, Managing Director, M/s. Link Shipping & Management Systems Pvt. Ltd under Sections 112(a) of the Customs Act,1962.

The Noticees are required to state in writing whether they wish to appear for personal hearing before the case is adjudicated. In case they fail to reply within specified period or do not appear when the case is posted for hearing, the case is likely to be decided based on the facts and evidences on record without any further notice to them.

Copies of all documents relied upon in this Show Cause Notice are being provided with this Notice as detailed in **Annexure-A**.

This Show Cause Notice is issued without prejudice to any other action that may be taken separately against the Noticees under the provisions of the Customs Act, 1962 or any other law for the time being in force in the Union of India.

COMMISSIONER OF CUSTOMS (Imports)
New Custom House, Mumbai

To

1. M/s. Reliance Transport & Travels Pvt. Ltd.
303 Court House, Lokmanya Tilak Marg, Dhobi Talao, Mumbai-400 002
2. Shri Tushar Motiwala, Director,
M/s. Reliance Transport & Travels Pvt. Ltd.
303 Court House, Lokmanya Tilak Marg, Dhobi Talao, Mumbai-400 002
3. Shri Sudhir More,
M/s. Reliance Transport & Travels Pvt. Ltd.
303 Court House, Lokmanya Tilak Marg, Dhobi Talao, Mumbai-400 002
4. M/s Ammolite Holdings Ltd.
c/o Reliance Centre, 19, WH Marg, Ballard Estate, Mumbai- 400 001
5. Shri V.R. Mohan,
Director, M/s Ammolite Holdings Ltd.
c/o Reliance Centre, 19, WH Marg, Ballard Estate, Mumbai- 400 001
6. M/s Reliance ADAG
Reliance Centre, 19, WH Marg, Ballard Estate, Mumbai- 400 001
7. Shri Hari Nair, Senior Vice President, Group Finance, M/s Reliance ADAG
c/o Reliance Centre, 19, WH Marg, Ballard Estate, Mumbai- 400 001
8. M/s Marine Solutions
L-102, Dara Enclave, Sector – 9, Nerul, Navi Mumbai- 400 706
9. Shri Gautama Dutta,
Director, M/s Marine Solutions,
L-102, Dara Enclave, Sector – 9, Nerul, Navi Mumbai- 400 706
10. M/s Assar Lines
T 2, 6th Floor, Sunbeam Chambers, 7, Vithaldas Tackersey Marg, New Marine Lines, Mumbai 400 020
11. M/s Interport Impex Pvt Ltd. CHA No. 11/589
T 2, 6th Floor, Sunbeam Chambers, 7, Vithaldas Tackersey Marg, New Marine Lines, Mumbai 400 020
12. Shri Soheli Kazani,
Partner, M/s Assar Lines and Director, M/s Interport Impex Pvt Ltd.

T 2, 6th Floor, Sunbeam Chambers, 7, Vithaldas Tackersey Marg, New Marine Lines, Mumbai 400 020

13. M/s. Link Shipping & Management Systems Pvt. Ltd.
406, BNG House, 197/199, D.N. Road, Fort, Mumbai – 400 001
14. Shri Kiran Kamat,
Managing Director, M/s. Link Shipping & Management Systems Pvt. Ltd.
406, BNG House, 197/199, D.N. Road, Fort, Mumbai – 400 001
15. Sh. Anil Ambani
Reliance ADAG
Reliance Centre, 19, WH Marg, Ballard Estate, Mumbai- 400 001

Res.Address : Sea Wind 39, Cuffe Parade, Mumbai 400 005.

16. Smt Tina Ambani
Sea Wind 39, Cuffe Parade, Mumbai 400 005.

Copy to:

1. Central Intelligence Unit
10th Floor, Annexe Building, New Custom House, Ballard Estate, Mumbai
2. Chief Commissioner of Customs, Zone-I,
New Custom House, Ballard Estate, Mumbai
(for information)
3. The Director of Income Tax (Intelligence)
3A, 1st Floor, A.R.A. Centre, E-2, Jhandewalan Extention, New delhi-110055
(wrt his letter No. DIT/Intell./2009-10/VI P Ref/AA/126 dated 15.07.2009 and for necessary action at their end)
4. The Special Director,
Directorate of Enforcement,
6th Floor, Lok Nayak Bhawan, Khan Market, New Delhi- 110 003
(wrt his letter No. T-1/HQ/33/2009(MGA) Pt. I dated 19.01.2010 and for necessary action at their end wrt the financial irregularities in transfer of money for the purchase of yacht Tian)
5. Office Copy