

**OFFICE OF THE COMMISSIONER OF CUSTOMS (NS-V)**  
**सीमाशुल्कआयुक्त (एनएस - V) काकार्यालय**  
**JAWAHARLAL NEHRU CUSTOM HOUSE, NHAVA SHEVA,**  
**जवाहरलालनेहरुसीमाशुल्कभवन, न्हावाशेवा,**  
**TALUKA – URAN, DISTRICT - RAIGAD, MAHARASHTRA -400707**  
**तालुका - उरण, जिला - रायगढ़ , महाराष्ट्र 400707**

<b>DIN – 20260278NX0000000A43</b>	<b>Date of Order: 27.02.2026</b>
<b>F. No. S/10-06/2025-26/Commr./Gr. VA/ NS-V/JNCH</b>	<b>Date of Issue: 27.02.2026</b>
<b>SCN No.: 45/2024-25/COMMR/Gr. VA/CAC/JNCH</b>	
<b>SCN Date: 15.04.2025</b>	
<b>Passed by: Sh. Anil Ramteke</b>	
<b>Commissioner of Customs, NS-V, JNCH</b>	
<b>Order No: 402/2025-26/COMMR/NS-V/CAC/JNCH</b>	
<b>Name of Noticee: M/s Sterling and Wilson Renewable Energy Limited (IEC-AAICR1703J)</b>	

**ORDER-IN-ORIGINAL**  
**मूल - आदेश**

1. The copy of this order in original is granted free of charge for the use of the person to whom it is issued.

1. इस आदेश की मूल प्रति की प्रतिलिपि जिस व्यक्ति को जारी की जाती है, उसके उपयोग के लिए निःशुल्क दी जाती है।

2. Any Person aggrieved by this order can file an Appeal against this order to CESTAT, West Regional Bench, 34, P D'Mello Road, Masjid (East), Mumbai - 400009 addressed to the Assistant Registrar of the said Tribunal under Section 129 A of the Customs Act, 1962.

2. इस आदेश से व्यथित कोई भी व्यक्ति सीमाशुल्क अधिनियम 1962 की धारा 129 (ए) के तहत इस आदेश के विरुद्ध सी.ई.एस.टी.ए.टी., पश्चिमी प्रादेशिक न्यायपीठ (वेस्ट रीज़नल बेंच), 34, पी. डी.मेलो रोड, मस्जिद (पूर्व), मुंबई - 400009 को अपील कर सकता है, जो उक्त अधिकरण के सहायक रजिस्ट्रार को संबोधित होगी।

3. Main points in relation to filing an appeal: -

3. अपील दाखिल करने संबंधी मुख्य मुद्दे:-

Form - Form No. CA3 in quadruplicate and four copies of the order appealed against (at least one of which should be certified copy).

फार्म - सीए3, चार प्रतियों में तथा उस आदेश की चार प्रतियाँ, जिसके खिलाफ अपील की गयी है (इन चार प्रतियों में से कम से कम एक प्रति प्रमाणित होनी चाहिए).

**Time Limit -** Within 3 months from the date of communication of this order.

**समय सीमा -** इस आदेश की सूचना की तारीख से 3 महीने के भीतर

**Fee -फ़ीस-**

(a) Rs. One Thousand - Where amount of duty & interest demanded & penalty imposed is

Rs. 5 Lakh or less.

- (क) एक हजार रुपये जहाँ माँगे गये शुल्क एवं ब्याज की तथा लगायी गयी शास्ति की रकम 5 लाख रुपये या उस से कम है।
- (b) Rs. Five Thousand - Where amount of duty & interest demanded & penalty imposed is more than Rs. 5 Lakh but not exceeding Rs. 50 Lakh.
- (ख) पाँच हजार रुपये – जहाँ माँगे गये शुल्क एवं ब्याज की तथा लगायी गयी शास्ति की रकम 5 लाख रुपये से अधिक परंतु 50 लाख रुपये से कम है।
- (c) Rs. Ten Thousand - Where amount of duty & interest demanded & penalty imposed is more than Rs. 50 Lakh.
- (ग) दस हजार रुपये – जहाँ माँगे गये शुल्क एवं ब्याज की तथा लगायी गयी शास्ति की रकम 50 लाख रुपये से अधिक है।

**Mode of Payment** - A crossed Bank draft, in favor of the Asstt. Registrar, CESTAT, Mumbai payable at Mumbai from a nationalized Bank.

**भुगतान की रीति** – क्रॉस बैंक ड्राफ्ट, जो राष्ट्रीय कृत बैंक द्वारा सहायक रजिस्ट्रार, सी.ई.एस.टी.ए.टी., मुंबई के पक्ष में जारी किया गया हो तथा मुंबई में देय हो।

**General** - For the provision of law & from as referred to above & other related matters, Customs Act, 1962, Customs (Appeal) Rules, 1982, Customs, Excise and Service Tax Appellate Tribunal (Procedure) Rules, 1982 may be referred.

**सामान्य** - विधि के उपबंधों के लिए तथा ऊपर यथा संदर्भित एवं अन्य संबंधित मामलों के लिए, सीमाशुल्क अधिनियम, 1962, सीमाशुल्क (अपील) नियम, 1982, सीमाशुल्क, उत्पाद शुल्क एवं सेवा कर अपील अधिकरण (प्रक्रिया) नियम, 1982 का संदर्भ लिया जाए।

4. Any person desirous of appealing against this order shall, pending the appeal, deposit 7.5% of duty demanded or penalty levied therein and produce proof of such payment along with the appeal, failing which the appeal is liable to be rejected for non-compliance with the provisions of Section 129E of the Customs Act 1962.

4. इस आदेश के विरुद्ध अपील करने के लिए इच्छुक व्यक्ति अपील अनिर्णीत रहने तक उसमें माँगे गये शुल्क अथवा उद्गृहीत शास्ति का 7.5 % जमा करेगा और ऐसे भुगतान का प्रमाण प्रस्तुत करेगा, ऐसा न किये जाने पर अपील सीमाशुल्क अधिनियम, 1962 की धारा 129 E के उपबंधों की अनुपालना न किये जाने के लिए नामंजूर किये जाने की दायी होगी।

**-Subject: Adjudication of Show Cause Notice No. 45/2024-25/COMMR/Gr. VA/CAC/JNCH dtd. 15.04.2025 issued to M/s Sterling and Wilson Renewable Energy Limited (IEC-AAICR1703J) – reg.**

## **1. BRIEF FACTS OF THE CASE**

- 1.1 It is stated in the Show Cause Notice that M/s Sterling and Wilson Renewable Energy Limited (IEC No. AAICR1703J), having address at 9<sup>th</sup> Flr, Universal Majestic, P. L. Lokhande Marg, Chembur West, Mumbai - 400 043 (hereinafter referred to as 'the importer') had cleared their imported items as per Annexure-A (hereinafter referred to as 'the subject goods') vide various Bills of Entries mentioned Annexure 'A', by classifying the same under CTH-85044090. The IGST paid on the said item was 5% as per Serial No. I-234 of Schedule- I of Notification No. 01/2017- Integrated Tax (Rate) dt. 28.06.2017.
- 1.2. However, it was noticed that the said Sr. No. provides 5% IGST for the goods classifiable under chapter 84, 85 and 90, where the benefit of IGST for the goods described at Sr. No. I-234 of Notification No. 01/2017- Integrated Tax (Rate) dated 28.06.2017 is available to the following goods-
- Following renewable energy device & parts for their manufacture-
- (a) Bio-gas plant
  - (b) Solar power-based devices
  - (c) Solar power generating system
  - (d) Wind mills, Wind Operated Electricity Generator (WOEG)
  - (e) Waste to energy plants / devices
  - (f) Solar lantern / solar lamp
  - (g) Ocean waves/tidal waves energy devices/plants
- 1.3. It was further noticed that importer is not involved in manufacturing process and still the importer has claimed IGST Sr. No. I-234 of Notification No. 01/2017 dated 28.06.2024 instead of IGST on the imported goods to be paid @ 18% as per Serial No. 375 of Schedule- III of Notification No. 01/2017- Integrated Tax (Rate) dt. 28.06.2017. Therefore, the goods imported by the importer attracts levy of IGST @18% as per Serial No. 375 of Schedule- III of Notification No. 01/2017- Integrated Tax (Rate) dt. 28.06.2017. The details of description of goods, Bills of Entry, applicability of correct IGST amount, are as per Annexure-A.
- 1.4. Hence, it appeared that the importer had willfully mis-declared the subject goods by way wrong IGST Schedule for the purpose of importing the same, declaring IGST @5% as per Sr. No. 234 of Schedule-I instead of 18% as per Serial No. 375 of Schedule- III of Notification No. 01/2017- Integrated Tax (Rate) dt. 28.06.2017, thereby paying lower duty than applicable and thus the provisions of Section 28 (4) are invokable in this case.
- 1.5. Accordingly, a Consultative Letter No. 31/24-25 dated 23.04.2024 issued vide F. No. Audit-Gen-128/2023-24/JNCH/ADMN was issued to the importer for payment of short levied duty along with applicable interest and penalty. Vide the aforementioned Consultative letter, the importer was advised to pay the Differential IGST along with interest and penalty in terms of Section 28(4) of the Customs Act 1962. The importer was further advised to avail the benefit of lower penalty in terms of Section 28(5) of the Customs Act, 1962, by early payment of short paid IGST duty and interest along with penalty@15%. The Consultative letter was issued considering the Pre-Notice Consultation Regulations, 2018.
- 1.6. In reply of the above-mentioned CL, M/s Sterling and Wilson Renewable Energy Limited, vide their letter dated 17.05.2024, submitted the following:
- 1.6.1 M/s Sterling and Wilson Renewable Energy Limited is engaged in the business of providing services relating to renewable engineering, procurement, and construction (EPC) solutions provider.

- 1.6.2** It is submitted that the company has imported goods i.e., Solar Inverter and parts of Solar Inverter classifying under chapter heading 84, 85, and 90 for engineering, procurement, and construction (EPC) of solar power generating system. The company has cleared the said imported goods by paying IGST 5% under Sr. No. 1234 of the Notification No. 01/2017-IT(R) dated 28-06-2017.
- 1.6.3** Sr. No. I-234 of the Notification No. 01/2017-CT(R) dated 28-06-2017 provides GST rate of 5% on specified renewable energy devices and on their parts for the manufacturer of the said renewable energy devices.
- 1.6.4** It can be evident from the above reproduced entry that GST rate 5% shall be applicable on the goods which have been used for manufacturing of renewable energy devices specified in the said entry.
- 1.6.5** In the present case, it is submitted that the company has imported Solar Inverter and parts of Solar Inverter for the manufacturing of solar power generating plant. Hence, the company has correctly cleared the said imported good under Sr. No. 234 of the Notification No. 01/2017-CT(R) dated 28-06-2017. Therefore, the observation of the department that the company has wrongly paid GST rate @ 5% on the goods imported as the company is not in the manufacturing process is not correct and liable to be set aside.
- 1.7.** The importer has not submitted any documentary evidence by which it can be verified the importer is engaged in the manufacturing of any of the following –
- (a) Bio-gas plant
  - (b) Solar power-based devices
  - (c) Solar power generating system
  - (d) Wind mills, Wind Operated Electricity Generator (WOEG)
  - (e) Waste to energy plants / devices
  - (f) Solar lantern / solar lamp
  - (g) Ocean waves/tidal waves energy devices/plants
- 1.8.** Relevant Legal Provisions: After the introduction of self-assessment vides Finance Act, 2011, the onus is on the Importer to make true and correct declaration in all aspects including Classification and calculation of duty, but in the instant case the subject goods have been mis-classified and IGST amount has not been paid correctly.
- 1.9.** The Show Cause Notice referred to certain legal provisions—Sections 17(1), 28, 28AA, 46, 111, 112, and 114A of the Customs Act, 1962—which are relevant to the recovery of duty allegedly evaded in this case; however, these are not reproduced here for the sake of brevity.
- 1.10. Acts of omission and commission by the Importer:**
- 1.10.1** As per section 17(1) of the Act, “An Importer entering any imported goods under section 46, shall, save as otherwise provided in section 85, self-assess the duty, if any, leviable on such goods.” Thus, in this case the importer had self-assessed the Bills of Entry and appears to have Short-levy of IGST due to wrong selection of IGST Schedule. As the importer got monetary benefit due to said act, it is apparent that the same was done deliberately by willful mis-classification of the said goods in the Bills of Entry during self-assessment. Therefore, differential duty is recoverable from the importer under Section 28(4) of the Customs Act, 1962 along with applicable interest as per Section 28AA of the said Act.
- 1.10.2** It appeared that the importer has given a declaration under section 46(4) of the Act, for the truthfulness of the content submitted at the time of filing Bill of Entry. However, the applicable IGST rate on the subject goods was not paid by the Importer at the time of clearance of goods. It also appeared that the Importer has submitted a false declaration under section 46(4) of the Act. By the act of presenting goods in contravention to the provisions of section 111(m), it appeared that the importer has rendered the subject goods liable for confiscation under section 111(m) of the said Act for the above act of deliberate omission and commission that rendered the goods liable

to confiscation. Accordingly, the Importer also appeared liable to penal action under Section 112 (a) and /or 114 A and of the Customs Act, 1962.

- 1.11. From the foregoing, it appeared that the Importer has willfully mis-classified the goods; that the Importer has submitted a false declaration under section 46(4) of the said Act. Due to this act of omission of Importer, there has been loss to the government exchequer equal to the differential duty.
- 1.12. Therefore, in exercise of the powers conferred by Section 124 read with Section 28(4) and Section 28AAA of the Customs Act, 1962, M/s Sterling and Wilson Renewable Energy Limited (IEC No. AAICR1703J), having address at 9<sup>th</sup>Flr, Universal Majestic, P. L. Lokhande Marg, Chembur West, Mumbai -400 043 was called upon to show cause in writing, as to why: -
- (i) The IGST rate claimed under Schedule- I, Sr. No. 234 of IGST levy Notification No. 01/2017-Integrated Tax (Rate) dated 28.06.2017 for the subject goods should not be rejected;
  - (ii) The IGST rate @18% as per Serial No. 375 of Schedule- III of Notification No. 01/2017-Integrated Tax (Rate) dt. 28.06.2017 should not be levied;
  - (iii) Differential IGST amount of **Rs. 2,41,48,800/- (Two Crore Forty-one Lakh Forty-Eight Thousand Eight Hundred Sixty-Six Only)** with respect to the items covered under Bill of entry as mentioned in Annexure A to this notice should not be demanded under Section 28 (4) of the Customs Act, 1962 along with applicable interest as per Section 28AA of the Customs Act, 1962;
  - (iv) The subject goods as detailed in Annexure-A to this notice having a total assessable value of **Rs.15,48,94,762/- (Fifteen Crore Forty-Eight Lakh Ninety-Four Thousand Seven Hundred Sixty-Two Only)** should not be held liable for confiscation under Section 111(m) of the Customs Act, 1962;
  - (v) Penalty should not be imposed under Section 112(a) & 114A of the Customs Act, 1962.

## 2. WRITTEN SUBMISSION OF THE NOTICEE

- 2.1 The Noticee, M/s Sterling and Wilson Renewable Energy Limited (IEC- AAICR1703J) vide their letter dated 17.12.2025 gave written reply to the subject SCN through email on 18.12.205. Vide the above reply, they denied all the allegations made in the SCN and stated interalia as under:
- 2.1.1 That the concessional rate has been correctly availed and that the allegation is factually and legally unsustainable.

Entry 234 of Notification 01/2017-IGST (Rate) provides 5% GST to:

- Renewable energy devices, and
- Parts for the manufacture of solar power generating systems.

It is a beneficial, concessional entry aimed at promoting renewable energy infrastructure in India. Policy Intent of Entry 234 is to promote adoption of renewable energy. The interpretation must follow the principle laid down by the Supreme Court in the below mentioned case:

### **Sun Export Corporation v. Collector of Customs, (1997) 6 SCC 564**

wherein Hon. Supreme Court has given a clear directive as "*Exemption notifications promoting economic activity must be interpreted liberally to advance the objective, not to frustrate it.*"

Thus, restrictive interpretation is not warranted unless explicitly provided by law, which is not the case here.

- 2.1.2 What qualifies as "Manufacture" of a Solar Power Generating System:

A Solar Power Generating System (SPGS) is never manufactured in a traditional factory. It comes into existence only through:

- Design & engineering,

- Procurement of equipment,
- Integration and assembly,
- Erection & commissioning.

Hence, system integration is the only mode of manufacture of a Solar Power Generating System. This position is consistently recognized by multiple AARs, which are quoted below for ready reference.

**(1) Giriraj Renewables Pvt. Ltd. (AAR - Maharashtra)**

The AAR held that a Solar Power Generating System is an **assembled and integrated system**, not an off-the-shelf product. The EPC contractor creates/manufactures the system at the site by integrating modules, inverters, structures, etc.

**(2) The J. S. Solartech India Pvt. Ltd. (AAR - Rajasthan)**

The ruling held that SPGS is manufactured by combining various components into a functioning generating system through integration.

**(3) Clean Max Solar Energy Pvt. Ltd. (AAR - Karnataka)**

The AAR held that EPC contractors undertaking solar power plant construction are engaged in bringing into existence a new product, i.e., the Solar Power Generating System, by assembling parts.

The principle that is emerging from all these AARs that System Integrators are the manufacturers of SPGS. There is no other form of manufacturing possible for SPGS, not just in India but globally as well. These rulings make it abundantly clear that the process of installing and integrating multiple components into a functioning SPGS constitutes manufacture. Further, there are judicial principles supporting our clarification that “Assembly + Integration is equivalent to “Manufacture”. A few of the case laws are quoted for kind perusal.

**Supreme Court in Sirpur Paper Mills Ltd. v. CCE, 1998 (97) ELT 3 (SC)**

*Assembly of various parts into a functioning new product amounts to “manufacture”*

**Supreme Court in Tata Consultancy Services v. State of AP (2005) 1 SCC 308**

*Creating a functional system from various modules amounts to manufacture of a new product with distinct identity.*

**CEGAT in Triveni Engineering v. CCE (2000)**

*A turbine is manufactured when its components are integrated into a single functioning equipment.*

It may be noted that just as a turbine is manufactured when assembled on-site, a Solar Power Generating System is manufactured only upon integration at the project site. Thus, the claim that an EPC integrator is not a manufacturer has no legal basis.

2.1.3 The Entry 234 of Notification 01/2017-Integrated Tax (Rate) simply requires that, parts must be used in the manufacture of a Solar Power Generating System. It does not require:

- A registered manufacturing unit,
- A factory licence,
- Central Excise style “manufacturing activity”.

Nothing in the notification restricts benefit only to factory manufacturers.

In view of the above, you may find that our Company as the Importer Fully Satisfies Conditions the Notification, as listed below:

- fall under Chapters 84/85,
- are specifically designed for solar applications,
- are used directly in the manufacture (integration) of SPGS.

Thus, their Company fully qualifies for the concessional tax under Entry 234.

2.1.4 The department in the impugned SCN has invoked provisions under Section 28(4). Section 28(4) applies only in cases of:

- suppression,
- willful mis-statement,
- fraud,
- collusion.

But, in the transactions under reference, their Company being the importer of Solar Inverter and parts thereof has:

- (a) Declared goods transparently.
- (b) The classification and rate applied are consistent with industry practice.
- (c) Multiple AARs recognize EPC integrators as manufacturers.
- (d) There is no contrary circular or instruction from CBIC.
- (e) Use of goods in the manufacture of SPGS is established and undisputed.

Therefore, allegation of “suppression” or “mis-statement” is wholly unsustainable. The Hon. Supreme Court in Uniflex Cables Ltd. v. CCE (2011) held:

*“Extended period cannot be invoked where interpretational issues are involved and all facts were disclosed.”*

Hence, the demand u/s 28(4) is liable to be dropped. Based on the above facts, statutory provisions, advance rulings and judicial principles, we humbly submit that:

- (i) Import of parts for system integration is manufacture of SPGS.
- (ii) Concessional 5% IGST under Entry 234 is correctly availed.
- (iii) Section 28(4) invocation is unjustified and unsustainable.
- (iv) The notice deserves to be withdrawn.

2.1.5 In view of the above submissions, they requested that:

1. The concessional IGST rate availed be accepted as legally valid.
2. The proceedings initiated under Section 28(4) be dropped in full.
3. No demand, interest or penalty be imposed.

2.2 Vide email dtd. 19.02.2026, the noticee submitted copy of Composite Engineering, Procurement and Construction Services Agreement dated 22.08.2020 entered into between Eden Renewable Cite Pvt. Ltd. and Sterling and Wilson Solar Ltd. and Shapoorji Pallonji and Company Pvt. Ltd.

2.3 The noticee further submitted technical justification vide email dated 20.02.2026. Vide the said email dated 20.02.2026, they submitted, inter alia, as under:

2.3.1 Pursuant to the personal hearing granted on the above matter, and in continuation of written submissions already placed on record, they submitted following technical justification as an addendum, for kind consideration and inclusion in the case records.

(i) **Project Overview**

The subject imports relate to a **Solar Power Generating System (SPGS)** having the following technical configuration:

Sl. No.	Description	Details
1	Total AC Capacity	300 MW (AC)
2	Project Location	Lakhasar, Rajasthan
3	Latitude	26°42'30.12" N

Sl. No.	Description	Details
4	Longitude	71°24'2.17" E
5	DC Capacity	450 MWp
6	No. of Blocks	24 Blocks
7	Pitch	7.5 meters
8	Tilt Angle	18 Degrees
9	Modules per String	29 Nos.
10	Module Make	Jinko Solar
11	Module Rating	400W / 405W
12	Inverter Make	Sungrow
13	Inverter Rating	3125 kW (3.125 MW)
14	Number of Inverters	96 Nos.
15	Inverter Output Voltage	600 Volts
16	Plant Evacuation Voltage	33 kV

**(ii) Capacity Correlation Establishing Manufacture of SPGS**

- The Solar Power Generating System is designed for a total AC capacity of 300 MW, achieved through installation and integration of 96 inverters, each rated at 3.125 MW.
- The aggregate inverter capacity works out precisely to:  $96 \times 3.125 \text{ MW} = 300 \text{ MW(AC)}$
- This establishes a direct and exact engineering correlation between the imported equipment and the final Solar Power Generating System capacity.
- The inverters were imported project-specifically, and were not intended for trading or standalone use. Each inverter has been engineered, installed, synchronized and commissioned as an inseparable component of the unified Solar Power Generating System.

**(iii) System Integration as the Only Mode of Manufacture**

- An inverter, by itself, is incapable of generation of electricity and does not constitute a Solar Power Generating System.
- The Solar Power Generating System comes into existence only upon:
  1. interconnection of solar modules (450 MWp DC capacity),
  2. DC string formation, integration of inverters,
  3. step-up transformation to 33 kV,
  4. grid synchronization and evacuation.
- This process of engineering, assembly and integration of multiple components into a functional power-generating facility is the only technically feasible and commercially recognised method of manufacture of a Solar Power Generating System.

**(iv) Relevance to Entry 234 of Notification No. 01/2017-IGST (Rate)**

- Entry 234 grants concessional GST rate to renewable energy devices and parts for the manufacture of Solar Power Generating Systems.
- The imported inverters and associated equipment:
  1. are essential and indispensable parts,
  2. are consumed in the process of system integration,
  3. directly result in the manufacture of the Solar Power Generating System at site.

- The above technical facts conclusively establish that the subject imports were used in the manufacture of a Solar Power Generating System, albeit through system integration, which is the only recognised form of manufacture for such projects.

(v) **Submission**

- The above technical justification is submitted to assist the Hon'ble Adjudicating Authority in appreciating the engineering inevitability and project-specific nature of system integration in the manufacture of a Solar Power Generating System.
- We request that this addendum be taken on record and read in conjunction with our earlier submissions, including the contract signed with Developer of the power project, while adjudicating the matter.

**3. RECORD OF PERSONAL HEARINGS**

3.1 There is single Noticee in the subject SCN viz. M/s. Sterling and Wilson Renewable Energy Limited (IEC- AAICR1703J).

3.2 In compliance of provisions of Section 28(8) read with Section 122A of the Customs Act, 1962 and in terms of the principle of natural justice, the Noticee was granted opportunity of Personal Hearing (PH) on 08.12.2025, 12.12.2025, 15.12.2025, 17.02.2025 and 19.02.2026 and PH intimation letters were issued by speedpost as well as by email on their official email id. On 12.12.2025 and 17.02.2025 PH could not be held due to administrative reasons and same was duly communicated to the Noticee. On 08.12.2025, Mr. Sandeep Bhosale, Manager-Logistics, Authorised representative, appeared virtually on behalf of the Noticee. In the PH held on 08.12.2025, he requested to grant time for their written submissions along with documentary evidences. He stated they will appear before the Adjudicating Authority along with their written submission on 12.12.2025. On 15.12.2025, Mr. Sandeep Bhosale, Manager-Logistics and Mr. Sijo Paul, GM Taxation, both Authorised Representatives of the Noticee appeared virtually before the Adjudicating Authority and requested to grant two days' time for their written submissions along with documentary evidences. On 19.02.2026, Mr. Sandeep Bhosale, Manager-Logistics and Mr. Sijo Paul, GM Taxation, and Mr. Prashant Maru, Associate Vice President, all Authorised Representatives of the Noticee appeared virtually before the Adjudicating Authority on behalf of the Noticee. During the PH, he reiterated the submissions made vide their letter dated 19.02.2026 and stated that:

3.2.1 There are 96 nos. of Solar Inverters (HSN 85044090), each having a capacity of 3125 kW (3.125 MW), installed in the Solar Power Plant.

The solar power generating system integrated by us for M/s. EDEN RENEWABLE CITE Pvt. Ltd. has an installed capacity of 300 MWAC for electricity generation.

Accordingly, all 96 nos. of solar inverters have been used for setting up the said Solar Power Plant.

A detailed technical submission will be submitted separately pursuant to the PH for your kind consideration.

**4. DISCUSSION AND FINDINGS**

4.1 I have carefully gone through the subject Show Cause Notice (SCN), material on record and facts of the case, as well as written and oral submissions made by the Noticee.

4.2 In compliance to provisions of Section 28(8) and Section 122A of the Customs Act, 1962 and in terms of the principles of natural justice, opportunity for Personal Hearing (PH) was granted to the Noticee on 08.12.2025, 12.12.2025, 15.12.2025, 17.02.2025 and 19.02.2026 and PH intimation letters were issued by speedpost as well as by email on their official email id. Availing the said opportunity, the Noticee attended the PH on 08.12.2025 and 15.12.2025. However, the hearing could not be concluded. Hence, another PH scheduled on 19.02.2026 was attended by the noticee. Having complied with the requirement of the principle of natural justice, I proceed to decide the case on merits, bearing in mind the submission / contention made by the Noticee.

4.3 It is alleged in the Show Cause Notice that the Noticee, M/s. Sterling and Wilson Renewable Energy Limited had imported goods having description as “3125 KW SOLAR INVERTER and other parts of Solar Inverter” as detailed in Annexure ‘A’ to the Notice under the CTH 85044090 & discharged IGST @ 5% as per Serial No. I-234 of Notification No. 01/2017- Integrated Tax (Rate) dt. 28.06.2017. However, the SCN alleges that the impugned imported goods are more appropriately classifiable under Sr. No. III- 375 of IGST Notification No. 01/2017 attracting IGST @18%. Thus, the SCN proposes re-classification of the goods under Sr. No. 375 of Schedule-III of IGST Notification No. 01/2017 and the differential IGST amounting to Rs. 2,41,48,800/- (Two Crore Forty-one Lakh Forty-Eight Thousand Eight Hundred Sixty-Six Only) short paid by the importer is proposed to be demanded and recovered under Section 28(4) of the Customs, 1962, along with applicable interest. Further, the SCN proposes confiscation of the impugned goods and imposition of penalty on the Noticee under Section 112(a) and 114A of the Customs, 1962.

4.4 I now proceed to frame the issues to be decided in the instant SCN before me and decide the substantive issue raised in the SCN by examining each of the issues individually for detailed analysis based on the facts and circumstances mentioned in the SCN; provision of the Customs Act, 1962; nuances of various judicial pronouncements, as well as oral and written submissions and documents/ evidences available on record.

4.5 **Whether the IGST rate claimed by the Noticee under Sr. No. I-234 of Notification No. 01/2017-Integrated Tax (Rate) dated 28.06.2017 should not be rejected and the IGST rate @18% as per Serial No. III-375 of Notification No. 01/2017- Integrated Tax (Rate) dt. 28.06.2017 should be levied on the subject goods.**

4.5.1 I note that the Noticee, M/s. Sterling and Wilson Renewable Energy Limited had imported goods having description “Solar Inverter” as detailed in Annexure ‘A’ to the subject SCN. The Noticee had availed the benefit of concessional rate of IGST under Serial No. 234 of Schedule- I of Notification No. 01/2017- Integrated Tax (Rate) dt. 28.06.2017 and paid IGST @ 5%. As per the SCN, the above items imported by the Noticee are more appropriately classifiable under Serial No. 375 of Schedule- III of Notification No. 01/2017- Integrated Tax (Rate) dt. 28.06.2017 which attracts IGST @18%.

4.5.2 I find that the Serial No. 234 of Schedule- I of Notification No. 01/2017- Integrated Tax (Rate) dt. 28.06.2017 provides 5% IGST for the goods classifiable under chapter 84, 85 and 90, whereas the benefit of IGST for the goods described at Sr. no. I-234 of Notification no. 01/2017- Integrated Tax (Rate) dated 28.06.2017 is available to the following goods-

Following renewable energy device & parts for their manufacture-

- (a) Bio-gas plant
- (b) Solar power-based devices
- (c) Solar power generating system
- (d) Wind mills, Wind Operated Electricity Generator (WOEG)
- (e) Waste to energy plants / devices
- (f) Solar lantern / solar lamp
- (g) Ocean waves/tidal waves energy devices/plants

4.5.3 I find that only the above-mentioned goods are eligible for the benefit of IGST @5%, all other goods of headings 84, 85 and 90 attracts IGST equal to their respective tariff rates. In the instant case, static converters of heading 8504 proposed to be classified under Serial No. 375 of Schedule-III of Notification No. 01/2017- Integrated Tax (Rate) dt. 28.06.2017 which attracts IGST @18%. The same is reproduced below:

S. No.	HSN	Description

375	8504	Electrical Transformers, static converters (for example rectifiers) and inductors other than charger or charging station for Electrically Operated vehicles
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- 4.5.4 I find that the GST law or Customs Act, does not define Solar Power Generating System (SPGS). Solar Power Generating System generally are the systems which absorb sunlight and convert it into electricity. As per the Oxford Dictionary, the definition of the term 'system' is "a complex whole, a set of things working together as a mechanism or interconnecting network. Hence, system typically includes various components/parts which are manufactured/assembled together for performing a function. A typical Solar Power Generating System includes following components/inputs: Inverter, Transformer, Solar Modules, Cables, MS/SS Structures. It is pertinent to note that ITC-HS Classification doesn't contain specific entry of "Solar Power Generating System". There is no known on-the-shelf product available as "Solar Power Generating System" available in the market. However, for the purpose of GST the company classify "Solar Power Generating System" under Tariff Code 8502 3990 (Electric Generating Sets-Others). A "Solar Power Generating System" comes into existence only when all the components/inputs of it viz Solar Modules, Solar Inverter, Transformer, Cables, HT Panels, MS/SS Structures, etc are put together by way of Erection, Commissioning and Installation Services. It is only when all these components are interlinked with each other a working "Solar Power Generating System" comes into existence.
- 4.5.5 I find that with respect to components of power system, Hon'ble M.P. High Court, in the case of Belectric Photovoltaic India Pvt. Ltd Vs. Commissioner of Commercial Tax [2019 (21) G.S.T.L. 319 (M.P.)] has held that

*"14. The moot question before this Court is whether Item No. 10 includes the entire set up, which constitutes solar power generating system or not. According to Oxford Dictionary, system means a set of things work together as parts of a mechanism or a interconnecting work. The power system as per the Advance Law Lexicon by P. Ramanatha Aiyar, General Editor Hon'ble Shri Justice Y.V. Chandrachud reads as under :-*

*"Power system" means all aspects of generation, transmission, distribution and supply of electricity and includes one or more of the following namely :-*

- (a) generating stations;*
- (b) Transmission or main transmission lines;*
- (c) sub-stations;*
- (d) tie-lines*
- (e) load despatch activities;*
- (f) mains or distribution mains;*
- (g) electric supply-lines;*
- (h) overhead lines;*
- (i) service lines;*
- (j) works. [Indian Electricity Act (36 of 2003) S. 2 (50)]"*

*In light of the aforesaid, it can safely be gathered that the solar power generating system includes all devices or equipments, which are connected or combined together to complete the solar power generating system. If one ingredient is missing, the solar power generating system will not function.*

*15. The dictionary meaning of the word 'system' also finds place at page 4589 of Advance Law Lexicon by P. Ramanatha Aiyar, General Editor Hon'ble Shri Justice Y.V. Chandrachud reads as under :-*

“System. “The word ‘system’ is defined by the Encyclopaedic Dictionary as a plan or scheme according to which things are connected or combined into a whole; an assemblage of facts or of principles and conclusions, scientifically arranged or disposed according to certain relations, so as to form a complete whole, as a system of philosophy, a system of government”, etc.

For the purposes of sub-heading 8471 49, the term “SYSTEM” means automatic data processing machines whose units satisfy the conditions laid down in Note 5(B) to Chapter 84 and which comprise at least a central processing unit, one input unit (for example, a keyboard or a scanner), and one output unit (for example, a visual display unit or a printer).[Customs Tariff Act (51 of 1975), I Sch, Import Tariffs S. XVI, Chap. 84, Note 8, Sub-heading]”

Keeping in view the aforesaid, it can safely be concluded that solar power generating system would necessarily include a sub-station for evacuation and upliftment of power generated by solar power plants.

16. The Hon’ble Supreme Court in the case of CCE v. Hewlett Packard India Sales Pvt. Ltd. reported in (2007) 11 STJ 625 = 2007 (215) E.L.T. 484 (S.C.) has explained the meaning of word ‘System’ with reference to operating system of the computer and it has been held that the pre-loaded operating system recorded in the hard drive of the computer is an integral part of the computer, without which, the computer cannot open and work and has been classified as operating system under entry relating to computer itself.

17. The respondents have certainly placed reliance upon a judgment delivered in the case Commissioner of Sales Tax (supra) and the Bombay High in the aforesaid case has held as under: -

“that in order to determine whether a particular article is a component part of another article, the correct test would be to look both at the article which is said to be the component part and the completed article and then come to the conclusion whether the first article is a component part of the whole or not. If one were to look at a complete and finished product, one might find so many parts which, by being fixed or otherwise made part of the said product, would lead one into a fallacious impression that they are component parts. One must first look at the article itself and consider what its use are and whether its only use or its primary or ordinary use is as the component part of another article.”

18. Even by taking into account the aforesaid judgment, this Court is of the opinion that power generating system includes all components even the grid/goods related to sub-station, without which, the system cannot work.”

4.5.6 I find that, Hon’ble Tribunal in the case of Commissioner of Customs, Cochin Vs. Solgen Energy Pvt. Ltd. [(2025) 31 Centax 413 (Tri. Bang)] has held that

“.....

6.1 .....The "Solar Power Generating System" primarily consists of (1) Solar Photovoltaic Module (2) Mounting Structure for Solar Photovoltaic Module (fixed tilt or tracking type) and (3) Solar Inverter. Undoubtedly, the item imported item 'Grid Tied Solar Inverter' is used to convert solar DC power to AC power and forms part of a solar system but cannot be construed to be the Solar System itself.....”

4.5.7 Further, in the case of M/s. B.H.E.L. Vs. Commissioner of Central Excise, Hyderabad [2008 (223) E.L.T. 609 (Tri. – Bang.)] Hon’ble Tribunal held that

“In the present case, the appellants have claimed exemption in respect of “inverter charger card” as solar power generating system. The appellants actually manufactured SPV lantern. The above lantern required electricity for its working. It is possible to convert solar energy to electricity with the help of inverter charger manufactured by the appellants. The Dy. General Manager has certified that the inverter merger constitutes solar power generating

*system as it performs the function of generating the required high frequency AC power from Sun-light with, the help of SPV module and supplying it to the compact fluorescent lamp of a solar lantern. In view of the above, expert opinion, we hold that the impugned item can be considered as solar power generating system and is entitled for the benefit of the exemption Notification.”*

- 4.5.8 In this regard, I also rely on the case of 2018 (17) G.S.T.L. 677 (A.A.R. - GST) before the Authority for Advance Ruling under GST, Uttarakhand wherein it has observed that a solar inverter is an integral and essential component of a “Solar Power Generating System,” and eligible for concessional GST/IGST rate applicable to such systems. The relevant extract of the decision is reproduced below:

*Para (9) (i) Supply of solar inverter, controller, battery and panels would be covered under “Solar Power Generating System” as a whole in terms of serial No. 234 of Schedule-I of the Notification No. 01/2017-Central Tax (Rate), dated 28-6-2017 when supplied for said purpose and the applicable rate of GST on such supply will be 5% as on today [2.5% CGST + 2.5% SGST] and such supply will be treated as “composite supply”.*

*(ii) Supply of solar inverter & solar panels together will fall under the: definition of “Solar Power Generating System” (if the same are used for said specified purpose) in terms of serial No. 234 of Schedule-I of the Notification No. 01/2017-Central Tax (Rate), dated 28-6-2017 and the applicable rate of GST on such supply will be 5% as on today [2.5% CGST + 2.5% SGST] and such supply will be treated as “composite supply”.*

*(iii) The aforesaid findings are applicable for both manufacturers and traders engaged in said supply.*

- 4.5.9 I find that the subject goods are essential part for the manufacture of a solar power generating system. They function by converting the direct current (DC) generated by solar panels into alternating current (AC). This conversion is essential for the efficient utilization of solar energy, as most electrical appliances and grid systems operate on AC power. Solar inverter performs a critical function in the energy generation process. Without the inverter, the solar energy harnessed by PV modules cannot be effectively utilized or fed into the grid. Also, the subject goods monitor the grid voltage and frequency to adjust their output accordingly.
- 4.5.10 I find that Solar Inverters are different from generic Electric Inverters as Electric inverters are engineered to convert DC power from pre-charged batteries or fixed DC power supplies to AC power. They assume a stable, relatively constant DC input voltage from a battery bank already charged by the utility grid. Solar inverters, conversely, accept highly variable DC input from solar panels, where voltage and current fluctuate continuously based on sunlight intensity, cloud cover, panel temperature, and shading conditions. Directly connecting solar panels to an electric inverter designed for battery-fixed inputs creates a voltage and current mismatch that can severely damage the inverter or cause system malfunction.
- 4.5.11 Further, the most critical technical deficiency of electric inverters is the complete absence of MPPT (Maximum Power Point Tracking) technology. MPPT is a sophisticated control algorithm that continuously monitors solar panel output voltage and current thousands of times per second, calculates the instantaneous power at each point, and automatically adjusts the inverter's input impedance to maintain operation at the maximum power point where panels generate their highest output. Without MPPT, a standard electric inverter cannot adapt to the non-linear I-V (current-voltage) characteristics of solar panels. An electric inverter lacks these intelligent optimization circuits entirely. Accordingly, it can be inferred that these inverters are designed to be used specially in Solar Power Generating System.
- 4.5.12 I note that importer has submitted that they are EPC contractor and they have imported 96 nos. of Solar Inverters (CTI 85044090), each having a capacity of 3125 kW (3.125 MW), for assembling and integration of the Solar Power Plant/ Solar Power Generating System for M/s. EDEN RENEWABLE CITE Pvt. Ltd. having installed capacity of 300 MWAC for electricity generation.

In this regard, I find that the importer had imported 48 Nos. of Solar invertors vide B/E No. 2552183 dtd. 29.01.2021, which is part of the instant SCN. It is pertinent to note that the instant SCN involves the goods having total assessable value of **Rs.15,48,94,762/- (Fifteen Crore Forty-Eight Lakh Ninety-Four Thousand Seven Hundred Sixty-Two Only)**. The Assessable value of 48 solar inverters imported vide 2552183 dtd. 29.01.2021 is Rs. 15,39,77,250/-, whereas the goods imported under B/E No. 7472757 dated 18.04.2020, i.e., Power Supply Box, Fan, Capacitor, PCB Boards, Fuse etc constitute a very small component. Further, the importer had also imported another 48 nos. of Solar invertors vide B/E No. 2551351 dtd. 29.01.2021, however, the said B/E is not the part of the instant SCN. Thus, as far as the instant SCN is concerned, the quantity of solar invertors covered therein is 48 only. The importer has produced contract copy with M/s. EDEN RENEWABLE CITE Pvt. Ltd. along with FORM of COMMISSIONING COMPLETION CERTIFICATE dated 28.03.2022 issued by M/s. EDEN RENEWABLE CITE Pvt. Ltd. to the Noticee. The project was executed by M/s. EDEN RENEWABLE CITE Pvt. Ltd on behalf of Solar Energy Corporation of India Ltd. (SECI) is a public sector undertaking under the Ministry of New and Renewable Energy, Government of India, as can be seen from the commissioning certificate issued by SECI on 13.08.2021. The aforesaid certificate and Composite Engineering, Procurement and Construction Services Agreement dated 22.08.2020 entered into between Eden Renewable Cite Pvt. Ltd. and Sterling and Wilson Solar Ltd. and Shapoorji Pallonji and Company Pvt. Ltd. makes it crystal clear that the noticee is a contractor engaged for erection and commissioning of the SGPS and thus, a manufacturer of Solar Power Generating Systems contrary to the claim made in the SCN.

4.5.13 I also find that the importer vide B/E No 7472757 dtd.18.04.2020 has imported other parts of Solar Solar Inverter like power supply box, fan, capacitor, transformers, circuit breakers, PCB Boards and Fuse. The importer has claimed concessional IGST applicable to Solar Power Generating Systems under the relevant exemption notification. It is noted that a solar inverter consists of several electrical and electronics components that together convert the DC generated by Solar PV Cells into usable AC. These components collectively enable efficient conversion, control and safe delivery of solar generated electricity to the load or grid. Accordingly, I held that the imported goods vide B/E 7472757 dtd.18.04.2020 are also integral component of SPGS and therefore qualify as parts of SPGS for the purpose of the applicable Customs exemption notification. Since, the importer is also a manufacturer being involved in erection and commissioning of the SPGS, I held that they have rightly claimed the IGST benefit under entry no I-234 of Notification 01/2017-Integrated Tax (Rate) dt. 28.06.2017.

4.5.14 From the above-mentioned paras and judgments, it is clearly evident that the noticee is an EPC contractor for Solar Power Generating Systems and the subject goods i.e. Solar Inverters as well as other goods like power supply box, fan, capacitor, transformers, circuit breakers, PCB Boards and Fuse are parts of Solar Power Generating Systems. Hence, it can be concluded that the noticee has clearly fulfilled all the conditions of eligibility for Serial No. 234 of Schedule- I of Notification No. 01/2017- Integrated Tax (Rate) dt. 28.06.2017 which attracts IGST @5%.

4.5.15 Accordingly, I find that the Noticee had correctly availed the benefit of concessional rate of IGST under Serial No. 234 of Schedule- I of Notification No. 01/2017- Integrated Tax (Rate) dt. 28.06.2017 which attracts IGST @5% and thus, correctly paid the IGST @5%.

4.6 Hence, after taking into consideration the discussions in the foregoing paras, I conclude that, the Noticee has correctly paid the IGST @5% under Sr. no. I-234 of Notification no. 01/2017-Integrated Tax (Rate) dated 28.06.2017.

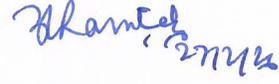
4.7 In view of the above, I do not find any merits in the instant SCN and thus, I am of the opinion that the demand of differential IGST amounting to Rs. 2,41,48,800/- (Two Crore Forty-one Lakh Forty-Eight Thousand Eight Hundred Sixty-Six Only) under Section 28(4) of the Customs Act, 1962 raised in the subject SCN does not sustain and thus, the same merits to be dropped. Resultantly, the confiscation proposed under Section 111(m) of the Customs Act, 1962 as well as the penal provisions invoked under Section 112(a) and/or Section 114A of Customs Act, 1962, are not

5. In view of the facts of the case, the documentary evidences on record and findings as detailed above, I pass the following order:

### ORDER

I drop all the proceeding initiated against **M/s Sterling and Wilson Renewable Energy Limited (IEC- AAICR1703J)** by the impugned Show Cause Notice No. 45/2024-25/COMMR/Gr. VA/CAC/JNCH dated 15.04.2025

6. This order is issued without prejudice to any other action that may be taken in respect of the goods in question and/or the persons/firms concerned, covered or not covered by this show cause notice, under the provisions of Customs Act, 1962, and/or any other law for the time being in force in the Republic of India.



(अनिल रामटेके / ANIL RAMTEKE)  
सीमा शुल्क आयुक्त / Commissioner of Customs  
एनएस-V, जेएनसीएच / NS-V, JNCH

To,

M/s. Sterling and Wilson Renewable Energy Limited (IEC no. AAICR1703J),  
9th Flr, Universal Majestic,  
P. L. Lokhande Marg, Chembur West,  
Mumbai -400 043

Copy to:

1. The Addl. Commissioner of Customs, Group VA, JNCH
2. The Dy. Commissioner of Customs, Circle-E, Audit, JNCH
3. AC/DC, Chief Commissioner's Office, JNCH.
4. The Deputy/Assistant Commissioner of Customs, CAC, JNCH
5. AC/DC, Centralized Revenue Recovery Cell, JNCH
6. Notice Board (CHS Section for display).
7. EDI Section
8. Office Copy.

