प्रधान आयुक्त का कार्यालय, सीमा शुल्क सदन, मुन्द्रा
OFFICE OF THE PRINCIPAL COMMISSIONER OF CUSTOMS,
CUSTOM HOUSE: MUNDRA, KUTCH
MUNDRA PORT & SPL ECONOMIC ZONE, MUNDRA-370421
ई-मेल/ E-Mail: adj-mundra@gov.in

A	फा /.सं .FILE NO.	GEN/ADJ/ADC/425/2025-Adjn-O/o Pr Commr-Cus-Mundra
B	मूल आदेश सं. ORDER-IN- ORIGINAL NO.	MCH/ADC/ZDC/103/2026-27
C	द्वारा पारित किया गया PASSED BY	**Dipak Zala,** Additional Commissioner of Customs, Custom House, Mundra
D	आदेश की तिथि DATE OF ORDER	21-05-2026
E	जारी करने की तिथि DATE OF ISSUE	21-05-2026
F	कारण बताओ नोटिस संएवं तिथि . SCN NO. & DATE	GEN/ADJ/ADC/425/2025-Adjn dated 10.02.2025
G	नोटिसीपार्टी / आयातक/ NOTICEE/PARTY/ IMPORTER	M/s. Vedanta Lubricants India (IEC No. AAMFV5523B), Jaspal Banger, Industrial Area-C, Kanganwal Road, Near Balaji Dharam Kanda, Ludhiana – 141 123
H	डिन DIN	20260571MO000000F5D6

1. यह अपील आदेश संबन्धित को नि:शुल्क प्रदान किया जाता है।
   This Order - in - Original is granted to the concerned free of charge.

2. यदि कोई व्यक्ति इस अपील आदेश से असंतुष्ट है तो वह सीमा शुल्क अपील नियमावली 1982 के नियम 6(1) के साथ पठित सीमा शुल्क अधिनियम 1962 की धारा 128A के अंतर्गत प्रपत्र सीए3-में चार प्रतियों में नीचे बताए गए पते पर अपील कर सकता है-
   Any person aggrieved by this Order - in - Original may file an appeal under Section 128A of Customs Act, 1962 read with Rule 3 of the Customs (Appeals) Rules, 1982 in quadruplicate in Form C. A. -1 to:
   "सीमा शुल्क आयुक्त) अपील(, चौथी मंजिल, हुडको बिल्डिंग, ईश्वर भुवन रोड, नवरंगपुरा, अहमदाबाद 380009"
   "The Commissioner of Customs (Appeals), Mundra, 4TH Floor, Hudco Building, Ishwar Bhuvan Road, Navrangpura, Ahmedabad-380009."

3. उक्त अपील यह आदेश भेजने की दिनांक से तीन माह के भीतर दाखिल की जानी चाहिए।
   Appeal shall be filed within three months from the date of communication of this order.

4. उक्त अपील के पर न्यायालय शुल्क अधिनियम के तहत 5 -/रुपए का टिकट लगा होना चाहिए और इसके साथ निम्नलिखित अवश्य संलग्न किया जाए -
   Appeal should be accompanied by a fee of Rs. 5/- under Court Fee Act it must accompanied by –

5. उक्त अपील पर न्यायालय शुल्क अधिनियम के तहत 5/- रूपये कोर्ट फीस स्टाम्प जबकि इसके साथ संलग्न आदेश की प्रति पर अनुसूची- 1, न्यायालय शुल्क अधिनियम, 1870 के मदसं°-6 के तहत निर्धारित 0.50 पैसे की एक न्यायालय शुल्क स्टाम्प वहन करना चाहिए।
   The appeal should bear Court Fee Stamp of Rs.5/- under Court Fee Act whereas the copy of this order attached with the appeal should bear a Court Fee stamp of Rs.0.50 (Fifty paisa only) as prescribed under Schedule-I, Item 6 of the Court Fees Act, 1870.

6. अपील ज्ञापन के साथ ड्यूटि/ दण्ड/ जुर्माना आदि के भुगतान का प्रमाण संलग्न किया जाना चाहिये। Proof of payment of duty/fine/penalty etc. should be attached with the appeal memo.

7. अपील प्रस्तुत करते समय, सीमाशुल्क (अपील) नियम, 1982 और सीमा शुल्क अधिनियम, 1962 के सभी मामलों में पालन किया जाना चाहिए।
While submitting the appeal, the Customs (Appeals) Rules, 1982 and the Customs Act, 1962 should be adhered to in all respects.

8. इस आदेश के विरुद्ध अपील हेतु जहां शुल्क या शुल्क और जुर्माना विवाद में हो, अथवा दण्ड में, जहां केवल जुर्माना विवाद में हो, Commissioner (Appeals) के समक्ष मांग शुल्क का 7.5% भुगतान करना होगा।
An appeal against this order shall lie before the Commissioner (A) on payment of 7.5% of the duty demanded where duty or duty and penalty are in dispute, or penalty, where penalty alone is in dispute.

BRIEF FACTS OF THE CASE

M/s. Vedanta Lubricants India (IEC: AAMFV5523B)(*hereinafter also referred to as "the Importer"*), having address at Jaspal banger, Kanganwal Road, Industrial Area-C, Near balaji Kanda, Ludhiana-141123, filed Bill of Entry No. 5015617 dated 12.08.2024 at Mundra Port. Intelligence gathered by the Directorate of Revenue Intelligence (DRI), indicated that the said importer had tried to import Diesel/Light Diesel Oil by mis-declaring the same as Distillate Oil. The import of Diesel/Light Diesel Oil into India is restricted and only State Trading Enterprises are allowed to import the subject goods as per Foreign Trade Policy. Details of the said consignment is as under:

Table-I

Bill of Entry No.	5015617 dated 12.08.2024 (INMUN1)
Bill of Lading No.	GALJEAMUN00063124 dated 04.08.2024
Declared Goods	Distillate Oil HS Code: 27101961
Customs Broker	M/s. JMC Logistics Services
Assessable Value	Rs. 1,66,27,966/-
Country of Origin	UAE
Container No.	18 Containers as per Bill of Lading
Supplier	M/s Relevance Industries & Trading LLC, Sharjah Media City, Sharjah UAE

2 . Accordingly, after approval of the competent authority, the above said consignment was put on hold by the DRI on 14.08.2024. Further, Examination of the 18 containers covered under the said consignment was carried out by the DRI under panchnama dated 21.08.2024 in presence of the representative of the Customs Broker, at M/s Ameya Logistics Pvt. Ltd (Honeycomb) CFS, Adani Port and SEZ, Mundra. During the said examination proceedings, representative samples, in duplicate, were also drawn from each of the 18 containers, for testing to ascertain the exact nature of the import goods in the said consignment.

3. Testing and Seizure:

3.1 The 18 representative samples were sent to Central Excise and Customs Laboratory (CECL), Vadodara for testing of the same. CECL, Vadodara submitted their test reports dated 27.09.2024 in respect of the said 18 samples. The said test reports in respect of **all of the 18 samples**, on the basis of the tested parameters by

the CECL Vadodara, indicated that "***the sample meets the requirement of Light Oils & preparations as per Chapter 27, Note 4 of CTI***."

3.2 Import of "Light Oils & Preparations", is restricted into India, and the same can only be imported subject to Policy Condition No. 5 of Chapter 27. Therefore, it appeared that said importer has imported restricted goods i.e. "**Light Oil and Preparations**" (***other than naphtha***) by mis-declaring the same as "distillate oil" under the said consignment. Accordingly, there being a reasonable belief that that the said goods were liable for confiscation under the provisions of Section 111 of the Customs Act, the same were placed under seizure under Section 110 of the Customs Act, 1962, vide Seizure Memo dated 17.10.2024.

4. <u>Investigation and recording of statements</u>:

4.1. Letter dated 17.09.2024 and subsequent reminders were sent to Shipping Agent M/s Galleon Western Shipping Private Ltd., Gandhidham requesting to provide copies of all the documents i.e. Customs declaration, etc. submitted to the shipping line M/s G Line by the shipper M/s. Relevance Industries & Trading LLC, Sharjah Media City, Sharjah UAE located in UAE in case of the subject Bill of Lading No. GALJEAMUN00063124 dated 04.08.2024. Shipping line provided the documents i.e. copy of commercial invoice, packing list, country of origin and bill of lading, and it was noticed from the said documents that declared description of the said goods was distillate oil, having CTH 27101961.

4.2. Statement of Shri Vikram Jeet, authorized person of M/s. Vedanta Lubricants India, was recorded on 12.11.2024 and 23.12.2024 during which he interalia, stated that their firm was primarily engaged in the trading of imported Industrial Oil/Distillate Oil and locally trading of all kind of burning grade fuel oil and also has established a lubricating oil plant, where they purchase locally used lubricants oi, process the same in their plant and produce the lubricants oil as the final product in local market. Shri Vikram stated that Shri Ankit Jain, Partner of the firm has looking after the purchase and the import related works and Shri Nilesh Kumar Rajyaguru Partner looking after the work related Sales and finance. Further, Shri Vikram stated that their firm sells the product to buyers based on their requirements, who used it primarily for boilers and other burning purposes. Their firm imported Distillate Oil and Heavy Motor Scrap only. This is the third import consignment of Distillate Oil to date at Mundra Port from the UAE. The supplier of this particular shipment was M/s. Relevance Industries & Trading LLC, Sharjah Media City, Sharjah UAE, based in Dubai, UAE. Shri Vikram disclosed that Shri Ankit Jain, Partner of the firm has placed the order for this consignment. When asked about correspondence with the supplier, Shri Vikram stated that no email communication was conducted with the supplier, as all interactions were telephonic. Documents related to the import were also shared over the phone. Shri Vikram submitted copies of the analysis report, invoice, packing list, bill of lading as supporting documents for the import transaction. Upon being presented with reports from the Central Excise and Customs Laboratory, Vadodara, Shri Vikram reviewed the findings and acknowledged their conclusions. The laboratory tested samples from the imported consignment under Test Memo Nos. 400/2024 to 417/2024. The results indicated that "***the sample meets the requirement of Light Oils & preparations as per Chapter 27, Note 4 of CTI***.", and the product was classified under Customs Tariff Heading (CTH) 2710

1290. Shri Vikram was also informed that this product is restricted for import under Policy Condition No. 5 of Chapter 27 of the ITC (HS) Import Policy.

4.3 In his said statement, Shri Vikram accepted the test report findings and opted against re-testing. He clarified that their firm had been regularly importing Distillate Oil and suggested that the incorrect specification might be due to an error on the part of the supplier. He submitted an analysis report provided by the supplier, which described a different specification than that indicated by the Customs Laboratory test. He also agree to provide the copy of shipping declaration made by overseas suppler after getting details from the supplier within 2-3 days, however, he provided the specifications provided by the overseas supplier at UAE. In response to questions about the discrepancy between the specifications submitted by their firm and the test results from the Customs Laboratory, Shri Vikram admitted that it appeared the supplier had cheated them by providing goods of specifications different from those promised. He noted that the supplier's provided specifications indicated a flash point of 52 degrees Celsius, an initial boiling point (IBP) of 160 degrees Celsius, and a final boiling point (FBP) of 400 degrees Celsius. However, the Customs Laboratory test results showed a flash point of 29 degrees Celsius and an IBP and FBP range of 139 to 210 degrees Celsius. He reiterated his intention to address this discrepancy with the supplier. Shri Vikram also accepted that the goods imported by their firm are not Light Naphtha, Heavy Naphtha or Full Range Naphtha. They have not ordered any type of Naphtha. He had gone through the chapter heading and restrictions and agreed that the imported goods fall under the CTH 27101290 which is restricted goods under Policy Condition No. 5 of Chapter 27. In response to questions about there is no such HS Code 27101961 and also there is no such item as Distillate Oil, however declaration has been made as Distillate Oil under CTH 27101961 in Bill of Entry No. 5015617 dated 12.08.2024 in HSN List of Sharjah Customs available on website https://sharjahcustoms.gov.ae/files/CustomsAffairs/En/HS%20Code.pdf., he stated that their firm only declared the goods as 'Distillate Oil based on the documents which were provided by the supplier.

4.4 Statement of Shri Shyam Goyal, authorized person of Customs Broker M/s. JMC Logistics Services, was recorded on 12.11.2024**,** during which he interalia, stated that he has engaged in customs clearance and transportation related work of their customs broker firm M/s JMC Logistics Services at Mundra Branch. The Customs Broker Firm M/s JMC Logistics Services registered at Ludhiana, Punjab, under the F-card holder Shri Vijay Mishra. Shri Vijay Mishra, F-card use to do the marketing for customs clearance work of their Custom Broker firm M/s JMC Logistics Services. When asked about the import consignment by M/s. Vedanta Lubricants India, Shri Shyam stated that they had filed the Bill of Entry based on documents and declarations provided by the importer. These documents included a chemical analysis/test report and other import-related paperwork, which declared the goods as Distillate Oil under CTH 27101961. On being shown the statement of Shri Vijay, Proprietor of M/s. Vedanta Lubricants India, dated 12.11.2024, Shri Shyam affirmed its content and signed it. He also acknowledged the test reports from the Central Excise and Customs Laboratory, Vadodara, which classified the imported goods as Light Oils & preparations under CTH 27101290. He accepted that the said item was restricted for import as per Policy Condition No. 5 of Chapter 27 of the ITC (HS) Import Policy and noted that the importer had opted not to re-test the said goods. On the issue of mis-declaration, Shri Shyam

stated that he was unaware of any discrepancies and relied entirely on the documents and information provided by the importer when filing the import paperwork.

5. <u>Findings of the investigation</u>:

5.1 The Directorate of Revenue Intelligence (DRI) gathered intelligence that M/s Vedanta Lubricants India had mis-declared the import goods in an import consignment, covered under Bill of Entry No. 5015617 dated 12.08.2024 filed at Mundra, was declared to contain "Distillate Oil," classified under HS Code 27101961. The intelligence indicated that the consignment, shipped from the UAE by M/s. Relevance Industries & Trading LLC, Sharjah Media City, Sharjah UAE, was suspected to contain Diesel or Light Diesel Oil—products restricted for import under India's Foreign Trade Policy.

5.2 After approval from the competent authority, the DRI initiated the investigation into the matter and put the consignment on hold on 14.08.2024 and conducted a detailed examination of the 18 containers on 21.08.2024 at M/s Ameya Logistics Pvt. Ltd. (Honeycomb) CFS, Adani Port and SEZ, Mundra. During the examination, representative samples were drawn from each container and sent to the Central Excise and Customs Laboratory (CECL) in Vadodara for testing. The test results, dated 27.09.2024, revealed that ***"the sample meets the requirement of Light Oils & preparations as per Chapter 27, Note 4 of CTI"***. This said product was restricted for import into India, requiring compliance with Policy Condition No. 5 of Chapter 27 under the ITC (HS) Import Policy. Given the restricted nature of the goods and the apparent mis-declaration, the consignment was seized under Section 110 of the Customs Act, 1962, on 17.10.2024, as it was liable for confiscation under Section 111.

5.3 The CECL test results revealed significant discrepancies between the declared and actual specifications of the imported goods. The declared product, "Distillate Oil," was described under HS Code 27101961, while the laboratory's findings confirmed the goods to be "Light Oils & Preparations" falling under HS Code 27101290. The reported properties, such as flash point and boiling point ranges, also deviated from the specifications declared by the importer.

5.4 During further investigation, the DRI recorded statements of Shri Vikram Jeet, authorized person of M/s. Vedanta Lubricants India, and Shri Shyam Goyal, authorized person of Customs Broker M/s. JMC Logistics Services, facilitated the import. Shri Vikram statement was recorded on 12.11.2024 and 23.12.2024. He stated that their firm involved in import of "Distillate Oil" only, this is the third imported consignment of Distillate Oil to date at Mundra Port from the UAE. The supplier for this consignment was M/s. Relevance Industries & Trading LLC, Sharjah, UAE, based in Dubai. Shri Vikram disclosed that Shri Ankit Jain, Partner of firm placed the order and handled all communications with the supplier via telephone, with no email correspondence or written agreements. Supporting documents for the transaction, including an analysis report, invoice, packing list, bill of lading, were provided to substantiate the import. Shri Vikram also stated that the goods imported by their firm are not Light Naphtha, Heavy Naphtha or Full Range Naphtha. They have not ordered any type of Naphtha. He had also gone through the chapter heading and restrictions and agreed that the imported

goods fall under the CTH 27101290 which is restricted goods under Policy Condition No. 5 of Chapter 27. He is also accepted that there is no such HS Code 27101961 and item as Distillate Oil in HSN List of Sharjah Customs available on website
https://sharjahcustoms.gov.ae/files/CustomsAffairs/En/HS%20Code.pdf., however declaration has been made as Distillate Oil under CTH 27101961 in Bill of Entry No. 5015617 dated 12.08.2024 by their company only based on the documents which were provided by the supplier.

5.5 Upon being presented with the CECL test results, Shri Vikram acknowledged the findings and opted against re-testing the samples. He suggested that the discrepancy in product specifications might have been due to an error on the supplier's part. He provided an analysis report from the supplier, which indicated different specifications than those found in the CECL test. Specifically, the supplier's report showed a flash point of 52 degrees Celsius, an initial boiling point (IBP) of 160 degrees Celsius, and a final boiling point (FBP) of 400 degrees Celsius, while the CECL test reported a flash point of 29 degrees Celsius and an IBP-FBP range of 139-210 degrees Celsius. Shri Vikram admitted that the supplier might have provided goods that did not conform to the declared specifications and committed to addressing the issue with the supplier.

5.6 The DRI also recorded the statement of Shri Shyam Goyal, authorized person of the Customs Broker M/s JMC Logistics Services for the consignment, on 12.11.2024. Shri Shyam explained stated that he has engaged in customs clearance and transportation related work of their customs broker firm M/s JMC Logistics Services at Mundra Branch. The Customs Broker Firm M/s JMC Logistics Services registered at Ludhiana, Punjab, under the F-card holder Shri Vijay Mishra. Shri Vijay Mishra, F-card use to do the marketing for customs clearance work of their Custom Broker firm M/s JMC Logistics Services. He stated that the Bill of Entry for this consignment was filed based on the documents and declarations provided by the importer, including a chemical analysis report and other import-related documents that declared the goods as "Distillate Oil" under HS Code 27101961.

5.7 Shri Shyam acknowledged the findings of the CECL test and confirmed that the imported goods were classified as "Light Oil and Preparations" under HS Code 27101290. He admitted that the product was restricted for import under Policy Condition No. 5 of Chapter 27 and noted that the importer had opted not to re-test the goods. However, Shri Shyam denied any knowledge of discrepancies in the declared and actual specifications of the goods, asserting that he had relied entirely on the information provided by the importer.

5 . 8 During the investigation, the DRI issued letters and reminders to the shipping agent, M/s Galleon Western Shipping Private Ltd, Gandhidham requesting to provide copies of all the documents i.e. Customs declaration, etc. submitted to the shipping line by the shipper M/s. Relevance Industries ad Trading located in UAE in case of the subject Bill of Lading No. GALJEAMUN00063124 dated 04.08.2024. Shipping line had provided the documents i.e. copy of commercial invoice, packing list, country of origin and bill of lading, and it was noticed from the said documents that declared description of the said goods was distillate oil, having CTH 27101961.

5.9 From the investigation carried out by the DRI, it was revealed that the imported goods covered under Bill of Entry No. 5015617 dated 12.08.2024 filed at Mundra, were misdeclared by M/s. Vedanta Lubricants India to circumvent import restrictions. The importer Vikram, admitted to the findings but attributed the misdeclaration to the supplier's error. The customs broker, Shri Shyam, acknowledged the restricted nature of the goods but claimed he was unaware of any discrepancies and acted based on the importer's declarations.

6. <u>Relevant Legal provisions</u>:

6.1. Para 2.21 of the Foreign Trade Policy, 2023 reads as under:

"***2.21 State Trading Enterprises (STEs)***

(a) State Trading Enterprises (STEs) are governmental and non-governmental enterprises, including marketing boards, which deal with goods for export and /or import. Any good, import or export of which is governed through exclusive or special privilege granted to State Trading Enterprise (STE), may be imported or exported by the concerned STE as per conditions specified in ITC (HS). The list of STEs notified by DGFT is in Appendix-2J.

(b) Such STE(s) shall make any such purchases or sales involving imports or exports solely in accordance with commercial considerations, including price, quality, availability, marketability, transportation and other conditions of purchase or sale in a non-discriminatory manner and shall afford enterprises of other countries adequate opportunity, in accordance with customary business practices, to compete for participation in such purchases or sales. (c) DGFT may, however, grant an authorisation to any other entity to import or export any of the goods notified for exclusive trading through STEs."

6.2 Further, Policy Condition of Chapter 27 of the Customs Tariff is reproduced as below:

"(5) Import allowed through IOC subject to Para 2.21 of the Foreign Trade Policy, except for companies who have been granted rights for marking of transportation fuels in terms of MoP&NG Resolution No. P-23015/1/2001-MKT dated 08.03.2022 for products excluding gasoline conforming to standard IS 2796 (ITC HS Code: 27101241) and Automotive Diesel Fuel, not containing Bio Diesel conforming to standard IS 1460 (ITC HS Code 27101944) which would be allowed to be imported by entities in terms of MoPNG Resolution No. P-12029(11)/2/2018-OMC-PNG dated 08.11.2019.

6.3 Import of "Light Oils & preparations" under HS Code 27101290 into India is subject to Policy Condition No. 5 of Chapter 27 of Customs Tariff, which is produced above, therefore, the importer has violated the provisions of import of the said imported goods, since the importer is not an STE and neither possesses a license to import the same. Therefore, it appears that the importer has violated the provisions of the Customs Act, 1962, by importing restricted import goods, as discussed in foregoing paras, and rendered the said goods liable for confiscation under the Customs Act, 1962.

6.4 Relevant Sections of the Customs Act, 1962:

SECTION 111*: Confiscation of improperly imported goods, etc. - The following goods brought from a place outside India shall be liable for confiscation:*

…

(d) any goods which are imported or attempted to be imported or are brought within the Indian customs waters for the purpose of being imported, contrary to any prohibition

imposed by or under this Act or any other law for the time being in force;

(f) any dutiable or prohibited goods required to be mentioned under the regulations in an [arrival manifest or import manifest] or import report which are not so mentioned;

(l) any dutiable or prohibited goods which are not included or are in excess of those included in the entry made under this Act, or in the case of baggage in the declaration made under section 77;

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

SECTION 112 of the Customs Act. Penalty for improper importation of goods, etc.

Any person, -

(a) who, in relation to any goods, does or omits to do any act which act or omission would render such goods liable to confiscation under section 111, or abets the doing or omission of such an act, or

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

shall be liable, -

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

(ii) in the case of dutiable goods, other than prohibited goods, subject to the provisions of section 114A, to a penalty not exceeding ten per cent. of the duty sought to be evaded or five thousand rupees, whichever is higher:

Provided that where such duty as determined under sub-section (8) of section 28 and the interest payable thereon under section 28AA is paid within thirty days from the date of communication of the order of the proper officer determining such duty, the amount of penalty liable to be paid by such person under this section shall be twenty-five per cent. of the penalty so determined;

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

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

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

SECTION 114AA. Penalty for use of false and incorrect material. *- If a person knowingly or intentionally makes, signs or uses, or causes to be made, signed or used, any declaration, statement or document which is false or incorrect in any material particular, in the transaction of any business for the purposes of this Act, shall be liable to a penalty not exceeding five times the value of goods.*

SECTION 125: Option to pay fine in lieu of confiscation.

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

7. Valuation: -

7.1. In view of the above facts, since the goods have been mis-declared by the importer, the value declared by the importer in the corresponding Bill of Entry and invoices do not appear to be the true transaction value under the provisions of Section 14 of the Customs Act, 1962 read with the provisions of the Customs Valuation (Determination of Value of Imported Goods) Rules, 2007 and thus the same appear liable to be rejected in terms of Rule 12 of CVR, 2007.

Rule 12 of the Customs Valuation (Determination of value of Imported goods) Rules, 2007, is reproduced below**:**

"Rule 12. Rejection of declared value. -

(1) When the proper officer has reason to doubt the truth or accuracy of the value declared in relation to any imported goods, he may ask the importer of such goods to furnish further information including documents or other evidence and if, after receiving such further information, or in the absence of a response of such importer, the proper officer still has reasonable doubt about the truth or accuracy of the value so declared, it shall be deemed that the transaction value of such imported goods cannot be determined under the provisions of sub-rule (1) of rule 3.

(2) At the request of an importer, the proper officer, shall intimate the importer in writing the grounds for doubting the truth or accuracy of the value declared in relation to goods imported by such importer and provide a reasonable opportunity of being heard, before taking a final decision under sub-rule (1).

Explanation. -

(1) For the removal of doubts, it is hereby declared that: -

(i) This rule by itself does not provide a method for determination of value, it provides a mechanism and procedure for rejection of declared value in cases where there is reasonable doubt that the declared value does not represent the transaction value; where the declared value is rejected, the value shall be determined by proceeding sequentially in accordance with rules 4 to 9.

(ii) The declared value shall be accepted where the proper officer is satisfied about the truth and accuracy of the declared value after the said enquiry in consultation with the importers.

(iii) The proper officer shall have the powers to raise doubts on the truth or accuracy of the declared value based on certain reasons which may include -

(a) the significantly higher value at which identical or similar goods imported at or about the same time in comparable quantities in a comparable commercial transaction were assessed;

(b) the sale involves an abnormal discount or abnormal reduction from the ordinary competitive price;

(c) the sale involves special discounts limited to exclusive agents;

(d) the misdeclaration of goods in parameters such as description, quality, quantity, country of origin, year of manufacture or production;

(e) the non-declaration of parameters such as brand, grade, specifications that have

relevance to value;
(f) the fraudulent or manipulated documents. "

7 . 2 The value is required to be re-determined by sequentially proceeding in terms of **Rules 3 to 9 of CVR, 2007**. The relevant Rules of CVR, 2007 are reproduced hereunder: -

3. Determination of the method of valuation. -
(1) Subject to rule 12, the value of imported goods shall be the transaction value adjusted in accordance with provisions of rule 10;
(2) Value of imported goods under sub-rule (1) shall be accepted:
Provided that -
(a) there are no restrictions as to the disposition or use of the goods by the buyer other than restrictions which -
(i) are imposed or required by law or by the public authorities in India; or
(ii) limit the geographical area in which the goods may be resold; or

i. *do not substantially affect the value of the goods;*

(b) the sale or price is not subject to some condition or consideration for which a value cannot be determined in respect of the goods being valued;
(c) no part of the proceeds of any subsequent resale, disposal or use of the goods by the buyer will accrue directly or indirectly to the seller, unless an appropriate adjustment can be made in accordance with the provisions of rule 10 of these rules; and
(d) the buyer and seller are not related, or where the buyer and seller are related, that transaction value is acceptable for customs purposes under the provisions of sub-rule (3) below.
(3) (a) Where the buyer and seller are related, the transaction value shall be accepted provided that the examination of the circumstances of the sale of the imported goods indicate that the relationship did not influence the price.
(b) In a sale between related persons, the transaction value shall be accepted, whenever the importer demonstrates that the declared value of the goods being valued, closely approximates to one of the following values ascertained at or about the same time.
(i) the transaction value of identical goods, or of similar goods, in sales to unrelated buyers in India;
(ii) the deductive value for identical goods or similar goods;
(iii) the computed value for identical goods or similar goods:
Provided that in applying the values used for comparison, due account shall be taken of demonstrated difference in commercial levels, quantity levels, adjustments in accordance with the provisions of rule 10 and cost incurred by the seller in sales in which he and the buyer are not related;
(c) substitute values shall not be established under the provisions of clause (b) of this sub-rule.
(4) if the value cannot be determined under the provisions of sub-rule (1), the value shall be determined by proceeding sequentially through rule 4 to 9.

4. Transaction value of identical goods. -
(1)(a)Subject to the provisions of rule 3, the value of imported goods shall be the transaction value of identical goods sold for export to India and imported at or about the same time as the goods being valued;
Provided that such transaction value shall not be the value of the goods provisionally assessed under section 18 of the Customs Act, 1962.

(b) In applying this rule, the transaction value of identical goods in a sale at the same commercial level and in substantially the same quantity as the goods being valued shall be used to determine the value of imported goods.

(c) Where no sale referred to in clause (b) of sub-rule (1), is found, the transaction value of identical goods sold at a different commercial level or in different quantities or both, adjusted to take account of the difference attributable to commercial level or to the quantity or both, shall be used, provided that such adjustments shall be made on the basis of demonstrated evidence which clearly establishes the reasonableness and accuracy of the adjustments, whether such adjustment leads to an increase or decrease in the value.

(2) Where the costs and charges referred to in sub-rule (2) of rule 10 of these rules are included in the transaction value of identical goods, an adjustment shall be made, if there are significant differences in such costs and charges between the goods being valued and the identical goods in question arising from differences in distances and means of transport.

(3) In applying this rule, if more than one transaction value of identical goods is found, the lowest such value shall be used to determine the value of imported goods.

Rule 5 (Transaction value of similar goods).-

(1) Subject to the provisions of rule 3, the value of imported goods shall be the transaction value of similar goods sold for export to India and imported at or about the same time as the goods being valued:

Provided that such transaction value shall not be the value of the goods provisionally assessed under section 18 of the Customs Act, 1962.

(2) The provisions of clauses (b) and (c) of sub-rule (1), sub-rule (2) and sub-rule (3), of rule 4 shall, mutatis mutandis, also apply in respect of similar goods.

Further, as per Rule 6 of the CVR, 2007, if the value cannot be determined under Rule 3, 4 & 5, then the value shall be determined under Rule7 of CVR, 2007.

7.3. As per the facts discussed in foregoing paras, the consignment imported in this case vide aforesaid Bill of Entry was reported to be ***"Light Oil and Preparations (other than Naphtha)"*** as per Test Reports of CECL, Vadodara. The outcome of Test Reports of CECL, Vadodara and end use of the subject goods gathered during investigation give reason to believe that the value of the goods reflected in the invoice provided by the importer with Customs authorities at Mundra port is not reflecting the actual value of the subject goods i.e. "Light Oil and Preparations (other than Naphtha)" since the goods is mis-declared in the BE. In view of these facts, the declared value of **Rs. 1,66,27,966/-,** cannot be considered true and accurate "transaction value" for the purposes of section 14 of Customs Act, 1962 and is liable to be rejected in terms of Rule 12 of the CVR, 2007, as above.

7.4 Since as per import data, import price of identical goods is not available, for the said period, hence, value of the said goods cannot be redetermined using the Rule 4 of the CVR, 2007. Therefore, to arrive at a fair and reasonable value for the subject import goods, found as ***Light Oil and Preparations (other than Naphtha),*** having CTH 27101290***, needs*** to be redetermined on the basis of import of similar goods covered under CTH 27101290, in terms of Rule 5 (Transaction value of

similar goods), of the CVR, 2007.

7.5. Accordingly, for valuation purpose, in order to arrive at a fair and reasonable value of the subject goods in question within the framework of law and procedures as ordained in the Valuation Rules, contemporary imports data for imports of 'Restricted Items' imported under Special Import License at various ports of India, ***covered under CTH 27101290 was referred***, and it was noticed that the average import price of such goods, covered under CTH 27101290 was found to be around USD 1405 per MT (***Rs. 1,18,863/- as per exchange rate of Rs. 84.6 Per USD***), during the said period, while the declared value of the import consignment was around Rs. 0.575 USD per Kg. (approx. Rs.48.65 per Kg.). Accordingly, the re-determined value of the consignment as per the said import data, of "***Light Oil and Preparations (other than Naphtha)"***, having total quantity of 338.02 MT, is **Rs. 4,01,78,071/-**, in terms of provisions of Rule 5 (Transaction value of similar goods), of the CVR, 2007.

8. Confiscation of the goods:

8.1 M/s Vedanta Lubricants India, imported a consignment, covered under Bill of Entry No. 5015617 dated 12.08.2024 filed at Mundra, which was declared to contain "Distillate Oil," classified under HS Code 27101961. On testing of the samples drawn from the said consignment, the import goods were found to be **"Light Oils & preparations" (*other than naphtha*)**, falling under HS Code 27101290. Therefore, the said misdeclared goods having declared value of Rs. 1,66,27,966/-, and re-determined value of Rs**. 4,01,78,071/-**, in terms of provisions of Rule 5 (Transaction value of similar goods), of the CVR, 2007, appear to be liable for confiscation under Sections 111 (f), 111(l) and 111(m) of the Customs Act, 1962.

8.2 Further, import of **"Light Oils & preparations**" , **(*other than naphtha*)**, is restricted into India, and the same can only be imported subject to Policy Condition No. 5 of Chapter 27 of Customs Tariff, which stipulates that only State Trading Enterprises are allowed to import the same. Therefore, it appeared that said importer has imported restricted goods i.e. **"Light Oils & preparations**" **(*other than naphtha*)**, by mis-declaring the same as "distillate oil" under the said consignment, Therefore the said goods having declared value of Rs. 1,66,27,966/-, and re-determined value of Rs**. 4,01,78,071/-**, in terms of provisions of Rule 5 (Transaction value of similar goods), of the CVR, 2007, appear to be liable for confiscation under Section 111(d) of the Customs Act, 1962.

Role played by various firms/persons:

9. M/s Vedanta Lubricants India (IEC: AAMFV5523B), Jaspal, Banger, Industrial Area-C, Kanganwal Road, Near Balaji Dharam Ludhiana-141123 (Importer):

9.1 M/s Vedanta Lubricants India, imported a consignment, covered under Bill of Entry No. 5015617 dated 12.08.2024 filed at Mundra, by mis-declaring the import goods as "Distillate Oil," classified under HS Code 27101961. During investigation by the DRI, it was found that the actual goods covered under the said consignments was "**Light Oil and Preparations**" **(*other than naphtha*)**, under CTH 27101290, which was restricted for import into India and only allowed to be imported through STEs, subject to Policy Condition No. 5 of the Customs Tariff.

9.2 During the investigation, the importer Shri Vikram, accepted the mis-

classification and agreed to the test reports, however, submitted that it was the third import consignment of Distillate Oil from UAE, and they had placed ordered for Distillate Oil only. He produced documents received from the shipper and claimed that the mis-classification and mis-declaration appeared due to some error on the part of the shipper. He stated that the supplier might have shipped goods which did not conform to the specifications as given in the documents shared by the shipper with them.

9.3 Therefore, it appears that M/s. Vedanta Lubricants India, Ludhiana by filing incorrect declarations and failing to ensure proper classification of the goods, violated several provisions concerning the importation of such restricted goods, and classification of the same, thus rendering the said goods liable for confiscation under the provisions of the Section 111 of the Customs Act, 1962. Therefore, M/s Vedanta Lubricants India have made themselves liable for penalty under Section 112(a), and 112(b) of the Customs Act, 1962.

9.4 Furthermore, M/s Vedanta Lubricants India have deliberately filed false and incorrect documents with the Customs Authorities, suppressing the actual nature of the goods, in order to import restricted goods, M/s Vedanta Lubricants India are also liable for penalty under Section 114AA of the Customs Act, 1962.

10. Accordingly, Show Cause Notice issued vide F. No. GEN/ADJ/ADC/425/2025-Adjn dated 10.02.2025 was issued to the importer M/s. Vedanta Lubricants India (IEC: AAMFV5523B) calling upon it to show cause as to why:

(i) The classification of goods covered under Bill of Entry No. 5015617 dated 12.08.2024 filed at Mundra Port, declared as 'Distillate Oil', under CTH 27101961, should not be rejected and the same should not be reclassified as 'Light Oil and Preparations' under CTH 27101290.

(ii) The declared value of the said goods declared as Distillate Oil, as Rs. 1,66,27,966/- should not be rejected in terms of Rule 12 of the CVR, 2007 and the same should not be re-determined as Rs. 4,01,78,071/-, in terms of provisions of Rule 5 (Transaction value of similar goods), of the CVR, 2007.

(iii) The goods declared as Distillate Oil, under the Bill of Entry No. 5015617 dated 12.08.2024 filed at Mundra Port, having declared value of Rs. 1,66,27,966/- should not be held liable for confiscation under Section 111(d), 111(f), 111(l) and 111(m) of the Customs Act, 1962.

(iv) Penalty should not be imposed upon them under Sections 112(a), 112(b), and 114AA of the Customs Act, 1962, separately.

PERSONAL HEARING

11.1 Shri Anand Kumar, authorized representative of M/s. Vedanta Lubricants India, appeared for personal hearing on 11.07.2025. During the hearing, he verbally requested re-classification of the product under CTH 27101990 as the goods under this entry are freely importable. He further requested time to submit written submissions in support of their classification. The Noticee accordingly submitted their written submission vide letter dated 18.07.2025.

11.2 Shri Anand Kumar again appeared for personal hearing on 28.11.2025 and re-iterated their submission vide letter dated 18.07.2025.

WRITTEN SUBMISSION

12.1 The Importer vide their letter dated 18.07.2025 has, inter alia, submitted as follows:

> *"We have filed Bill of Entry No. 5015617 dated 12.08.2024 for the clearance of 'Distillate Oil' under CTH 27101961 in the name of our company M/s. Vedanta Lubricants India, Ludhiana. We have been informed by SCN to justify the classification and because of which we are incurring heavy detention and demurrage charges and other costs.*
>
> *The clarifications and grounds for justification of the re-classification claimed under CTH 27101990, for the goods 'Distillate Oil' filed for clearance vide Bill of Entry No. 5015617 dated 12.08.2024 are as follows, submitted without prejudice to one another and as alternatives to each other.*
>
> *It is nowhere mentioned in the CRCL test report the method of test or whether the test was conducted by ASTM D 86 method or other method.*
>
> *As per the CRCL test report, the 'Percentage of Volume distilled 90% - at 196 degree C (Below 210 degree C)'. As per Para 4 of Sub-Heading Notes of Explanatory Notes of Chapter 27, the goods covered under CTH 271012 as 'light oils & preparations' are those of which 90% or more by volume (including losses) distil at 210 degree C (ASTM D 86 method). In our goods, the percentage of volume distilled 90% is at 196 degree C, which is less than 210 degree C, and hence the subject goods are excluded and cannot be classified under CTH 271012 as per the aforesaid explanatory notes.*
>
> *It is evident from the above facts that the subject goods are not covered under 'Light Oil and Preparation' and CTH 271012 as per the Explanatory Notes of Chapter 27 and Chapter Notes of 27 of the Customs Tariff.*
>
> *The subject goods are accordingly excluded from CTH 27101290 and are correctly classifiable under CTH 27101990 as 'Others', as goods under this entry are freely importable.*
>
> *We therefore pray that the assessment may kindly be completed under CTH 27101990 and the goods 'Distillate Oil' imported vide Bill of Entry No. 5015617 dated 12.08.2024 may be released at the earliest, saving us from further hardship of detention, demurrage and other costs."*

12.2 The Importer vide their letter dated 18.05.2026 has further inter alia submitted as follows:

> *"We, M/s Vedanta Lubricants India, had imported the subject shipment and filed Bill of Entry No. 5015617 dated 12.08.2024 by declaring the goods as "Distillate Oil" under CTH 27101961. However, as per the test report the sample does not conform to the declared description and instead meets the requirements of "Light Oils & Preparations."*
>
> *In view of the above circumstances, we hereby request your good office to kindly permit re-export of the said shipment at the earliest to avoid further financial losses and unnecessary detention charges. We further request you to kindly decide the matter on a merit basis. We do not require any personal hearing in this matter and undertake to comply with all formalities required for* ***re-export*** *of the goods."*

DISCUSSION AND FINDINGS

13. I have carefully gone through the Show Cause Notice dated 10.02.2025, the written submissions made by the Noticee vide letter dated 18.07.2025 and 18.05.2026, the record of personal hearings and all documentary evidence available on record. The principles of natural justice stand duly complied with as the Noticee has been afforded opportunity to present their case through written submission and personal hearing. I accordingly proceed to decide the case on the basis of the facts, evidence on record and the submissions made by the Noticee. On a careful perusal of the subject Show Cause Notice and case records, I find that following main issues are involved in this case, which are required to be decided: -

(i) Whether the classification of goods covered under Bill of Entry No. 5015617 dated 12.08.2024 filed at Mundra Port, declared as 'Distillate Oil' under CTH 27101961, is liable to be rejected and the goods reclassified as 'Light Oil and Preparations' under CTH 27101290.

(ii) Whether the declared value of the said goods of **Rs. 1,66,27,966/-** is liable to be rejected in terms of Rule 12 of the CVR, 2007 and re-determined as **Rs. 4,01,78,071/-** in terms of Rule 5 (Transaction value of similar goods) of the CVR, 2007.

(iii) Whether the goods declared as 'Distillate Oil' under Bill of Entry No. 5015617 dated 12.08.2024 are liable for confiscation under Section 111(d), 111(f), 111(l) and 111(m) of the Customs Act, 1962.

(iv) Whether penalties are imposable upon M/s. Vedanta Lubricants India under Sections 112(a), 112(b) and 114AA of the Customs Act, 1962.

14. CLASSIFICATION

14.1 Regarding the first issue, I find that M/s. Vedanta Lubricants India filed Bill of Entry No. 5015617 dated 12.08.2024 at Mundra Port declaring the description of the goods as 'Distillate Oil' and classifying the same under CTH 27101961. During examination, samples were drawn from all 18 containers covered under the said Bill of Entry and sent to Central Excise and Customs Laboratory (CECL), Vadodara for testing.

14.2 The CECL, Vadodara submitted test reports dated 27.09.2024 in respect of all 18 samples. The said test reports conclusively indicated that "the sample meets the requirement of Light Oils & preparations as per Chapter 27, Note 4 of CTI." The CECL findings thus unequivocally confirm that the imported goods are not 'Distillate Oil' as declared, but are 'Light Oil and Preparations'. Shri Vikram Jeet, authorized person of M/s. Vedanta Lubricants India, in his statements dated 12.11.2024 and 23.12.2024, has accepted the test report findings and opted against re-testing of the samples.

14.3 I find that classification of goods under the Customs Tariff is governed by the General Rules of Interpretation (GIR) of the Harmonized System. Rule 1 of the GIR provides that classification shall be determined according to the terms of the headings and any relative Section or Chapter Notes. As per Subheading Note 4 of Chapter 27 of the Customs Tariff, for the purposes of subheading 2710.12, 'light oils and preparations' are those of which 90% or more by volume (including losses)

distil at 210°C according to the ISO 3405 method (equivalent to the ASTM D 86 method). The CECL, Vadodara has itself recorded in its test reports that the impugned goods meet the requirement of Light Oils & Preparations as per Chapter 27, Note 4 of CTI, which conclusively establishes their classification under CTH 27101290.

14.4 I further find that the test reports issued by CECL, Vadodara, being a Government laboratory, carry significant evidentiary value and prevail over trade description or private test certificates submitted by the Noticee. The Noticee has contended in their written submission dated 18.07.2025 that the CECL test report does not mention the method of test adopted or whether the test was conducted as per the ASTM D 86 method or any other method. I find no merit in this contention. The CECL, Vadodara is an accredited government laboratory and its test reports are conducted as per established and recognised standard methods. The test report conclusively records that the sample meets the requirement of Light Oils & Preparations as per Chapter 27, Note 4 of CTI. The onus of proving that the test was conducted by a non-standard method was upon the Noticee, who has led no evidence whatsoever in this regard. In this regard, I further draw support from the decision of the Hon'ble CESTAT, Ahmedabad in the case of *M/s M.M. Trading Company v. Commissioner of Customs, Mundra [Final Order No. A/11695/2023 dated 14.08.2023],* wherein it has been categorically held that when the importer does not seek re-test of the sample or challenge the laboratory findings at the appropriate stage, the test report attains finality and cannot subsequently be assailed. The Tribunal further observed that an error not resisted is deemed to have been accepted and that acquiescence to the laboratory findings precludes later challenge. In the present case, Shri Vikram Jeet, authorized person of M/s Vedanta Lubricants India, in his statements recorded on 12.11.2024 and 23.12.2024 under Section 108 of the Customs Act, 1962, explicitly accepted the CECL Vadodara test report findings without any demur or reservation and opted against re-testing. He sought to shift the blame onto the supplier by claiming that wrong goods were sent by mistake, however, no purchase order, and no correspondence with the supplier acknowledging the alleged mistake has been produced till date, which itself suggests that the consignments were entirely as per the orders placed by M/s Vedanta Lubricants India. There is no material on record to discredit the CECL Vadodara test reports or to suggest that the sampling or testing procedure was in any manner defective.

14.5 Since the impugned goods have been conclusively found to be 'Light Oil and Preparations' by the CECL, Vadodara, the Noticee has accepted the test reports without opting for re-testing, and the Noticee has themselves acknowledged the correct classification vide their letter dated 18.05.2026, I accordingly hold that the impugned goods are correctly classifiable under CTH **27101290** as 'Light Oil and Preparations (other than Naphtha)', instead of the declared CTH 27101961 for the declared description 'Distillate Oil'. I further note that CTH 27101961 is a non-existent HS Code in the Indian Customs Tariff, as acknowledged by Shri Vikram Jeet himself in his statement. I accordingly hold that the impugned goods are correctly classifiable under CTH **27101290** as 'Light Oil and Preparations (other than Naphtha)'.

15. VALUATION

15.1 Regarding the second issue, I find that as the goods have been found to be

mis-declared in respect of their description and classification, the value declared by the Importer in the Bill of Entry and invoices cannot be accepted as the true transaction value under Section 14 of the Customs Act, 1962 read with the Customs Valuation (Determination of Value of Imported Goods) Rules, 2007 (CVR, 2007). The grounds for doubting the declared value, as contemplated under Explanation (1)(iii) to Rule 12 of the CVR, 2007, are clearly made out in the present case, namely misdeclaration of goods in parameters such as description and classification [clause (d)], non-declaration of parameters having relevance to value [clause (e)], and fraudulent or manipulated documents [clause (f)]. Accordingly, I find that the declared value of **Rs. 1,66,27,966/-** is liable to be rejected under Rule 12 of the CVR, 2007.

15.2 I further find that Rule 3(1) of the CVR, 2007 provides that subject to Rule 12, the value of imported goods shall be the transaction value. Since the declared value is liable to be rejected, the value is required to be re-determined by proceeding sequentially through Rules 4 to 9 of the CVR, 2007. I find that contemporaneous import data of identical goods i.e. 'Light Oil and Preparations (other than Naphtha)' under CTH 27101290 was not available for the relevant period. Accordingly, value re-determination under Rule 4 of the CVR, 2007 is not possible in the present case.

15.3 I find that contemporaneous import data was available for the relevant period for similar goods covered under CTH 27101290, wherein the average import price was found to be USD 1405 per MT (Rs. 1,18,863/- per MT at the exchange rate of Rs. 84.6 per USD). The Importer had declared the goods at approximately USD 0.575 per Kg. (approx. Rs. 48.65 per Kg.), which is significantly lower than the comparable contemporaneous import value. I accordingly hold that as per Rule 5 of the CVR, 2007 (Transaction value of similar goods), the unit value of USD 1405 per MT is to be adopted for the purpose of valuation of the impugned goods.

15.4 I accordingly hold that the declared value of **Rs. 1,66,27,966/-** is hereby rejected under Rule 12 of the CVR, 2007 and the value is re-determined as **Rs. 4,01,78,071/-** (Rupees Four Crore One Lakh Seventy Eight Thousand Seventy One Only) in terms of Rule 5 (Transaction value of similar goods) of the CVR, 2007, having regard to the total quantity of 338.02 MT of 'Light Oil and Preparations (other than Naphtha)'.

16. CONFISCATION

16.1 Regarding the third issue, I find that the SCN proposes confiscation of the goods under Sections 111(d), 111(f), 111(l) and 111(m) of the Customs Act, 1962. I shall deal with each limb of confiscation separately.

16.2 As regards Section 111(d) of the Customs Act, 1962, I find that the said provision provides for confiscation of any goods which are imported contrary to any prohibition imposed by or under the Customs Act, 1962 or any other law for the time being in force. In the present case, I find that as per Schedule 1 Import Policy under ITC(HS) for Chapter 27, import of 'Light Oils & Preparations' covered under CTH 27101290 is restricted into India and the same can only be imported subject to Policy Condition No. 5 of Chapter 27. The said Policy Condition No. 5 reads as under:

"Import allowed through IOC subject to Para 2.21 of the Foreign Trade Policy,

except for companies who have been granted rights for marketing of transportation fuels in terms of MoP&NG Resolution No. P-23015/1/2001-MKT dated 08.03.2022 for products excluding gasoline conforming to standard IS 2796 (ITC HS Code: 27101241) and Automotive Diesel Fuel, not containing Bio Diesel conforming to standard IS 1460 (ITC HS Code 27101944) which would be allowed to be imported by entities in terms of MoPNG Resolution No. P12029(11)/2/2018-OMC-PNG dated 08.11.2019."

From above, it is seen that import of restricted goods is allowed subject to Para 2.21 of Foreign Trade Policy and the same is reproduced below:

"2.21 State Trading Enterprises (STEs)

(a) State Trading Enterprises (STEs) are governmental and non-governmental enterprises, including marketing boards, which deal with goods for export and/or import. Any good, import or export of which is governed through exclusive or special privilege granted to State Trading Enterprise (STE), may be imported or exported by the concerned STE as per conditions specified in ITC (HS). The list of STEs notified by DGFT is in Appendix-2J.

(b) Such STE(s) shall make any such purchases or sales involving imports or exports solely in accordance with commercial considerations, including price, quality, availability, marketability, transportation and other conditions of purchase or sale in a non-discriminatory manner and shall afford enterprises of other countries adequate opportunity, in accordance with customary business practices, to compete for participation in such purchases or sales.

(c) DGFT may, however, grant an authorisation to any other entity to import or export any of the goods notified for exclusive trading through STEs."

16.3 In the present case, the Importer M/s. Vedanta Lubricants India is neither a State Trading Enterprise (STE) nor has any authorisation been granted by DGFT to the Importer for import of the said restricted goods. Shri Vikram Jeet, the authorized person of the Importer, has in his statement dated 23.12.2024 himself acknowledged that the imported goods fall under CTH 27101290, which is a restricted item under Policy Condition No. 5 of Chapter 27. I therefore hold that the goods are liable for confiscation under **Section 111(d)** of the Customs Act, 1962, as goods imported contrary to the restriction imposed under the Foreign Trade Policy.

16.4 As regards Section 111(m) of the Customs Act, 1962, I find that the said provision provides for confiscation of any goods which do not correspond in respect of value or in any other particular with the entry made under the Act. In the present case, I find that the goods were declared as 'Distillate Oil' under CTH 27101961 at a declared value of Rs. 1,66,27,966/-, whereas the actual goods are 'Light Oil and Preparations (other than Naphtha)' under CTH 27101290 with a re-determined value of Rs. 4,01,78,071/-. The goods thus do not correspond in description, classification and value with the entry made under Bill of Entry No. 5015617 dated 12.08.2024. I accordingly hold that the goods are liable for confiscation under **Section 111(m)** of the Customs Act, 1962.

16.5 As regards Section 111(f) of the Customs Act, 1962, I find that the said provision provides for confiscation of dutiable or prohibited goods which are required to be mentioned in the import manifest but are not so mentioned. Further,

as regards Section 111(l) of the Customs Act, 1962, I find that the said provision provides for confiscation of goods which are not included or are in excess of those included in the entry made under the Act. In the present case, I find that the actual goods, being 'Light Oil and Preparations (other than Naphtha)', were neither correctly described in the import manifest nor included as such in the Bill of Entry. The goods were deliberately mis-described so as to avoid the manifest and entry capturing their restricted nature. I accordingly hold that the goods are liable for confiscation under **Section 111(f)** and **Section 111(l)** of the Customs Act, 1962.

16.6 As I have already held the goods liable for confiscation in the preceding paras under Section 111 of the Customs Act, 1962, I find it necessary to consider as to whether redemption fine under Section 125 of the Customs Act, 1962 is liable to be imposed in lieu of confiscation in respect of the impugned goods. Section 125 ibid reads as under:

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

16.7 A plain reading of the above provision shows that imposition of redemption fine is an option in lieu of confiscation. It provides for an opportunity to the owner of confiscated goods to redeem the goods by paying redemption fine. In the present case, the Importer, M/s. Vedanta Lubricants India, has vide their letter dated 18.05.2026 explicitly requested permission for re-export of the goods and has further stated that they do not require any personal hearing in the matter and are willing to comply with all formalities required for re-export of the goods. The goods have remained under Customs control since seizure on 17.10.2024 and have not been cleared for home consumption.

16.8 I find that import of 'Light Oil and Preparations' is canalized through State Trading Enterprises and requires authorisation under Policy Condition No. 5 of Chapter 27 of the ITC(HS), which the Importer admittedly does not possess. Thus, the issue that arises is not one of absolute prohibition of the goods per se, but of non-fulfilment of the statutory and policy conditions governing their import. In the absence of fulfilment of these essential conditions, the goods cannot be permitted to be cleared into the domestic market.

16.9 I further observe that ordering confiscation without allowance for re-export would not serve any meaningful revenue purpose. Such a course would only result in unnecessary litigation and prolonged detention of containers at the port without yielding any revenue to the Government. The goods in question are not per se banned items; rather, their import is regulated and conditional. The confiscation ordered herein is thus a legal consequence of non-fulfilment of statutory conditions and absence of requisite authorisation.

16.10 In view of the above discussion, I am of the considered view that the ends of

justice would be met by allowing redemption of the subject goods for the limited purpose of re-export. Imposition of redemption fine along with penalty is sufficient to address the violation and convey a clear deterrent message to similarly placed importers. At the same time, this course ensures that the goods do not enter the domestic market in violation of statutory conditions. Therefore, exercising powers under Section 125 of the Customs Act, 1962, I deem it appropriate to allow the Importer an option to redeem the goods for the limited purpose of re-export on payment of redemption fine under the provisions of Section 125 of the Customs Act, 1962.

17. PENALTY

17.1 Regarding the fourth issue of proposed penalties, I find that Section 112(a) of the Customs Act, 1962 provides for imposition of penalty upon any person who, in relation to any goods, does or omits to do any act which act or omission would render such goods liable to confiscation under Section 111. I have held above that the goods are liable for confiscation under Section 111(d), 111(f), 111(l) and 111(m) of the Customs Act, 1962. M/s. Vedanta Lubricants India, by filing a Bill of Entry with incorrect description, incorrect classification and suppressed value for goods which are restricted under Policy Condition No. 5, has clearly rendered the goods liable to confiscation under Section 111 and has thereby rendered itself liable to penalty under **Section 112(a)(i)** of the Customs Act, 1962. I further find that imposition of penalty simultaneously under both Section 112(a) and Section 112(b) of the Act would amount to double penalty for the same act, which is not warranted. I therefore refrain from imposing penalty under Section 112(b) of the Act.

17.2 As regards penalty under Section 114AA of the Customs Act, 1962, I find that the said provision provides for penalty upon any person who knowingly or intentionally makes, signs or uses, or causes to be made, signed or used, any declaration, statement or document which is false or incorrect in any material particular in the transaction of any business for the purposes of this Act. In the present case, the Bill of Entry filed under Section 46 of the Customs Act, 1962 declared the goods as 'Distillate Oil' under CTH 27101961, a non-existent HS Code in the Indian Customs Tariff, whereas the actual goods were 'Light Oil and Preparations (other than Naphtha)' under CTH 27101290, as conclusively established by the CECL, Vadodara test reports. Further, the documents submitted by the Importer described the goods with specifications materially different from those found by the CECL, Vadodara, in respect of flash point, IBP and FBP. These declarations and documents were thus false and incorrect in material particulars.

17.3 Shri Vikram Jeet, authorized person of M/s. Vedanta Lubricants India, when confronted with the CECL test results, accepted the same and declined re-testing, yet sought to attribute the misdeclaration entirely to the supplier's error without furnishing any documentary evidence such as purchase order, email, chat record or written communication with the supplier to demonstrate that Distillate Oil had indeed been ordered. I therefore have no doubt that the Importer knowingly and intentionally used false and incorrect documents in the transaction of customs business with the intention to import restricted goods. M/s. Vedanta Lubricants India is accordingly liable for penalty under **Section 114AA** of the Customs Act, 1962.

ORDER

18. In view of the foregoing Discussion and Findings, I pass the following order:

(i) I reject the classification of goods covered under Bill of Entry No. 5015617 dated 12.08.2024, declared as 'Distillate Oil' under CTH 27101961, and re-classify the same as 'Light Oil and Preparations' under CTH **27101290**;

(ii) I reject the declared value of **Rs. 1,66,27,966/-** (Rupees One Crore Sixty Six Lakh Twenty Seven Thousand Nine Hundred Sixty Six Only) under Rule 12 of the CVR, 2007 and re-determine the value of the goods as **Rs. 4,01,78,071/-** (Rupees Four Crore One Lakh Seventy Eight Thousand Seventy One Only) in terms of Rule 5 (Transaction value of similar goods) of the CVR, 2007;

(iii) I order to confiscate the goods declared as 'Distillate Oil' under Bill of Entry No. 5015617 dated 12.08.2024, having re-determined value of **Rs. 4,01,78,071/-** (Rupees Four Crore One Lakh Seventy Eight Thousand Seventy One Only), under Section 111(d), 111(f), 111(l) and 111(m) of the Customs Act, 1962. However, I give an option to M/s. Vedanta Lubricants India to redeem the said goods for **re-export** only under Section 125(1) of the Customs Act, 1962, on payment of Redemption Fine of **Rs.40,00,000/-** (Rupees Forty Lakh Only);

(iv) I impose a penalty of **Rs.20,00,000/-** (Rupees Twenty Lakh Only) on M/s. Vedanta Lubricants India under Section 112(a)(i) of the Customs Act, 1962;

(v) I impose a penalty of **Rs.2,00,00/-** (Rupees Two Lakh Only) on M/s. Vedanta Lubricants India under Section 114AA of the Customs Act, 1962;

19. This order is issued without prejudice to any other action that may be taken against the importer/noticees or any other person(s) under the provisions of the Customs Act, 1962 and rules/regulations framed thereunder or any other law for the time being in force in the Republic of India.

20. Show Cause Notice issued vide F. No. GEN/ADJ/ADC/425/2025-Adjn dated 10.02.2025 stands disposed of on the above terms.

Digitally signed by
Dipakbhai Zala
Date: 21-05-2026
16:27:47

(Dipak Zala)
Additional Commissioner of Customs,
Custom House, Mundra

To,
M/s. Vedanta Lubricants India (IEC No. AAMFV5523B),
Jaspal Banger, Industrial Area-C, Kanganwal Road,
Near Balaji Dharam Kanda, Ludhiana – 141123

(e-mail: vedantalubricantsindia@yahoo.com)

Copy to:

1. The Deputy Director, Directorate of Revenue Intelligence, Gandhidham
2. The Dy./Asstt. Commissioner of Customs (RRA/TRC), Customs House, Mundra
3. The Assistant Commissioner of Customs, EDI, Customs Mundra
4. Guard File.