कार्यालय: प्रधान आयुक्त सीमाशुल्क, मुन्द्रा,
सीमाशुल्क भवन, मुन्द्रा बंदरगाह, कच्छ, गुजरात- 370421
OFFICE OF THE PRINCIPAL COMMISSIONER OF CUSTOMS:
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A. File No.	:	GEN/ADJ/ADC/719/2026-Adjn-O/o Pr Commr-Cus-Mundra
B. SCN No.	:	71/2026-27/ADC/ZDC/MCH
C. Date of Issue		02-06-2026
D. Passed by	:	**Dipak Zala,** Additional Commissioner of Customs, Custom House, Mundra
E. Noticess(s)/Importer	:	M/s Hind Enterprise (IEC: ABRPJ8704C)

(Show Cause Notice under Section 124 of the Customs Act, 1962)

Whereas it appeared that:

1 . 1 M/s Hind Enterprise (IEC: ABRPJ8704C), having its registered office/principal place located at Plot No. 78, Flat No. S3, Sector-1, Sharda Apartment, Gandhidham, Kachchh, Gujarat – 370201 (hereinafter referred to as *the "Importer"*), imported goods vide Bill of Entry No. 4860930 dated 01.10.2025 and **(RUD-01)** at Customs House Mundra**.**

1.2 Specific intelligence gathered by the Directorate of Revenue Intelligence (DRI)indicated that the aforesaid consignment imported by M/s. Hind Enterprise lying at Mundra Port and declared as "**Industrial Oil"** under **CTH 27101990**, weremis-declared with respect to their description and nature, with the deliberate intent to clear prohibited/restricted goods.
The details of the import consignment are as follows:

Table-I

	Details of Bill of Entry
Bill of Entry No.	4860930 dated 01.10.2025
Bill of Lading No.	RSTJEAMUN25000151
Declared Goods in BE	Industrial Oil
Declared Quantity	199470 (in KGS)
Customs Broker	M/s Airtrax Freight Logistics
Country of Origin	UAE
Supplier	M/s Prime Petroleum FZC, Sharjah, UAE

1 . 3 Based on the aforesaid intelligence, the consignment imported by M/s. Hind Enterprise lying at Mundra Port and declared as "Industrial Oil" under CTH 27101990 were put on hold by the DRI vide email dated

08.10.2025.

2. <u>Examination and drawl of Samples</u>:

The examination of aforesaid consignment was conducted by the DRI under panchnama dated 09.10.2025 (**RUD-2**) at Mundra Port, in the presence of the authorized representative of the Customs Broker appointed by the importer. During the said examination proceedings, representative samples, in duplicate, were drawn from each of the 10 containers, for laboratory testing to ascertain the exact nature of the import goods in the said consignment.

3. <u>Testing of the Samples</u>:

3.1 The 10 samples drawn from the containers covered under Bill of Entry No. 4860930 dated 01.10.2025 were sent to Custom House Laboratory, Visakhapatnam for testing vide Test Memos No. 222/2025 to 231/2025 dated 16.10.2025 respectively.

3.2 The laboratory subsequently submitted their test reports reference Lab No. 69,75, 150 to152-DRI, vide report dated 07.11.2025, 70 to 74-DRI vide report dated 10.11.2025 in respect of Bill of Entry No. 4860930 dated 01.10.2025.

3.3 The test reports in respect of all 10 samples **(RUD-3)** pertaining to Bill of Entry No. 4860930 dated 01.10.2025, based on the parameters tested by the Custom House Laboratory, indicated that all the samples conform to the stringent parameters of Automotive Diesel Fuel. Since all the samples yielded similar findings, the report in respect of Lab No. 151-DRI is reproduced hereunder for illustration:

- *The sample meets all the stringent parameter of Automotive diesel fuel as mentioned in IS:1460:2025 except flash point (which is 12.9°C Lower than required (decreased by means of using Lighter hydrocarbon) .....*

- *The GCMS pattern of sample shows presence of lighter hydro carbons, which can not a part of Diesel fuels, as per standard refinery protocol & classification of petroleum fuels. Minor deviation from the required values of above 02 parameters, does not effects its application as diesel fuel for Automotive purpose (IS 1460).*

- *The sample is adulterated diesel in respect of the definition of "adulteration" as mentioned in 5.1 of marketing discipline guideline published by PSU's*

- *There is no specification available for industrial oil in National & International standards.*

- *The sample also meets the specification of HFHSD (IS 16861) up to the extent of parameter tested above except, flash point which was lowered by using lighter hydrocarbons and distillation recovery at 370°C is 93% which is 2% lower than 95% mark..*

3 . 4 For parameters not covered in the Custom Laboratory's Vishakhapatnam testing, additional samples were forwarded to Mangalore Refinery and Petrochemicals Limited (MRPL) vide Test Memo No. 831/2025 dated 26.12.2025 in respect of Bill of Bill of Entry No. 4860930 dated 01.10.2025 respectively, to ensure comprehensive testing of all specifications under IS 1460, as mandated by the Hon'ble Supreme Court in ***Gastrade International v. Commissioner of Customs, Kandla.***

3 . 5 The Mangalore Refinery and Petrochemicals Limited (MRPL) has submitted their reports vide letter dated 26.12.2025 (**RUD-4**).

The findings of the both aforementioned Test Reports are reproduced below:

Table-II

Sl. No.	Bill of Entry No. & Dated	Quantity	Declared Description	Sample Test Result	IS Standards
01.	4860930 dated 01.10.2025	199470 KGs	Industrial Oil	Conform to the parameters of Automotive Diesel Fuel (ADF)	IS 1460:2025

4 . Whereas, detailed analysis of the MRPL Test Report indicates that the samples meets all parameters (*including Distillation recovery*) of Automotive Diesel Fuel (IS 1460:2025) except for two parameters, namely Flash Point and slightly higher Sulphur. Therefore, the Test Reports highlighted in **Table-II** above suggested that the goods imported meets the requirements Automotive Diesel Fuel (ADF) conforming to standard IS 1460:2025

4.1 Further, the specifications of Automotive Diesel Fuel (ADF) as per IS 1460 of the Bureau of Indian Standards (BIS) are reproduced below:

Table 1 Requirement for Automotive Diesel Fuel

(*Clauses* 3.1.4, 3.2 *and Foreword*)

Sl No. (1)	Characteristic (2)	Requirement (3)	Method of Test, Ref to Parts of IS 1448 ISO/EN/Annex (4)
i)	Appearance	Clear, bright and free from sediments, suspended matter and undissolved water at normal ambient fuel temperature	Visual
ii)	Total Acid Number (TAN), mg of KOH/g, *Max*	0.20	(Part 2)[8]
iii)	Ash, percent by mass, *Max*	0.01	(Part 4/Sec 1)[8]
iv)	Carbon residue, on 10 percent residue[1], percent by mass, *Max*	0.30	(Part 8)[8] /(Part 189)
v)	Cetane number, *Min*	51[2]	(Part 9)[8]
vi)	Cetane index, *Min*	46[2]	(Part 174)[8]
vii)	Pour point[3], °C, *Max*:		(Part 10/Sec 2)[8]
	a) Winter	3	
	b) Summer	15	
viii)	Copper strip corrosion for 3 h at 50 °C, *Max*	Class 1	(Part 15)[8]
ix)	Distillation, 95 percent *v/v* recovery, °C, *Max*	360	(Part 18)[8]/ISO 3405
x)	Flash point, Abel[4], °C, *Min*	35	(Part 20)[8]
xi)	Kinematic viscosity, mm^2/s, at 40 °C	2.0 to 4.5	(Part 25/Sec 1)[8]/(Part 186)
xii)	Total contamination, mg/kg, *Max*	24	EN 12662[8]
xiii)	Density at 15 °C, kg/m^3	810 to 845[5]	(Part 16)[8] /(Part 32)/(Part 167)
xiv)	Total sulphur, mg/kg, *Max*	10	(Part 160)[8]/(Part 34)/ (Part 161)/(Part 159)
xv)	Water content, mg/kg, *Max*	200	(Part 182)[8]
xvi)	Cold Filter Plugging Point (CFPP)[3], °C, *Max*:		(Part 110)[8]
	a) Winter	6	
	b) Summer	18	
xvii)	Oxidation stability[6], g/m^3, *Max*	25	(Part 154)[8]
	Oxidation stability[6], minutes, *Min*	60	EN 16091[12]
xviii)	Oxidation stability (for diesel fuel having FAME content of above 2 percent *v/v*), hours, *Min*	20	EN 15751[8]
	Oxidation stability (for diesel fuel having FAME content of above 2 percent *v/v*), minutes, *Min*	60	EN 16091
xix)	Polycyclic Aromatic Hydrocarbon (PAH), percent by mass, *Max*	8	EN 12916[8]
xx)	Lubricity, wear scar diameter (wsd) at 60 °C, µm, *Max*	460	(Part 149)[8]
xxi)	FAME content[7], percent *v/v*, Max	7.0	Annex B[8]

4.2 And whereas on analysis of the parameters detailed in the Test Reports vis-a-vis the parameters stipulated in the BIS standards of IS 1460, it appears in accordance with the intelligence, that goods being imported under aforesaid Bill of appears to be mis-declared and following conclusion appears to flow from the analysis.

Table-III

Sr No	**Bill of Entry No.**	**Quantity**	**Product description as per analysis of Test Report (CRCL+MRPL)**
1	4860930 dated 01.10.2025	199470 KGs	Automotive Diesel Fuel (ADF) conforming to Standards IS 1460:2025

4.3 As per Customs Tariff Act, it appears that the goods found as Automotive Diesel Fuel (ADF))conforming to standard IS 1460:2025 are classifiable under CTH 27101944.The relevant descriptions of the above mentioned CTHs as per the Customs Tariff Act are as below:

HS CODE (1)	ITEM DESCRIPTION (2)	UNIT (3)	BASIC (4)	EFFECTIVE (5)	PRE. (6)	IGST (7)	SWS (8)	TOTAL (9)	POLICY (10)	REMARKS (11)
2710 19 43	---- Light diesel oil conforming to standard IS 15770	kg.	5.00	5.00	---	18.00	0.50	24.490	State Trading Enterprises	*Import as per Policy Condition (5) of Chapter 27*
2710 19 44	---- Automotive diesel fuel, not containing biodiesel, conforming to standard IS 1460	kg.	2.50	2.50	---	14% + Rs. 15 per litre	0.08		State Trading Enterprises	*Import as per Policy Condition (5) of Chapter 27 SWS - 3% by Ntfn 12/2018-Cus.*

Further, as per ITC(HS), 2022, Schedule 1: Import Policy, Section V: Mineral Products, Chapter 27: Mineral Fuels, Mineral Oils And Products Of Their Distillation; Bituminous Substances; Mineral Waxes: Goods falling under the description of "Automotive Diesel Fuel (ADF) conforming to standard IS 1460", the import policy makes the goods restricted by way of importation by State Trading Enterprises only by virtue of Policy Condition No. 5 which prescribes "Import allowed through IOC subject to para 2.21 of Foreign Trade Policy, except for the companies who have been granted rights for marketing of transportation fuels in terms of Ministry of P&NGs Resolution No. P23015/1/2001-MKT. Dated 8.3.2002 including HPCL, BPCL and IBP who have been marketing transportation fuels before this date". The screenshots of the relevant extracts:

Sl.No.	Notes	Notification No.	Notification Date
1	Import of naphtha is free.		
2	Import of SKO shall be allowed through State Trading Enterprises (STEs) i.e. IOC, BPCL, HPCL and IBP for all purposes with STC being nominated as a State Trading Enterprise (STE) for supplies to Advance Licence holders. Advance Licence holders shall however, have the option to import SKO from the above mentioned STEs including STC		
3	Import is restricted in terms of Interim PIC Procedure of Rotterdam Convention on Prior Informed Consent procedure for hazardous chemicals and pesticides.		
4	Automobile industries, having RandD registration, are allowed to make free import of reference fuels (Petrol and Diesel) which are not manufactured in India, up to maximum of 5 KL per annum, subjects to the condition that the said imported reference fuels shall be used for RandD and emission testing purposes only		
5	Import allowed through IOC subject to para 2.21 of Foreign Trade Policy, except for the companies who have been granted rights for marketing of transportation fuels in terms of Ministry of P&NGs Resolution No. P23015/1/2001-MKT. Dated 8.3.2002 including HPCL, BPCL and IBP who have been marketing transportation fuels before this date.	08/2023	29/05/2023
6	Import of pet coke for fuel purpose is prohibited. However, import of Pet coke of the following categories shall be permitted, subject to conditions : a. Import of Pet coke is free for cement, lime kiln, calcium carbide, gasification industries and graphite electrodo industries for use as feed stock or in the manufacturing process only on Actual User basis. b. Total import of 1.9 Million MTs of Raw Petroleum Coke(RPC) for manufacturing Calcined Petroleum Coke(CPC) and 0.5 Million MTs of CPC for Aluminium Industry respectively shall be permissible during 2024-25, and 1.9 Million MTs of RPC for manufacturing CPC Manufacturing and 0.8 Million MTs of CPC for Aluminium Industry respectively shall be permissible from 2025-26 onwards, subject to the following conditions: i. Import of RPC & CPC shall be permitted only as a feedstock / raw material and under no circumstances shall be used as fuel. ii.Import of RPC and CPC shall be permitted to cater entirely to the domestic needs of aluminium	27/2024-25	04/09/2024

5 <u>Confiscation and Seizure</u>:

5.1 As per the test results above, it is evident that the importer had imported restricted petroleum products, by mis-declaring the same as "Industrial oil". The Custom Laboratory reports confirmed that the goods imported vide Bill of Entry No. 4860930 dated 01.10.2025 was in fact Automotive Diesel Fuel, which is restricted for import into India, and permissible only subject to Condition No. 5 of Chapter 27 of ITC(HS), 2022, Schedule 1 Import Policy issued by DGFT. Therefore, having a reasonable belief that the goods in **Table No-II** above, were liable to be confiscated under the provisions of the Section 111 of the Customs act, 1962, the same were placed under seizure as per the provisions of Section 110(1) of the Customs Act, 1962 vide seizure memo dated 15.11.2025.**(RUD No-5)**.

6. During investigation, statements of following person were recorded under Section 108 of the Customs Act, 1962, which are briefly discussed herein-below:

6.1 Statement of Shri Jain Surendra Fulchand, Proprietor of M/s. Hind Enterprise, Gandhidham was recorded on 01.12.2025 (RUD No-6)

and 02.12.2025 (RUD No-7), wherein he interalia stated that:

- On being asked about his firm, he stated that M/s. Hind Enterprise was incorporated in June 2021, with its registered address at Plot No. 78, Flat No. S3, Sector-1, Sharda Apartment, Gandhidham-370201. He stated that he is the Proprietor of the firm and that the company is involved in trading of imported Industrial Oil, MHO, and Makhana in the domestic market. He further stated that he looks after all the work related to import and domestic trading, and that before 2021 he was doing trading of salt in the domestic market under an unregistered firm called Surendra Salt Suppliers.

- On being asked about the uses of Industrial Oil and MHO, he stated that Industrial Oil and MHO are mainly used in Paints & Industries.
- On being asked about the type of oils imported, he stated that they have only imported Industrial Oil and MHO till date.
- On being asked about the source countries, he stated that they have majorly imported these goods from Dubai, and that only one or two consignments were imported from Kuwait in the past.
- On being asked about order placement and suppliers, he stated that he himself has placed all the import orders done in the firm. He stated that he got contact of suppliers through known businessmen and generally places orders on telephonic calls. He further stated that they have done major imports from M/s. Prime Petroleum FZC, Sharjah, UAE, which is their major supplier.
- On being asked about their main buyers, he stated that he was not able to remember the names of buyer firms at that time, as they used to sell the goods to those who approached to buy the same. He however committed to provide the names of major buyers by the next day, i.e., 02.12.2025.
- On being asked about the difference between Industrial Oil and Mineral Hydrocarbon Oil, he stated that he does not have any knowledge about the exact difference between these goods, and that they have imported these goods on the basis of demand of buyers in the domestic market. He stated that both are used in Paints & Industries.
- On being asked about the Customs House Agent (CHA) handling their consignments, he stated that M/s. Airtrax Freight Logistics, Gandhidham is their current CHA for the consignment presently on hold with DRI, being their 1st consignment with this agent. He stated that earlier their CHA was Krishna Logistics, Mundra.

- On being asked about the approval of documents and remittances, he stated that he himself approved the proforma invoice, draft BL and made the bank remittances related to the import consignment covered under BL No. RSTJEAMUN25000151 dated 28.09.2025.

- On being asked about the related documents, he stated that he hereby submitted the Commercial Invoice, Packing List, COO, Bill of Lading, and Bill of Entry for the import consignment covered under BL No. RSTJEAMUN25000151 dated 28.09.2025. He further stated that he would submit the copy of Bank Remittances, Certificate of Analysis, and Marine Insurance by the next day, i.e., 02.12.2025.
- On being asked about how he received the documents, he stated that all documents related to the import consignment covered under BL No. RSTJEAMUN25000151 dated 28.09.2025 were received through mail from the supplier. He further assured that he would submit the mail conversation with the supplier related to the said consignment by 02.12.2025.
- On being asked to comment on the lab test reports which revealed that the samples meet the requirement of Automotive Diesel Fuel and HFHSD, he stated that he went through the test reports and put his dated signature on all the test reports. He stated that the declared item was 'Industrial Oil' and that they had placed the order to their supplier for 'Industrial Oil' only. He further stated that he has no idea about Automotive Diesel Fuel / High Flash High Speed Diesel being 'Restricted'.
- On being asked whether he is aware that Automotive Diesel Fuel / High Flash High Speed Diesel is 'Restricted' and only State Trading Enterprises are allowed to import, he stated that he is aware that Automotive Diesel Fuel / High Flash High Speed Diesel is 'Restricted' and that only State Trading Enterprises are allowed to import the same.

- On being asked about testing at the load port, he stated that the supplier had provided a Certificate of Analysis (COA) on the basis of which they placed the order. He further stated that they initially receive draft documents such as the Commercial Invoice and Packing List, and after making the full payment, they receive the final documents, which are then forwarded to their Customs House Agent (CHA).

- On being asked to explain how he was trading in Industrial Oil and MHO without knowing the difference between them, he stated that they place orders from overseas as per the demand of their buyers. He stated that he only knows that MHO has a higher percentage of sulphur than Industrial Oil.
- On being asked to explain the discrepancy between orders placed for 'Industrial Oil' and lab reports confirming the goods as Automotive Diesel Fuel, he stated that they had placed orders for Industrial Oil only and that it appears there is some mistake from the supplier's end.
- On being asked whether the goods were tested at any house lab or other lab in India, he stated that they do not test the goods at any

local laboratory as they only rely on the test results from the load port. He stated that they have never tested the goods at any local lab.

- On being asked to explain the mismatch between the COA uploaded by the supplier (which mentioned 'Industrial Oil') and the CRCL lab test results (which confirmed Automotive Diesel Fuel / HFHSD), he stated that they never tested the goods at any lab and completely rely on the load port test report as it is a trust-based business. He further stated that as per the CRCL lab reports shown to him, there appears to be some mistake at the supplier's end.
- On being asked whether he had ever visited M/s. Prime Petroleum FZC in Sharjah, he stated that he had visited the firm this year for business purposes. He further stated that no written agreement was undertaken with this supplier.
- On being asked whether he had ever specified in writing to the supplier what characteristics the 'Industrial Oil' must have, he stated that he had only placed the order for general 'Industrial Oil' and that he does not know about the various specifications of Industrial Oil. He stated that he only knows the term Industrial Oil but is not aware of the various kinds of Industrial Oil.
- On being asked about the end use of the goods imported, he stated that Industrial Oil is used in Machines / Boilers in factories, and that MHO is also used in machines in various industries.
- On being asked to provide documents wherein specific parameters were demanded by buyers, he stated that no such specification-based requirement was placed by their buyers and therefore he has no such document to submit in this regard.
- On being asked about the import of Lubricating Oil in the past, he stated that their customers had placed demand for Lubricating Oil based on orders placed by their buyers. He further stated that the Lubricating Oil imported in the past was also supplied by M/s. Prime Petroleum, FZC, Sharjah.

7 <u>Hon'ble High Court of Gujarat at Ahmedabad order and judgement dated 09.03.2026 R/Special Civil Application No. 16799 of 2025 and allied matters</u> (RUD No. -8):

7 . 1 During the course of investigation, the importer had filed **Special Civil Application No. 1783 of 2026** before the Hon'ble High Court of Gujarat at Ahmedabad, challenging the seizure memo dated 15.11.2025 and seeking provisional release of their consignment.

7.2 <u>The observations of the Hon'ble High Court on the test reports issued by the Customs Laboratory, Visakhapatnam (CRCL) and Mangalore Refinery and Petrochemicals Limited (MRPL) are reproduced below</u>:

"46. *Keeping in mind the aforesaid principles enunciated by* *the Supreme Court, we have attempted to distinguish the case of the petitioners for the following reasons.*

47. Significantly, in the Test Reports in the case of ***Gastrade International (supra),*** *the Apex Court has recorded that there was no opinion and finding expressed that the imported goods are "most akin" to HSD, which is not the issue in the Test Reports in question. In the first test report of CRCL, Visakhapatnam, out of 18 parameters tested, except for the parameters relating to flash point, distillation recovery and sulphur, the report categorically records that the sample is mainly composed of diesel fraction, is adulterated with lighter hydrocarbons, and is most "akin to HFHSD (IS 16861) / adulterated HFHSD". The diesel fraction is found to be between 95% to 98%). Thus, out of 21 parameters, the 18 parameters tested by CRCL, Visakhapatnam and MRPL, there is a clear opinion by the laboratory that the sample meets all characteristics of ADF and HFHSD, except the flash point, which is lowered by mixing lighter hydrocarbons. In this context, we may refer to the definition of 'adulteration' as supplied in the 'Malpractices Order,2005'. It reads thus:*

> *"2(a) "adulteration" means [presence of marker in motor spirit and high speed diesel and/or] [Inserted by Notification No. G.S.R. 18(E) dated 12.1.2007 (w.e.f. 21.12.2005).] the introduction of any foreign substance into motor spirit or high speed diesel illegally or unauthorisedly with the result that the product does not conform to the requirements of the Bureau of Indian Standards specifications number IS 2796 and IS 1460 for motor spirit and high speed diesel respectively or any other requirement notified by the Central Government from time to time;"*

Thus, any foreign substance, which is blended in high-speed diesel illegally or unauthorizedly, which ultimate results into failure of requirements of BIS specifications IS 1460 is an adulteration.

48. In the instant case, there is a definite conclusion that the flash point, which is one of the most important parameters as emphasized by the Supreme Court, has been lowered by the use of lighter hydrocarbons and the product is therefore characterized as adulterated HFHSD. No such clear and unambiguous opinion was rendered by any of the three laboratories in the case of ***Gastrade International(supra)*** *and also by the expert, who was examined during the* *inquiry."*

7.3 <u>Application of the "Most Akin Test" by the Hon'ble Gujarat High Court</u>:

> *"50. Thus, if the rule of the "most akin test" is applied, the product declared by the petitioners as industrial oil is found to be Automotive Diesel Fuel / HFHSD, which is a restricted commodity. Hence, in view of the settled legal position laid down in the cases of* ***Om Prakash Bhatia (supra)*** *and* ***Raj Grow Impex (supra)****, we are not inclined to set aside the action of seizure of goods in question."*

7.4 <u>Observations of the Hon'ble Gujarat High Court on Testing Conducted at Different Laboratories:</u>

> *"Hence, even if there are two or more Test Reports from different laboratories, so long as they conform to the directions of the Supreme Court in the case of* ***Gastrade International (supra)*** *and test the parameters prescribed under the relevant Indian Standards, such test results cannot be discarded merely because they were undertaken by different laboratories."*

7.5 <u>Emphasis by the Hon'ble Gujarat High Court on Environmental Impact</u>:

"53.The product imported by the petitioners, if released, will have a direct environmental impact affecting society at large. In such circumstances, having regard to the nature of the product, the Test Reports cannot be discarded merely because different parameters were tested in two different laboratories."

7.6 The High Court of Gujarat dismissed the SCA filed by the importer vide common oral judgment and order dated 09.03.2026, in R/Special Civil Application No. 16799 of 2025 and allied matters.

8. <u>Extension under Section 110(2) of the Customs Act, 1962</u>

Since the investigation could not be completed within the mandated six-month period, the competent authority granted a further extension of four months under Section 110(2) of the Customs Act, 1962, which was conveyed to the importer vide this office letter dated 06.04.2026 (**RUD No. 09).**

9. Relevant Legal provisions:

9.1 The relevant portion of ITC(HS), 2022 Schedule 1 Import Policy Section V, MINERAL PRODUCTS Chapter 27 Mineral Fuels, Mineral Oils

And Products Of Their Distillation; Bituminous Substances; Mineral Waxes is reproduced as under:

27101939	---	obtained from kerosene intermediate: ---- Aviation turbine fuels, kerosene type conforming to standard IS 1571	STE (State Trading Enterprise)	Import as per Policy Condition (5) of Chapter 27.
27101941	---	Gas oil and oils obtained from gas oil: ---- Gas oil	STE (State Trading Enterprise)	Import as per Policy Condition (5) of Chapter 27.
27101942	---	Gas oil and oils obtained from gas oil: ---- Vacuum gas oil	STE (State Trading Enterprise)	Import as per Policy Condition (5) of Chapter 27.
27101943	---	Gas oil and oils obtained from gas oil: ---- Light diesel oil conforming to standard IS 15770	STE (State Trading Enterprise)	Import as per Policy Condition (5) of Chapter 27.
27101944	---	Gas oil and oils obtained from gas oil: ---- Automotive diesel fuel, not containing biodiesel, conforming to standard IS 1460	STE (State Trading Enterprise)	Import as per Policy Condition (5) of Chapter 27.
27101949	---	Gas oil and oils obtained from gas oil: ---- High flash high speed diesel fuel conforming to standard IS 16861	STE (State Trading Enterprise)	Import as per Policy Condition (5) of Chapter 27.
27101951	---	Fuel oils conforming to standard IS 1593: ---- Grade LV	Free	

9.2 Further, 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."

9 . 3 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.

(B) RELEVANT PROVISIONS OF CUSTOMS ACT, 1962:

9 . 4 **Section 2(22)*:*** *"goods" includes (a) vessels, aircrafts and vehicles; (b) stores; (c) baggage; (d) currency and negotiable instruments; and (e) any other kind of movable property;*

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

Section 2(25): *"imported goods", means any goods brought into India from a place outside India but does not include goods which have been cleared for home consumption;*

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

Section 2(39): *"smuggling", in relation to any goods, means any act or omission which will render such goods liable to confiscation under section 111 or section 113.*

Section 11A: *"illegal import" means the import of any goods in contravention of the provisions of this Act or any other law for the time being in force.*

9.5 Section 17 Assessment of duty:

(1) An importer entering any imported goods under section 46, or an exporter entering any export goods under section 50, shall, save as otherwise provided in section 85, self-assess the duty, if any, leviable on such goods.

..

(4) Where it is found on verification, examination or testing of the goods or otherwise that the self-assessment is not done correctly, the proper officer may, without prejudice to any other action which may be taken under this Act, re-assess the duty leviable on such goods.

9.6 Section 46 Entry of goods on importation:

(4) *The importer while presenting a bill of entry shall make and subscribe to a declaration as to the truth of the contents of such bill of entry and shall, in support of such declaration, produce to the proper officer the invoice, if any, relating to the imported goods.*

(4A) *the importer who presents a bill of entry shall ensure the following,* *namely:*

(a) The accuracy and completeness of the information given therein;

(b) The authenticity and validity of any document supporting it; and

(c) Compliance with the restriction or prohibition, if any, relating to the goods under this Act or under any other law for the time being in force.

9.7 Section 111. Confiscation of improperly imported goods, etc.:

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

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

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

Section 112 Penalty for improper importation of goods, etc.:

Any person,-

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

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

shall be liable,-

i. *in the case of goods in respect of which any prohibition is in force under this Act or any other law for the time being in force, to a penalty 5 [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 n is higher:*

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.

(C) Relevant Provisions of Customs Valuation (Determination of Value of Imported Goods) Rules, 2007:

"***Rule 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;*

....

(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 ....

(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.

Rule 7 of the CVR, 2007, stipulates that:-

(1) Subject to the provisions of rule 3, if the goods being valued or identical or similar imported goods are sold in India, in the condition as imported at or about the time at which the declaration for determination of value is presented, the value of imported goods shall be based on the unit price at which the imported goods or identical or similar imported goods are sold in the greatest aggregate quantity to persons who are not related to the sellers in India, subject to the following deductions : -

(i) either the commission usually paid or agreed to be paid or the additions usually made for profits and general expenses in connection with sales in India of imported goods of the same class or kind;

(ii) the usual costs of transport and insurance and associated costs incurred within India;

(iii) the customs duties and other taxes payable in India by reason of importation or sale of the goods.

(2) If neither the imported goods nor identical nor similar imported goods are sold at or about the same time of importation of the goods being valued, the value of imported goods shall, subject otherwise to the provisions of sub-rule (1), be based on the unit price at which the imported goods or identical or similar imported goods are sold in India, at the earliest date after importation but before the expiry of ninety days after such importation.

(3) (a) If neither the imported goods nor identical nor similar imported goods are sold in India in the condition as imported, then, the value shall be based on the unit price at which the imported goods, after further processing, are sold in the greatest aggregate quantity to persons who are not related to the seller in India.

(b) In such determination, due allowance shall be made for the value added by processing and the deductions provided for in items (i) to (iii) of sub-rule (1).

Rule 8 of the CVR, 2007, stipulates that:-

Subject to the provisions of rule 3, the value of imported goods shall be based on a computed value, which shall consist of the sum of:-

(a) the cost or value of materials and fabrication or other processing employed in producing the imported goods;

(b) an amount for profit and general expenses equal to that usually reflected in sales of goods of the same class or kind as the goods being valued which are made by producers in the country of exportation for export to India;

(c) the cost or value of all other expenses under sub-rule (2) of rule 10.

Rule 9 of the CVR, 2007, stipulates that:-

(1) Subject to the provisions of rule 3, where the value of imported goods cannot be determined under the provisions of any of the preceding rules, the value shall be determined using reasonable means consistent with the principles and general provisions of these rules and on the basis of data available in India;

Provided that the value so determined shall not exceed the price at which such or like goods are ordinarily sold or offered for sale for delivery at the time and place of importation in the course of international trade, when the seller or buyer has no interest in the business of other and price is the sole consideration for the sale or offer for sale.

(2) No value shall be determined under the provisions of" this rule on the basis of –

(i) the selling price in India of the goods produced in India;

(ii) a system which provides for the acceptance for customs purposes of the highest of the two alternative values;

(iii) the price of the goods on the domestic market of the country of exportation; (iv) the cost of production other than computed values which have been determined for identical or similar goods in accordance with the provisions of rule 8;

(v) the price of the goods for the export to a country other than India;

(vi) minimum customs values; or

(vii) arbitrary or fictitious values.

***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.*

10. <u>Valuation:</u>

10.1 From the foregoing paras, it is evident that M/s. Hind Enterprise was involved in mis-declaration of goods in terms of description and classification and the declared value in the corresponding Bill of Entry appears to be not acceptable as true transaction value and merits rejection in terms of Section 14 of Customs Act, 1962 read with Rule 12 of Customs Valuation (Determination of Value of Imported Goods) Rules, 2007. The value is required to be re-determined by sequentially proceeding in terms of Rules 4 to 9 of Customs Valuation (Determination of Value of Imported Goods) Rules, 2007. Since exact comparative data in respect of the import goods covered under the subject consignment are not available in absence of clear descriptions and mis-declaration on the part of the importer, the value of the subject import consignments cannot be determined as per the provisions of Rule 4 to Rule 8 to the Customs Valuation (Determination of value of Imported goods) Rules, 2007. Since the goods cannot be fully compared with similar/identical imports as the same are restricted goods, their value appears to be determinable under Rule 9 (Residual method) of the Customs Valuation (Determination of Value of Imported Goods) Rules, 2007 read with sub-section (1) of Section 14 of Customs Act, 1962 and on the basis of objective and quantifiable data available in India. For valuation of the seized goods-ADF, the prevailing market rates of the goods in the 1st week of October-2025 were taken, such as invoices generated by M/s Nayara Energy Limited, ADF-**Rs 52,541.75/KL(RUD-09)**. Accordingly, in terms of Rule 9 of the Customs Valuation Rules, 2007, the same value can be adopted for the offending goods in this case.

10.2 Further, import of "**Automotive Diesel Fuel** ***(ADF) as per IS 1460:2025***", 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 '*import is allowed through IOC subject to para 2.21 of Foreign Trade Policy, except for the companies who have been granted rights for marketing of transportation fuels in terms of Ministry of P&NGs Resolution No. P23015/1/2001-MKT. Dated 8.3.2002*' to import the same. It therefore appears that said importer mis-declared restricted goods i.e. "**Automotive Diesel Fuel** ***(ADF) as per IS 1460:2025***" as "Industrial Oil" in the consignment.

10.3 As discussed above, the consignment covered under Bill of Entry No.

4860930 dated 01.10.2025 was reported as "***Automotive Diesel Fuel (ADF) as per IS 1460:2025***" by the Custom Laboratory, Vishakhapatnam and MRPL.The outcome of the test reports indicate that the invoice value declared by the importer does not reflect the actual value of the goods. Since the goods were mis-declared in the subject Bill of Entry, the declared assessable value of Rs **82,33,959** in Bill of Entry cannot be accepted as the true "transaction value" under Section 14 of the Customs Act, 1962, and is liable to rejection under Rule 12 of the CVR, 2007.

10.4 Accordingly, for valuation purpose, to arrive at a fair and reasonable value within the framework of law and procedures under the Valuation Rules, ADF data dated 01.10.2025 from the M/s Nayara Energy Limitedwas referred. The base price was noted as **Rs 52,541.75/KL**. Based on this, the re-determined value of the consignment of "***Automotive Diesel Fuel (ADF) as per IS 1460:2025***", having a total quantity of **1,99,470** KGs equivalent to 243.493 KL (using average density of 0.8192 g/ml as reported by Custom House Laboratory, Visakhapatnam), is **Rs. 1,27,93,548/-**, in terms of provisions of Rule 9 of the CVR, 2007.

Thus, the value of the goods, as per the test reports of the Custom Laboratory and MRPL, is determined accordingly, are as below:

Table-IV

Sl. No.	Bill of Entry No.	Sample Test Result	Declared Description	Quantity (in KGs)	Declared value as per BoE	Approx. Market Value (in Rs.)
01.	4860930	Automotive Diesel Fuel (ADF)	Industrial Oil	199470	82,33,959.14	1,27,93,548/-
Total					**82,33,959.14**	**1,27,93,548/-**

Therefore, the said goodshaving declared value of Rs. **82,33,959.14/-** andre-determined value of Rs. **1,27,93,548/-**as per Table-IV, appear to be liable for confiscation under Section 111(d) and 111 (m) of the Customs Act, 1962.

11. Findings of the investigation:

11.1 Specific intelligence gathered by the Directorate of Revenue Intelligence indicated that M/s. Hind Enterprisewas indulged in import of restricted goods through mis-declaration. The importer had declared the consignment as Industrial Oil, whereas examination and sampling carried out by the DRI revealed otherwise. The representative samples drawn in respect of Bill of Entry No. 4860930 dated 01.10.2025 were forwarded to the Custom House Laboratory, Visakhapatnam which confirmed that the goods **met all stringent parameters of Automotive Diesel Fuel (ADF) under IS 1460:2025**

The Custom House Laboratory reports revealedthat "***The sample meets all the stringent parameter of Automotive diesel fuel as mentioned in 1S: 1460:2025***"

To ensure comprehensive testing of all 21 parameters mandated by the Hon'ble Supreme Court in ***Gastrade International v. Commissioner of Customs, Kandla***, additional samples were sent to Mangalore Refinery and Petrochemicals Limited (MRPL). The combined reports from CRCL and MRPL conclusively established that the imported goods were in fact Automotive Diesel Fuel conforming to IS 1460, and not Industrial Oil as declared.

11.2 The sample Test report (CRCL Visakhapatnam, Lab No. 150-DRI, Test Memo No. 222/2025) in respect of Bill of Entry No. 4860930 dated 01.10.2025 is reproduced below:

TEST REPORT **Date: 07.11.2025**

Lab No: 150-DRI
F.No.DRI/GRU/Int-26/2025 **Date:** 22.10.2025 **Date:** 16.10.2025
Test Memo No: 222/2025
B.E. No: 4860930 **Date:** 01.10.2025
Sample Received from: Senior Intelligence officer, (DRI), Gandhidham Regional Unit.
Description of Sample: Industrial Oil (CTH 27101990)
Date of Receipt: 22.10.2025
Sample Plan: Sample not Drawn by this laboratory

Report: The sample is in the form of colorless oily liquid. It is mainly composed of Mineral Hydrocarbon Oils having mineral oil content more than 70 % by weight. It is having following characteristics:

1.	Appearance	= Clear & bright, free from sediments, suspended matter & undissolved water
2.	Total Acid Number (mg of KOH/gr)	= Less than 0.2% by wt.
3.	Ash content	= Nil
4.	Carbon residue on 10% Residue	= Less than 0.30% by wt.
5.	Cetane Number	= To be done at Refinery end.
6.	Cetane Index	= 63.6
7.	Pour Point	= below 3°C.
8.	Flash Point(Abel), deg. C	= 22.1 °C
9.	Density at 15° C	= 0.8194 g/ml
10.	Kinematic viscosity at 40°C	= 3.06 cSt.
11.	Sulphur Content	= 8.54 ppm.
12.	Distillation: IBP	= 79.2°C
	50% distilled at, °C	= 297.4°C
	85% Recovery by vol., at °C	=348.1°C
	%Volume recovered at 360 deg. C	= 90% by vol.
	95% Recovery by vol., at °C	= 374.6°C
13.	Cold Filter Plugging Point	= Facilility available at Refinery end only
14.	Oxidation stability	= To be done at refinery end only.
15.	Lubricity wear scan at 60° C	= Facility available at Refinery end only
16.	Fame Content	= Absent
17.	PAH % by max	= not determined as it is not an characteristic parameter.
18.	Water	= Less than 200 PPM.

The sample has been tested for all the characteristics parameters tested above & which are stringent parameters also to characterize petroleum fuels.

The sample meets all the stringent parameter of Automotive diesel fuel as mentioned in IS:1460:2025 except flash point (which is 12.9°C Lower than required (decreased by means of using Lighter hydrocarbon) and distillation recovery at 360°C (which is 90% & It is 5% less than 95%).

The GCMS pattern of sample shows presence of lighter hydro carbons, which can not a part of Diesel fuels, as per standard refinery protocol & classification of petroleum fuels. Minor deviation from the required values of above 02 parameters, does not effects its application as diesel fuel for Automotive purpose (IS 1460).

The sample is adulterated diesel in respect of the definition of "adulteration" as mentioned in 5.1 of marketing discipline guideline published by PSU's.

There is no specification available for industrial oil in National & International standards.

The sample also meets the specification of HFHSD (IS 16861) up to the extent of parameter tested above except, flash point which was lowered by using lighter hydrocarbons and distillation recovery at 370°C is 94% which is 1% lower than 95% mark.

Sealed remnant sample returned herewith.

The above test reports in respect of Bill of Entry No. 4860930 dated 01.10.2025 clearly establish, as the intelligence had suggested, that the importer had in fact imported restricted goods, namely Automotive Diesel Fuel (ADF), conforming to the parameters and specifications of **IS 1460.**

11.2.1 As per Schedule 1 Import Policy under ITC(HS), 2022 forChapter-27 (Mineral Fuels, Mineral Oils, etc.), import of "***Automotive Diesel Fuel (ADF) as per IS 1460***" covered under CTH 27101944, is restricted into India, and the same can only be imported subject to Policy Condition No. 5 of Chapter 27. Accordingly, there being a reasonable belief that that the said goods are 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,

11.3 During the investigation, DRI ensured that all 21 parameters under IS 1460 were tested, as mandated by the Hon'ble Supreme Court in ***Gastrade International v. Commissioner of Customs, Kandla.***

On analyzing the comprehensive test reports of CRCL, Visakhapatnam and MRPL, a combined parameter-wise assessment was carried out for the subject consignment against all 21 parameters prescribed under IS 1460:2025 for Automotive Diesel Fuel. The consolidated findings are summarised in the Table below:

Table-V: Combined Parameter-wise Summary of Test Reports (CRCL + MRPL) vs. IS 1460:2025

Sr. No.	Parameter	IS 1460:2025 Limit	B.E. No. 4860930 (Result / Match) with IS 1460:2025	Remarks
1	Flash Point (°C)	Min. 35°C	~20°C / NOT MATCHING	**Deliberately Lowered by addition of lighter hydrocarbons**
2	Sulphur Content (ppm)	Max. 10 ppm	14 ppm / NOT MATCHING	**Addition of Sulphur/not undergone Desulfurization**
3	Appearance (Visual)	Clear, bright, free from sediments, suspended matter & undissolved water	Clear & bright, free from sediments	Within range
4	Total Acid Number (mg KOH/g)	Max. 0.20	Less than 0.20% by wt.	Within range
5	Ash Content (% by mass)	Max. 0.01	Nil	Within range
6	Carbon Residue on 10% Residue (% by mass)	Max. 0.30	Less than 0.30% by wt.	Within range
7	Cetane Number	Min. 51	62.1	Within range
8	Cetane Index	Min. 46	63.6	Within range
9	Pour Point (°C)	Max. +3°C (Winter)	-9°C	Within range
10	Copper Strip Corrosion (3h at 50°C)	Max. Class 1	Class 1	Within range
11	Distillation, 95% v/v Recovery (°C)	Max. 360°C	359°C	Within range
12	Kinematic Viscosity @40°C (mm^2/s)	2.0 – 4.5	3.11 cSt	Within range
13	Total Contamination (mg/kg)	Max. 24	10	Within range

14	Density @15°C (kg/m³)	810 – 845	819.4	Within range
15	Water Content (mg/kg)	Max. 200	Less than 200 PPM	Within range
16	Cold Filter Plugging Point (CFPP) (°C)	Max. +6°C (Winter)	-3°C	Within range
17	Oxidation Stability (min)	Min. 60 min	>60 min	Within range
18	Polycyclic Aromatic Hydrocarbon (PAH) (% by mass)	Max. 8.0	1.19	Within range
19	Lubricity, WSD @60°C (µm)	Max. 460	445 µm	Within range
20	FAME Content (% v/v)	Max. 7	Absent	Within range
21	Oxidation Stability (with FAME above/below 2%)	Required only if blended with biodiesel	Not applicable – FAME absent	Within range
TOTAL	**21 Parameters tested**	**—**	**19/21 Matching;**	**19/21 parameters found meeting**

11.4 The Flash Point of the imported goods was found to be less than 20°C (MRPL) / 22.1°C (CRCL) against the mandatory minimum of 35°C under IS 1460 for B.E. No. 4860930. The Custom House Laboratory, Visakhapatnam categorically concluded that the flash point was decreased by the adulteration of lighter hydrocarbons. This finding was explicitly upheld by the Hon'ble Gujarat High Court in its judgment dated 09.03.2026 in the matter of R/Special Civil Application No. 16799 of 2025 and allied matters (including Special Civil Application No. 1783 of 2026 filed by the importer). The Hon'ble High court categorically recorded the following finding:

"*Thus, out of 21 parameters, the 18 parameters tested by CRCL, Visakhapatnam and MRPL, there is a clear opinion by the laboratory that the sample meets all characteristics of ADF, except the flash point, which is lowered by mixing lighter hydrocarbons.*"

The intentional lowering of the flash point is a clear indicator of adulteration, undertaken to pass off Automotive Diesel Fuel. The combined reports from CRCL and MRPL conclusively established that the imported goods were in fact Automotive Diesel Fuel conforming to IS 1460:2025 and not Industrial Oil as declared.

11.4.1 Sulphur Content and BS-VI (Euro VI) Standards: The sulphur parameter is a critical quality and environmental compliance marker for diesel fuel .It may be noted that in Automotive diesel, sulphur parameters are quality parameters only and their focus is on reducing emissions, as required by latest emission standards (BS-VI/Euro V-VI) requiring Ultra-Low Sulphur Diesel (ULSD) at less than 10 ppm ,introduced through e-Gazette Notification dated 16.09.2016 (Central Motor Vehicles (11th Amendment) Rules, 2016),issued by Ministry of Road Transport and Highways . This limit is designed to significantly reduce Sulphur Dioxide (SO_2) and particulate emissions from vehicles, thereby safeguarding public health and meeting India's environmental commitments. The reduction of sulphur to these levels ordinarily requires a process known as Desulfurization(generally through hydro-desulfurization). In the present case, the sulphur content of the imported goods was found to be 14 ppm for against the maximum permissible 10 ppm under IS 1460:2025. In the instant case, since lab reports have pointed out towards adulteration of diesel to make it fall out of IS standard parameters, the deviation of the said parameters by way of adulteration with Sulphur and lower hydrocarbons is expected to lead to these specious results in the aforesaid reports

11.4.2 In this regard, it is pertinent to refer to the definition of "adulteration" as contained in Section 2(a) of the Motor Spirit and High Speed Diesel (Regulation of Supply, Distribution and Prevention of Malpractices) Order, 2005 (hereinafter referred to as the "Malpractices Order, 2005"), issued by the Government of India in exercise of powers conferred by Section 3 of the Essential Commodities Act, 1955. The said provision defines "adulteration" as follows:

> *"2(a) 'adulteration' means [presence of marker in motor spirit and high speed diesel and/or] the introduction of any foreign substance into motor spirit or high speed diesel illegally or unauthorisedly with the result that the product does not conform to the requirements of the Bureau of Indian Standards specifications number IS 2796 and IS 1460 for motor spirit and high speed diesel respectively or any other requirement notified by the Central Government from time to time;"*

Thus, in terms of the aforesaid statutory definition, any introduction of a foreign substance into high speed diesel, illegally or without authorisation, which results in the product failing to conform to the BIS specification IS 1460, constitutes adulteration. The Hon'ble Gujarat High Court in its judgment dated 09.03.2026 expressly applied this definition and held that the lowering of the flash point through mixing of lighter hydrocarbons constituted adulteration of HFHSD within the meaning of Section 2(a) of the Malpractices Order, 2005.

11.4.3 In sum, viewed collectively, the deviations in sulphur content alongside the deviation in flash point are not independent anomalies but form a coherent pattern consistent with deliberate adulteration of Automotive Diesel Fuel. The selective parameter deviations serve only to confirm that an otherwise conforming diesel product was manipulated with lighter hydrocarbons and other substances, with the deliberate design to render it non-compliant with IS 1460 specifications, so as to facilitate its illegal import as "Industrial Oil."

11.5 From the above, it is evident that the importation made by the importer is in violation of the Import Policy pertaining to CTH 27101944 and thereby it is in violation of Para 2.01 and 2.21 of the Foreign Trade Policy 2023 as extended. As per Para 2.01 of the FTP, the imports shall be free, except when regulated by way of prohibition, restriction or exclusive trading through State Trading Enterprises (STEs) as laid down in the Indian Trade Classification (Harmonized System) [ITC (HS)] of Exports and Imports. Looking to the aforesaid facts, since the goods falling under HS Code 27101944 not being freely importable, the same would fall in the exceptional character with importation through the STEs only. As per Para 2.21 of the FTP, any goods, import of which is governed through exclusive or special privilege granted to the STEs, may be imported by the concerned STEs as per the condition specified in the ITC (HS). DGFT has however been given authority to grant an authorization to any other person to import the goods notified for exclusive trading through the STEs.

11.5.1 As per Para 11.41 of the FTP,2023, “Prohibited” indicates the import/export policy of an item, as appearing in ITC (HS) or elsewhere, whose import or export is not permitted. In the instant case, since the import of ADF classifiable under HS Code 27101944 is not permitted by the entities other than STEs, the import of said goods by the private entities is prohibited.

11.5.2 As per Section 3 (2) of the FTDR Act, 1992 empowers the Central Government to issue order, making provisions for prohibiting, restricting or otherwise regulating, the import of goods. As per Section 3(3) of the FTDR Act, 1992, all goods to which the order under Section 3(2) applies shall be deemed to be goods the imports of which has been prohibited under Section 11 of the Customs Act, 1962 and all the provisions of that Act shall have effect accordingly.

11.6 And whereas the provisions of Section 17(1) of the Customs Act, 1962 read with Section 2(2) of the Customs Act lay down onus on the importer to determine duty, classification etc. by way of self-assessment. The importer, at the time of self-assessment, is required to ensure that he declares the correct classification, applicable rate of duty, value, benefit of exemption notifications claimed, if any, in respect of the imported goods while presenting the Bill of Entry. By furnishing incorrect and wrong information in the import documents, it appears that the importer has violated the provisions of the said Section 17(1) read with Section 2(2) of the Customs Act, 1962.

11.7 And whereas in terms of Section 46(4) of the Customs Act, 1962, the importer has to certify the truth of the contents of the Bill of Entry. Further, in terms of Section 46(4A) of the Customs Act, 1962, the importer who presents a bill of entry shall ensure the accuracy and completeness of the information given therein; shall ensure the authenticity and validity of any document supporting it; and shall ensure compliance with the restriction or prohibition, if any, relating to the goods under this Act or under any other law for the time being in force. In the instant case it appears that the importer was fully aware of the actual goods imported by them. Thus, in view of the facts discussed in the foregoing paras and material evidences available on records, it appears that M/s Hind Enterprise has contravened the provisions of Section 46(4) and 46(4A) of the Customs Act, 1962, in as much as they had intentionally mis-declared the description of the goods imported by them with a malafide intention to import restricted goods under the garb and guise of freely importable goods.

12 Role and Culpability:

12.1 Role played by M/s Hind Enterprise (IEC: ABRPJ8704C), Plot No. 78, Flat No. S3, Sector-1, Sharda Apartment, Gandhidham, Kachchh, Gujarat – 370201):

From the facts narrated in foregoing paras and evidences gathered during investigation, it appears that M/s Hind Enterprise, Gandhidham imported consignment covered under 4860930 dated 01.10.2025 filed at Mundra, by mis-declaring the import goods as "Industrial Oil" classified under CTH 27101990. The investigation conducted by DRI revealed that the actual goods were "***Automotive Diesel Fuel (ADF) as per IS 1460***", which is a '***Restricted***' commodity permitted for import only into India under Policy Condition No. 5 of the Customs Tariff. The inquiry further established that the importer deliberately adulterated the goods by mixing lighter hydrocarbons in order to manipulate certain parameters, thereby attempting to disguise the restricted product as Industrial Oil. This act of mis-declaration and adulteration was intended to circumvent import restrictions and facilitate the clearance of restricted goods for sale in the domestic market.Therefore, it appears that M/s. Hind Enterprise, by filing incorrect declarations and failing to ensure proper classification of the goods, knowingly violated the provisions of Section 17(1), Section 46(4) and 46(4A) of the Customs Act, 1962 by deliberately mis-declaring and mis-classifying the imported goods with intent to import restricted goods under the garb of freely importable goods, thereby contravening the import restrictions prescribed under the Foreign Trade Policy and rendering the goods liable to confiscation under Section 111(d) and 111(m) of the Customs Act, 1962. Therefore, M/s Hind Enterprise have made themselves liable for penalty under Section 112(a) and 112(b) of the Customs Act, 1962.Furthermore, M/s Hind Enterprise 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 Hind Enterprise are also liable for penalty under Section 114AA of the Customs Act, 1962.

13. Now therefore, in the light of the aforesaid facts, M/s. Hind Enterprise (IEC: ABRPJ8704C) located at 'Plot No. 78, Flat No. S3, Sector-1, Sharda Apartment, Gandhidham, Kachchh, Gujarat – 370201' are hereby called upon to show cause in writing to **the Additional Commissioner of Customs, Customs House, Mundra**, having office situated at office of the Pr. Commissioner of Customs, 5B, Port User Building, Adani Ports & SEZ, Mundra, Kutch, Gujarat – 370421 within 30 (thirty) days from the date of receipt of this notice, as to why:-:

(i) The classification of goods covered under Bill of Entry No. 4860930 dated 01.10.2025 filed at Mundra Port, declared as 'Industrial Oil', under CTH 27101990, should not be rejected and the same should not be re-classified as 'Automotive Diesel Fuel (ADF) as per IS 1460:2025' under CTH 27101944;

(ii) The declared value of the said goods declared as 'Industrial Oil', as **Rs. 82,33,959/-** should not be rejected in terms of Rule 12 of the CVR, 2007 and the same should not be re-determined as **Rs. 1,27,93,548/-,** as discussed in foregoing para;

(iii) The goods declared as 'Industrial Oil', under the Bill of Entry No. 4860930 dated 01.10.2025 filed at Mundra Port having re-determined value of **Rs. 1,27,93,548/-** as discussed in Table-IV, should not be held liable for confiscation under Section 111(d) and 111(m) of the Customs Act, 1962.

(iv) Penalty should not be imposed upon the importer under Sections 112(a), 112(b), and114AA of the Customs Act, 1962, separately.

14. This Show Cause Notice is being issued under Section 124 of the Customs Act, 1962 without prejudice to any other action that may be taken against the Noticees or any other person / party connected with this case, under the Customs Act, 1962 or any other law for the time being in force. The aforesaid Noticees are directed to submit their reply in writing within 30 days of issuance of this notice. In their written reply, they should specifically mention whether they would like to be heard in person or through their authorized representative, by the adjudicating authority. They should also produce at the time of showing cause, all the evidences upon which they intend to rely in support of their defense. If no cause is shown against the action proposed in this Show Cause Notice within 30 days from the receipt of this Show Cause Notice (or extended period, if allowed) or if they or their representatives do not appear before the adjudicating authority as and when the case is posted for hearing, the case is liable to be decided ex-parte on the basis of facts and evidences available on record.

15. This Show Cause Notice is being issued on the basis of the evidences available on record. The Department reserves the right to add, alter, amend, modify or supplement this notice at any time on the basis of any evidence, material facts related to goods under investigation and any other import/smuggling by the said noticees, which may come to the notice of the Department after issuance of this notice and prior to the adjudication of the case.

16. The copies of relied upon documents, as mentioned in this Show Cause Notice, are listed in Annexure-R and are enclosed with this Show Cause Notice and also are an integral part of this Show Cause Notice.

Digitally signed by
Dipakbhai Zala
Date: 02-06-2026
18:20:36

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

By Speed Post/Regd. Post/E-mail/Hand Delivery

1. M/s. Hind Enterprise (IEC No.ABRPJ8704C), Plot No. 78, Flat No. S3, Sector-1, Sharda Apartment, Gandhidham, Kachchh, Gujarat – 370201' (Email-hindenterprise1609@gmail.com)

Copy to:

1. The Additional Director General, DRI, Ahmedabad
2. The Additional Director, Directorate of Revenue Intelligence, Regional Unit, Gandhidham (Kutch).
3. The Deputy Commissioner, EDI, Customs Mundra
4. Guard File.

Annexure-R

List of Relied upon Documents

Investigation in respect of consignment imported by M/s Hind Enterprise (IEC: ABRPJ8704C),Gandhidham, Kachchh

RUD No.	Details of the RUD	No. of Pages
RUD NO. 1	Bill of Entry No. 4860930 dated 01.10.2025	1-6
RUD NO. 2	Panchnama dated 09.10.2025 for Examination and drawl of Samples	1-9
RUD NO. 3	Test reports in respect of Bill of Entry No. 4860930 dated 01.10.2025	1-10
RUD NO. 4	Mangalore Refinery and Petrochemicals Limited (MRPL) reports in respect of Bill of Bill of Entry No. 4860930 dated 01.10.2025	1-2
RUD NO. 5	Seizure memo dated 15.11.2025	1-1
RUD NO. 6	Statement of Shri Jain Surendra Fulchand, Proprietor of M/s. Hind Enterprise, Gandhidham recorded on 01.12.2025	1-4
RUD NO. 7	Statement of Shri Jain Surendra Fulchand, Proprietor of M/s. Hind Enterprise, Gandhidham recorded on 02.12.2025	1-3
RUD NO. 8	Hon'ble High Court of Gujarat at Ahmedabad order and judgement dated 09.03.2026 R/Special Civil Application No. 16799 of 2025 and allied matters	1-25
RUD NO. 9	Extension under Section 110(2) of the Customs Act, 1962	1-2
RUD NO. 10	Invoice generated by Nayara Energy Limited	1-1